ANNUAL REPORT

2010

CONCORDIA MARITIME

COVER PICTURE

The picture on the front cover was the winner in Concordia Maritime's photo competition in 2011. It was taken by Johanna Herbst, deck cadet on the *Stena Primorsk*.

THE YEAR 2010

NET SALES MSEK 513.4

RESULT AFTER TAX MSEK 80.4

EBITDA MUSD 30.5

DIVIDEND PER SHARE 1.00*

CONTINUED GOOD LIQUIDITY

Our financial position continues to be stable, with the capacity for further investments when the time is considered to be right.

SEVERAL NEW VESSELS

During the year, a new Suezmax tanker was ordered for delivery in 2012. Two P-MAX tankers, the *Stena Polaris* and the *Stena Penguin*, were delivered. In addition, Concordia Maritime participated with a 50 percent share in the charters of one Suezmax tanker and two Aframax tankers.

CHARTERS PROVIDE STABILITY IN WEAK MARKET

The product tanker market was weak in 2010. The freight rates in the charters for our P-MAX and Panamax tankers continued to be far higher than on the open market.

FORECAST FOR 2011

The forecast for 2011 points to a result before tax of USD 10–13 million, corresponding to approx. SEK 65–85 million.

	2010	2009
Net sales, MSEK	513.4	599.3
EBITDA, MSEK	219.5	160.8
Result after financial net, MSEK	76.9	–91.0
Net result, MSEK	80.4	–81.1
Investments, MSEK	638.6	654.2
Equity ratio, %	50	53
Equity per share, SEK	35.94	37.47
Return on capital employed, %	2.0	3.0
Dividend as a percentage of profit, %	60	n/a
Result per share, SEK	1.68	–1.70
Dividend per share, SEK	1.00*	1.00
Share price on closing date, SEK	20.50	17.00

* Proposed dividend

CONCORDIA MARITIME
IN 60 SECONDS

Concordia Maritime is an international tanker shipping company. The company's focus is on the cost-efficient and safe transportation of refined petroleum products such as gasoline, diesel fuel and aviation fuel. Its Series B share has been listed on Nasdaq OMX Stockholm since 1984.

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.

STRATEGY

- To continue to develop our 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 safety and 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.

OUR 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.

BUSINESS MODEL

Concordia Maritime's business and income model consists of supplying vessels to customers in need of safe and cost-efficient transportation of oil and petroleum products. Income is generated primarily by chartering out vessels (spot or time charter), profit-sharing from vessels chartered out and ship sales.

WHAT WE TRANSPORT

Our main focus is on the transportation of refined petroleum products, e.g. gasoline, diesel fuel and aviation fuel. Additionally, we are also active in the transportation of crude oil.

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 2010	–4%	5%	50%
Development 2001–2010	6%	8%	65%

For further information, see the 10-year summary on page 46.

PRESIDENT HANS NORÉN ON

THE PAST YEAR AND FUTURE STRATEGY

THE BUSINESS DEVELOPED ACCORDING TO PLAN

I note that 2010 was, as expected, a very tough year for tanker shipping. At the same time, I note that Concordia Maritime's business activities developed according to plan and generated a positive result that was somewhat better than expected.

The period tanker shipping is currently going through is showing in a brutal way how important timing and positioning in the market are for our type of business. One must have respect for the losses and financial challenges that many of the world's tanker operators are struggling with. But unfortunately, we must go through this period in order to tackle the fundamental imbalance between supply and demand.

It is somewhat paradoxical that most of the factors on the demand side are looking very good – while tanker shipping has struggled with freight rates that hardly covered operating costs.

The answer to the question of why it is like this is. Too many ships! However, the positive effects of the weak market are that orders for newbuildings are decreasing and, although with less effect, ships are being phased out earlier for reasons of age.

In the product tanker segment, the order book in relation to the existing fleet is no longer as alarming. We believe that the product tanker market will slowly and gradually improve from its present level. 2011 will probably be yet another weak year, while in 2012 and, in particular, 2013, there is a good chance of the market achieving a balance.

Large opportunities

As far as Concordia Maritime is concerned, we see excellent opportunities ahead as the time charters begin to expire. The first charter expires in the summer. In 2013, charters covering half our fleet will have expired. We have so far not made any assessment regarding whether the vessels will be signed to charters or employed in the open market.

It would clearly be very interesting to employ the vessels ourselves in the interesting niches and systems our partner Stena Bulk has developed and continues to develop. One example of this is the collaboration with Danish Weco, one of the leading players when it comes to transporting vegetable oils and biofuel. Today, the P-MAX tankers are not classed for these types of cargo but we are working on evaluations including necessary modifications so that they can be approved, a so-called IMO3 classification. We believe that this will be achieved and, if so, we will gradually modify a part of the fleet.

Capacity for further investments

Our financial position and capacity for further investments continue to be stable. New investments must, as always, be preceded by very careful and comprehensive consideration. At present, we are working on a number of interesting projects, which could, at a later point, lead to orders for new tonnage in the product tanker segment. Shipyard prices have fallen about 30 percent from their peak level in 2008. It is possible that they will fall still further.

We do not rule out the possibility of acquiring good second-hand tonnage. So far, however, the difference between the

It is very gratifying to be able to describe 2010 as a year of good ship operation without any accidents or incidents.

price asked by sellers and the price the buyers are willing to pay is too large, but we believe that this gap will shrink as a result of sellers being forced to lower their prices.

Hijacking a growing problem

During the year, the problem of pirates and the hijacking of ships became increasingly severe.

The safety of our ships and our crews has, and always has had, the highest priority. We are doing our utmost to protect ourselves and safety procedures have been in place on our ships for many years. As a result of the ISPS Code adopted internationally some years ago, the security requirements in ports have also been tightened up.

The whole Indian Ocean is, in principle a risk area. When our vessels pass through this region, comprehensive security assessments are made prior to each individual voyage after which the necessary protective measures are taken based on these assessments.

Focus on safety and quality producing results

It is very gratifying to be able to describe 2010 as a year of good ship operation without any accidents or incidents. This is sometimes taken for granted, but it is the result of a lot of hard work by our crews, from officers to ratings.

Our work related to environmental issues continues. It is, of course a question of reducing emissions of particles and other harmful substances. Together with Stena, we are currently working on two very interesting ship projects. The first is the P-MAXair. Here, the objective is to dramatically reduce fuel consumption and thus emissions of harmful substances and particles. A fundamental part of the solution consists of reducing the friction between the ship's hull and the water by means of air.

The second project concerns the development of a somewhat smaller product tanker where the naval architects at Stena Teknik, by refining and improving existing technologies and designs, have succeeded in reducing fuel consumption in a surprising way.

Even if a lot remains to be done in this field, it should be noted that shipping in general and tanker shipping in particular is the transport mode that produces the least emissions in relation to the volume of cargo transported.

Oil will need to be transported for many years to come. A transport mode that is already environmentally efficient will be developed so as to be even more efficient. Concordia Maritime will be part of this future as a leading company, not in terms of size but in terms of innovation and first class performance.

Thank you

Many thanks to all our employees and partners for a good 2010. A special thanks goes to all the crews on board our ships who work day and night all the year round to ensure that we carry out our task – to provide first class transportation of oil, safely and efficiently, across the oceans.

We look forward to an exciting and rewarding 2011.

Gothenburg, March 2011
Hans Norén, President

WHAT DOES CONCORDIA MARITIME'S BUSINESS MODEL LOOK LIKE?

OUR PRINCIPAL INCOME AND COSTS

REVENUE + | COSTS

Income from spot charters

Here, the freight rate is a floating rate based on supply and demand at a specific time. This means that freight rates can fluctuate considerably over a short time.

Income from time charters

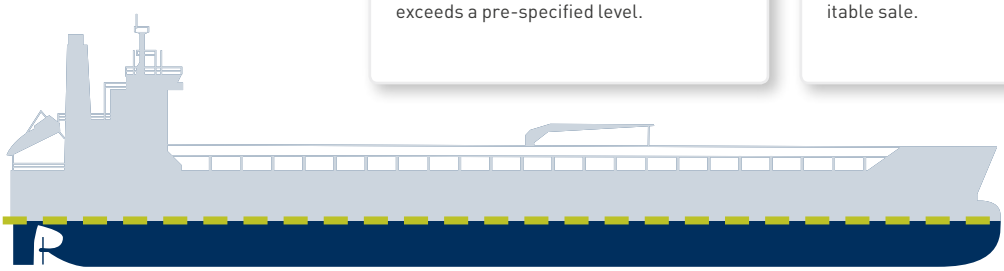
Income consist of a freight rate agreed on in advance that stretches over the entire charter period. The size of the freight rate depends on the length of the charter and the state of the market when the contract is signed.

Profit-sharing

Some charters include a profit-sharing clause in addition to the freight rate. Somewhat simplified, this means that we and the customer share the income that exceeds a pre-specified level.

Sale of ships

Another potential income 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.

Voyage costs

Voyage costs mainly consist of fuel consumption and port dues. In the case of vessels in the charter market, the contracting party pays all the voyage costs.

Non-recurring costs

Naturally, a shipping company can have non-recurring costs. One example of such costs is damage to a vessel. This can usually be limited via insurance.

Freight rates for time-chartered vessels

The cost of chartering a vessel from another shipowner.

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.

Focus ahead

- Close, long-term collaboration with customers
- Timing with respect to purchases and sales of ships
- Safety at every stage
- Review of charter strategy

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CHANGING CHARTER STRATEGY

In recent years, and as the new vessels have been delivered, we have chosen to have the whole fleet signed to long-term charters. The reason for this has, in part, been to secure cash flow during the newbuilding program. This has resulted in stable and relatively high income. Compared with the average for the spot market over the last four years, the income generated by these charters has been about 30 percent higher.

Continuous review

The charter strategy is reviewed on an on-going basis, partly in conjunction with new investments or chartering in vessels and partly when charters expire. The determining factors are the market situation, how we see developments in the future and what type of vessel is involved.

Two contract types

The two dominating contract types in tanker shipping are spot charters and time charters. On the spot market, the price fluctuates more or less from day to day. The price, "the freight rate", can vary considerably over a short period of time. On the time charter market (the "contract market"), ships are contracted for a longer period, normally between two and three years, at a price determined in advance. The time charter market reflects the economic situation the parties anticipate in a somewhat longer perspective while the spot market reflects the market situation right now. Most shipping companies utilise a combination of employment on the spot market and time charter market 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 with high prices on the spot market, shipping companies are unwilling to tie up tonnage on long-term charters.

OUR FLEET AND BUSINESS

At the end of 2010, our fleet consisted of nine owned P-MAX tankers and two part-owned Panamax tankers. In addition to this, we also participated with a 50 percent share in the charters of one Suezmax tanker and two Aframax tankers. The newbuilding program consists of one P-MAX tanker and one Suezmax tanker.

All our owned vessels are, with one exception, currently signed to charters of between three and ten years from delivery. These charters are advantageous for both parties. For the customers, they provide operational stability and continuity in the transport flows. In our case, they provide us with a stable cash flow during the investment phase and make the company less sensitive to fluctuations in the tanker market.

Ships in the fleet

P-MAX

Our P-MAX tankers combine transport economy and flexibility with the very highest safety. In terms of length and draft, they are comparable with a standard type Medium Range (MR) tanker. However, thanks to the shape of their hull, they can transport about 30 percent more cargo on the same draft. All the P-MAX tankers have a deadweight of 65,000 tons while an MR tanker has a deadweight of 45–50,000 tons.

The P-MAX tankers are based on the MAX concept. This concept has been developed jointly with Stena.

Behind the development of the MAX concept is a need, in terms of transport economy, for vessels able to operate in waters and ports with draft limitations and load 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 divided stern give both fuel economy and speed characteristics comparable with standard tonnage.

The first P-MAX tanker in the series, the *Stena Paris*, was delivered in 2005. Since then, a further eight tankers have been delivered and deployed. In 2010, two units were delivered, the *Stena Polaris* and the *Stena Penguin*, and a third, the *Stena Premium,* will be delivered during the second quarter of 2011.

These tankers 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.

THE MAX-CONCEPT

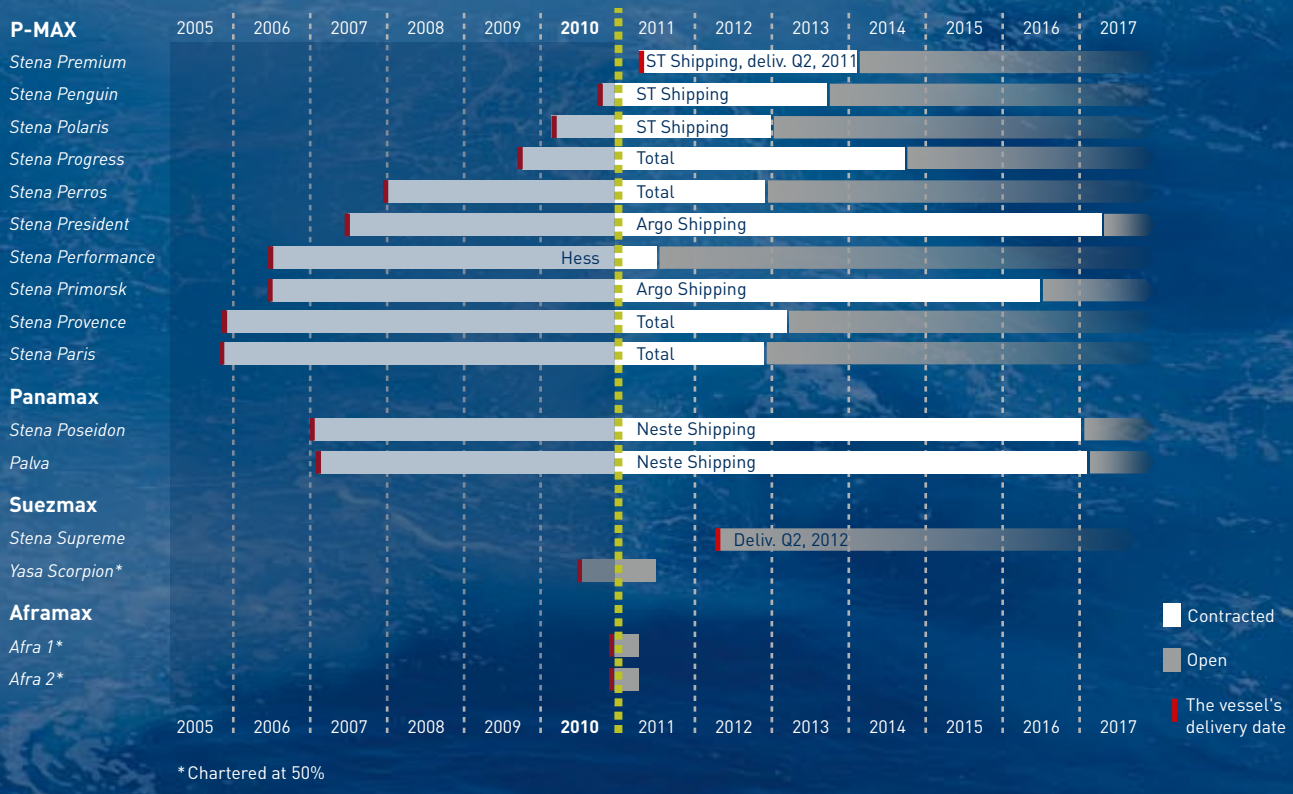
Flexibility
The tankers can transport both crude oil and refined petroleum products. Effective systems for cleaning the tanks enable them to rapidly switch between petroleum products.

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

OUR FLEET

Changes in the fleet during the year

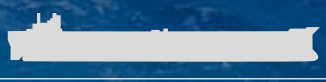
- Delivery of the P-MAX tankers *Stena Polaris* and *Stena Penguin*.
- Order of a new Suezmax tanker for delivery in 2012.
- Participation in the charter of the Suezmax tanker *Yasa Scorpion*.
- Participation in the charter of two ice-classed Aframax tankers.



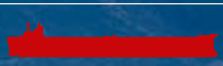
*Chartered at 50%

CRUDE OIL TANKERS

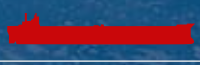
VLCC Very Large Crude Carrier
200,000–320,000 dwt



Suezmax
120,000–165,000 dwt



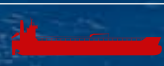
Aframax
80,000–120,000 dwt



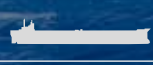
PRODUCT TANKERS

Panamax
55,000–75,000 dwt

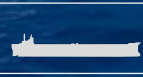
P-MAX (Produkt-MAX)
65,200 dwt



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



Handysize
25,000–40,000 dwt



Segments in which we were active at year-end.

On the integrated bridge, the officer on watch is able to monitor all the systems on board simultaneously. This, together with superior manoeuvrability, contributes to safe navigation in narrow waters. The cargo capacity and the high level of safety make the P-MAX tanker a very efficient vessel.

Panamax

Our fleet also includes two somewhat larger sisters, the *Stena Poseidon* and the *Palva*, which are owned in a joint venture with Neste Shipping. During the year, they continued to sail in mainly transatlantic traffic for Neste Oil. The two vessels are so-called panamax tankers, which means that they are designed to pass through the locks in the Panama Canal. In addition, they have been built to ice class 1A specifications and are thus well equipped to sail in ice-covered waters as well as being able to sail in a channel with 1.0 metre thick ice. The bridge offers a 360° view and the adjustable propeller provides greater manoeuvrability when sailing through ice. The two panamax tankers have a deadweight of 74,900 tons.

Suezmax

One of the major events in 2010 was the order of a new suezmax tanker from Samsung Heavy Industries in South Korea. This vessel, the *Stena Supreme*, is part of a series of seven units designed by Stena Teknik and developed by Stena Bulk. During its development, the focus was on energy efficiency. The vessel's technical equipment and design will enable fuel consumption to be reduced by 10–15 percent compared with existing standard tonnage.

The investment amounts to just under SEK 500 million and the intention is to employ the tanker in the open market via the Stena Sonangol Suezmax Pool. The pool, which is controlled by Stena Bulk and the Angolan state-owned oil company Sonangol, has, since it was established in 2005, generated better income than other, competing pools. Today, the pool consists of 18 tankers, but the objective is to build up a fleet consisting of a total of 30–35 new and efficient suezmax tankers.

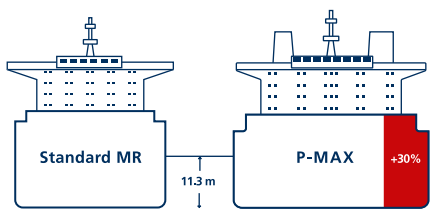
In addition to this vessel, we are also participating with a 50 percent share in Stena Bulk's charter of a newly built suezmax tanker, the *Yasa Scorpion*. This charter expires at the end of May 2011. This tanker is also employed on the open market in the Stena Sonangol Suezmax Pool.

Aframax

We are also participating in the charter of two ice-classed aframax tankers deployed in the Baltic Sea and on the North Sea. This charter expires at the beginning of the second quarter, 2011.

Larger loading capacity

Thanks to their hull design, the P-MAX tankers can transport about 30 percent more cargo on the same draft.



Organisation and employees

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, chartering and commercial operation.

A shore-based and a seagoing organisation

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 2010 two persons were employed in the parent company. Services are instead purchased from our partners.

The seagoing organisation is much larger. At the end of 2010, there were 353 seagoing employees. All shipboard employees are employed under the terms of ITF agreements (International Transport Workers' Federation).

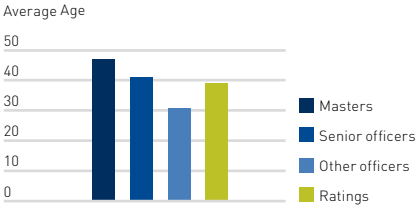
Shipping is very much an international market in terms of both business and competition, but it is also an international labour market for seafarers. There is a large demand for trained and experienced seafarers and it is expected to increase still further due to, among other things, the large number of seafarers retiring in the next few years. Being able to attract skilled and experienced officers and ratings is dependent on, in addition to competitive salaries, having a long-term approach and a good reputation as an employer.

Personnel turnover during the year was about 17 percent, which is relatively low compared with industry as a whole. As part of its work on continuing to be perceived as an attractive employer, Concordia Maritime has a benefits program for the seagoing employees and their families. The cost of this program during the year amounted to SEK 3.0 million.

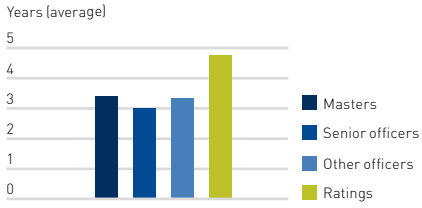
Continuous competence development

In addition to comprehensive international regulations, there are also strict internal requirements and routines for ensuring safety on board. In order to ensure that our own and our customers' quality, environmental and safety demands are met, we work continuously on developing competence. The training activities provided are both general and specially adapted for a specific vessel.

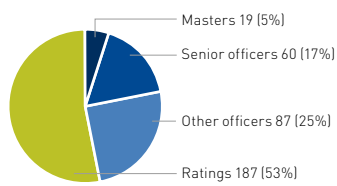
Age structure



Period of service



Seagoing employees by category



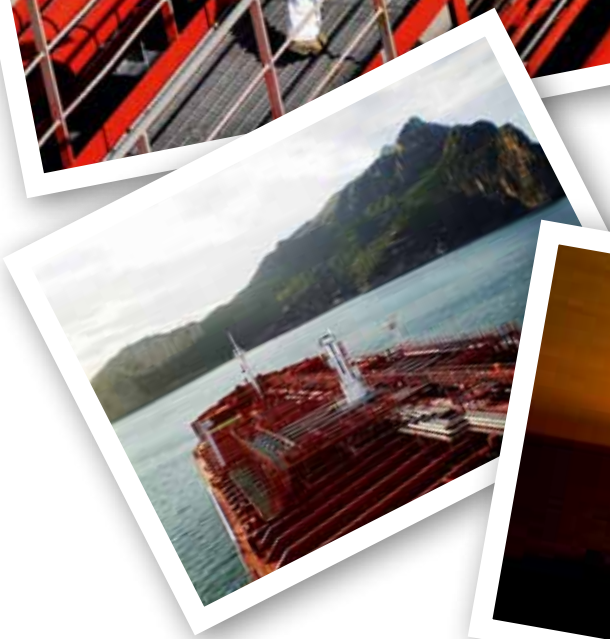
Each vessel is normally manned by a crew of 24. Stena-owned Northern Marine Management is responsible for the operation, manning and maintenance of Concordia Maritime's vessels.

A small organisation with a large network

The close collaboration with Stena Teknik, Stena Bulk and Northern Marine Management means that our business activities can be conducted cost effectively at the same time as our customers have access to world-leading know-how in shipping.

"A BRIEF BUT INTENSE LOVE AFFAIR"

MIKAEL LUNDHOLM, DECK CADET, TELLS HIS STORY



Personal facts
Name: Mikael Lundholm
Age: 26
Education: studying Shipping and Logistics at Chalmers University of Technology

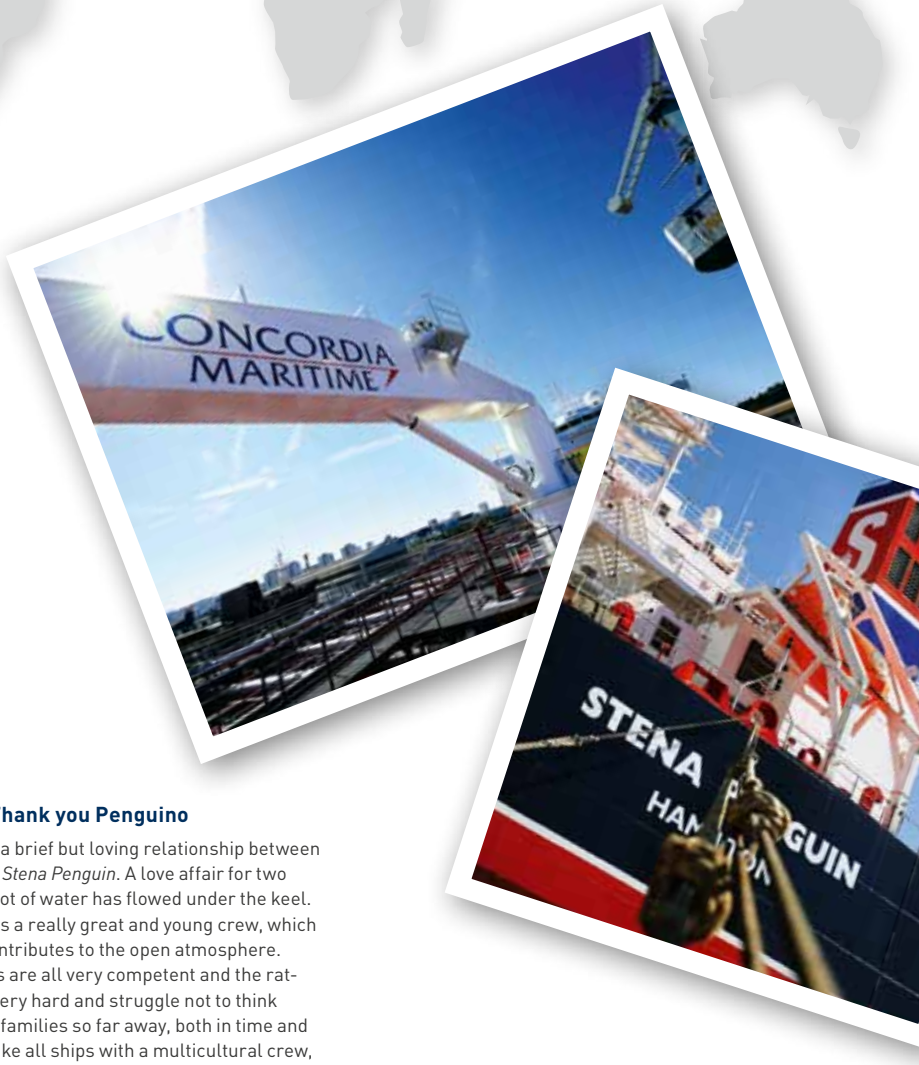
Week 1: Become acquainted with the workplace

The first week on board for a trainee consists mainly of becoming acquainted with the ship. I have to learn to find my way around and learn the ship's measurements and properties and prove that I actually know what to do if the alarm sounds. We're gradually getting to know each other, me and the ship. I get the chance to show what I can do and trust is gradually being built up. After the first week on board, I feel at home and ready to begin my practical training. One of the first tasks was to update nautical charts of distant places on the side of the world. A very suitable job for deck cadets.

Week 2: Next port of call Bejaïa

I try to get as much as possible out of the hours we spend out at sea. To get experience of being a follower and hanging over somebody's shoulder and at the same time making sure that I follow the rules at sea and the company's policy documents, yes, there are a number of those. School was nothing compared with learning all this.

2nd officer Dario, 3rd officer Ivan and Junior Officer Charles do their best to get me to understand celestial navigation, that's navigating according to the sun and stars. Chief Mate Dimitri answers all my questions about freight operations in a friendly voice. Captain Sasa shares his experiences of ship manoeuvring. While we were discharging cargo on Tuesday, we had a pleasant surprise. We were supposed to sail from Algeciras to Bejaïa. The next port was calling us; full speed towards Bejaïa. When we entered the port, the pilot shouted and yelled at a group of about 20 people and linesmen on the quayside. Complete chaos, but Captain Sasa had the situation under control. We've only been here a few hours but I've already learnt a few Algerian words: "Siga retts" must mean something like "Hi, how are you?" or "Good bye", because everybody says it here.



Week 5: Seven pallets of food

So now it was Monday and seven pallets of food arrived just before lunch. It took nearly two hours for me and some crew members to get everything on board via the gangway. There's a special crane on board for this job but oil quays are seldom long enough for the deck crane to reach them. Good thing that there was a nice crew who were more than willing to give a hand. Time flies and it will soon be Christmas. Rumour has it that Christmas dinner will be something out of the ordinary. I wonder where we will be celebrating Christmas Eve.

Week 8: Thank you Penguino

It has been a brief but loving relationship between me and the *Stena Penguin*. A love affair for two months. A lot of water has flowed under the keel. The ship has a really great and young crew, which I believe contributes to the open atmosphere. The officers are all very competent and the ratings work very hard and struggle not to think about their families so far away, both in time and distance. Like all ships with a multicultural crew, language can sometimes be a barrier. But gradually a way is found to communicate and work together in a spirit of understanding – we call it Penguino.

Our customers

Collaboration with our customers is based on long-term relations and sharing a high ambition to provide efficient and safe transportation.

The ability to satisfy their transport and logistics needs requires a deep understanding of both the market's driving forces and the individual customer's business. We combine this knowledge with world-leading competence in naval architecture and first class manning and chartering. Our customers include some of the world's leading energy companies, each with its own specific requirements.

French Total is the world's fifth largest oil and gas company with operations in 130 countries and 96,000 employees. Sales in 2010 totalled EUR 159,269 million. Vessels: *Stena Paris, Stena Provence, Stena Perros, Stena Progress.* **www.total.com**	TOTAL
Argo Shipping is a newly established small logistics company focusing on the Russian oil export market Vessels: *Stena Primorsk, Stena President.* **www.argoshipping.org**	Argo Shipping
Hess is a leading global energy company with 13,000 employees and sales of USD 34,613 million in 2010. Vessel: *Stena Performance.* **www.hess.com**	HESS
ST Shipping is part of Glencore, an international trading house specialising in raw materials and goods for industrial customers. Vessels: *Stena Polaris, Stena Penguin, Stena Premium.* **www.glencore.com**	ST Shipping
Neste Oil is a leading oil company with 5,000 employees and sales of EUR 11,892 million in 2010. Vessels: *Stena Poseidon* (50%), *Palva* (50%). **www.nesteoil.com**	NESTE OIL

HOW DO WE WORK WITH SAFETY AND THE ENVIRONMENT?

OIL SHOULD ALWAYS TRAVEL

FIRST CLASS

For many years, we have focused on quality at every stage. An important part of this work is minimising the impact of our activities on the environment and involves both safety aspects and factors related to the actual operation of the ships.

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.

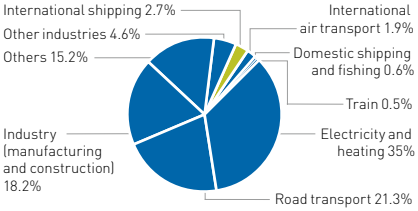
This does not, however, detract from the necessity of making further improvements in a number of areas.

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.

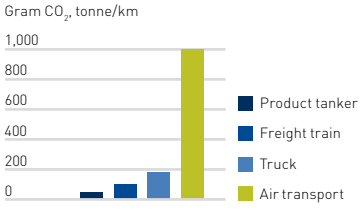
Environmental impact of accidents and other incidents

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.

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, it became mandatory in 2010 for all vessels transporting oil to have a double hull. 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.



Share of global carbon dioxide emissions



Carbon dioxide emissions by transport mode

Source: IMO

THE MAX CONCEPT – DOUBLE EVERYTHING

Our greatest contribution to safer tanker shipping is the vessels in the fleet, where the P-MAX tankers are probably among the safest tankers in the world.

The ship type was developed from the MAX concept, which, in turn, was developed together with Stena.

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.

The vessels' design in combination with regular drills has resulted in a low number of accidents on board our vessels. After the first P-MAX tanker was delivered in 2005, no serious accidents have occurred on board any of our owned or operated vessels.

PIRACY – A MAJOR PROBLEM FOR SHIPPING

In recent years, hijacking ships has become an increasingly common problem for international shipping. The intention is usually to force the shipping companies to pay a ransom by holding the ship, cargo and crew as hostages. In 2010, 445 vessels were hijacked, which is the largest number of successful hijackings ever reported.

Previously, the hijackings were concentrated to the Gulf of Aden off the coast of Somalia. Lately, however, they have spread to, in principle, the whole Indian Ocean.

One of the more effective ways of protecting ships and crews is to sail in a convoy with other ships, supported by naval vessels. Convoys sailing through areas of risk have become increasingly common in recent years.

However, it is difficult, if not impossible, with the resources available to provide this assistance in large areas. Here, other methods are needed for protection. International routines and recommendations have been drawn up for how to best prepare the ship and its crew for passage through an area of risk.

A sophisticated information system has also been developed and is available to the shipowners. Here, the pirates' activities are continuously mapped, thus making it possible to avoid areas with the most activity.

All these measures do not eliminate the risk of attack but do substantially reduce this risk.

When one of Concordia Maritime's tankers sails through one of these areas, a risk evaluation and assessment is made for each individual voyage and the tanker is prepared in accordance with the recommendations described above and our internal safety regulations.

At the cutting edge when it comes to safety

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 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.

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 marine environment 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 so-called Emission Control Areas in the English Channel, the North Sea and the Baltic Sea. However, eventually 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.

Organisms in ballast water

The discharge of ballast water close to the coast is another type of environmental hazard. Every year, large volumes of ballast water are transported across the oceans. Organisms that are transported from one ecosystem to another cause great damage to the local environment. In some ports, the handling of ballast water is subject to special regulations, but so far there are no common international regulations. 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. One solution, until the technology functions, is thus to replace ballast water far out at sea instead of close to

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.

the coast. Organisms from the oceans cannot as a general rule survive close to the coast and vice versa.

Our 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 sulphur scrubbers and SCR technology to reduce emissions of sulphur and nitric oxides is also being studied.

Green Passport

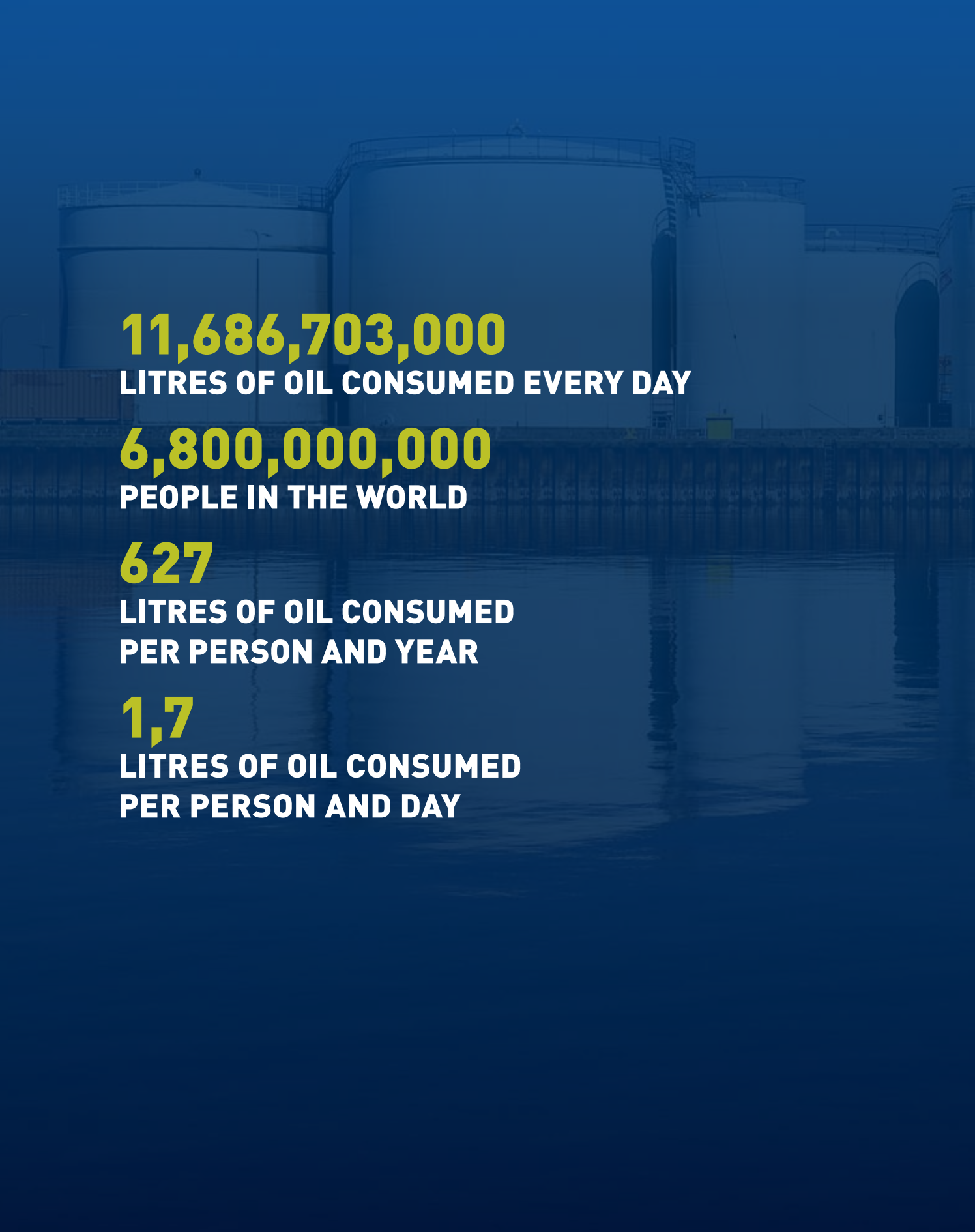
In recent years, the shipping industry has taken measures to reduce the impact of ship recycling on the environment and humans. Today, tough environmental regulations apply to the whole chain, from ship design and construction to operation and recycling. For example, all the material on board must be classified and the whole scrapping process structured and certified. This is something we have 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 our vessels, ten minutes are spent every day on studying how routines and movement patterns are adhered to. 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. Thus enabling continuous improvements to be made. In addition to this, dedicated safety meetings are held every month.

ENVIRONMENTAL IMPACT AND MEASURES

Type of 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 inventory, 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 and along the North American coast)	**Reduced fuel consumption** • P-MAX tankers' design and construction • Installation of VTA turbines • Trim optimisation • Further development of the MAX concept **Reduced emissions of nitric oxides** • Studying the feasibility of utilising Selective Catalytic Reduction, a method of removing nitric oxide from exhaust fumes **Reduced emissions of sulphur oxides** • Studying the feasibility of utilising so-called sulphur scrubbers **Ballast water** • Investigating technical solutions for handling ballast water



11,686,703,000
LITRES OF OIL CONSUMED EVERY DAY

6,800,000,000
PEOPLE IN THE WORLD

627
LITRES OF OIL CONSUMED
PER PERSON AND YEAR

1,7
LITRES OF OIL CONSUMED
PER PERSON AND DAY

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 prospect for oil must apply for a permit from the country's government. Because prospecting is very costly, it is not unusual for several oil companies to own shares in the right to the oil deposit.

Advancing from prospecting to production usually takes several years. The nations that extract the most crude oil in the world are Russia, Saudi Arabia, the US, Iran and China.

The crude oil pumped up 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 usually called VLCC (Very Large Crude Carrier, with a loading capacity of about 2 million barrels of oil).

Oil is transported by crude oil tankers

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 gasoline, 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 gasoline; 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 gasoline engines. In Europe, the distribution between gasoline and diesel vehicles is more even.

The finished petroleum products are transported by product tankers 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.

OUR OWNED SHIPS AND THEIR CARGO
13 DECEMBER 2010, 13:56

P-MAX

65,200 DWT
Ice Class 1A-1B

Transportation by product tanker

1 *Stena Paris*
Chartered to Total until 2012
Laid up in dry dock in Dubai, United Arab Emirates. Awaiting redelivery to Total in Sikka, India.

2 *Stena Provence*
Chartered to Total until 2013
Loading unleaded gasoline in Antwerp for delivery to Come By Chance, Canada.

3 *Stena Primorsk*
Chartered to Argo Shipping until 2016
En route to St. Charles, Barbados, with a cargo of fuel oil loaded in Kerch, Ukraine.Sailing at a speed of 13 knots in a fresh breeze.

4 *Stena Performance*
Chartered to Hess until 2011
En route to New York with a cargo of fuel oil loaded in Tracy, USA.Sailing in a moderate gale. High waves.

5 *Stena President*
Chartered to Argo Shipping until 2017
En route to Norco, USA, with a cargo of liquefied petroleum loaded in Banias, Syria.

6 *Stena Perros*
Chartered to Total until 2012
En route to Montreal, Canada, with a cargo of liquefied petroleum loaded in Antwerp. Sailing at a speed of 12 knots in a north-westerly gale.

7 *Stena Progress*
Chartered to Total until 2014
Loading fuel oil in Jubail, Saudi Arabia, for discharge in Jebel Ali, United Arab Emirates.

8 *Stena Polaris*
Chartered to ST Shipping until 2013
En route to Freeport, Bahamas, with a cargo of fuel oil loaded in Buenos Aires, Argentina. Sailing at a speed of 14 knots in 2 metre high waves and a fresh north-westerly breeze.

9 *Stena Penguin*
Chartered to ST Shipping until 2013
En route to Huelva, Spain, with a cargo of fuel oil loaded in Algericas, Spain.

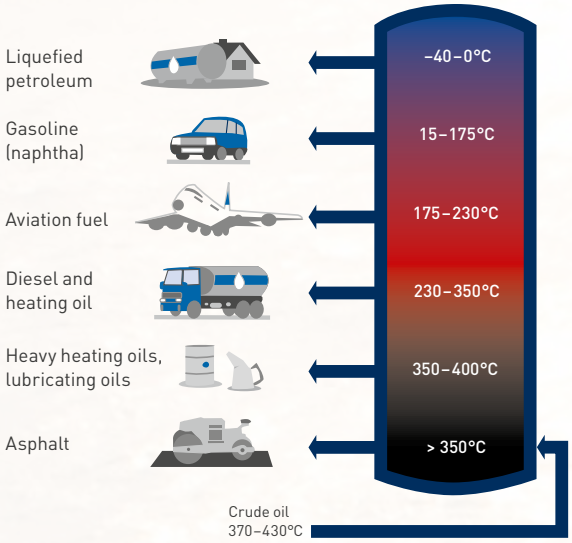
PANAMAX

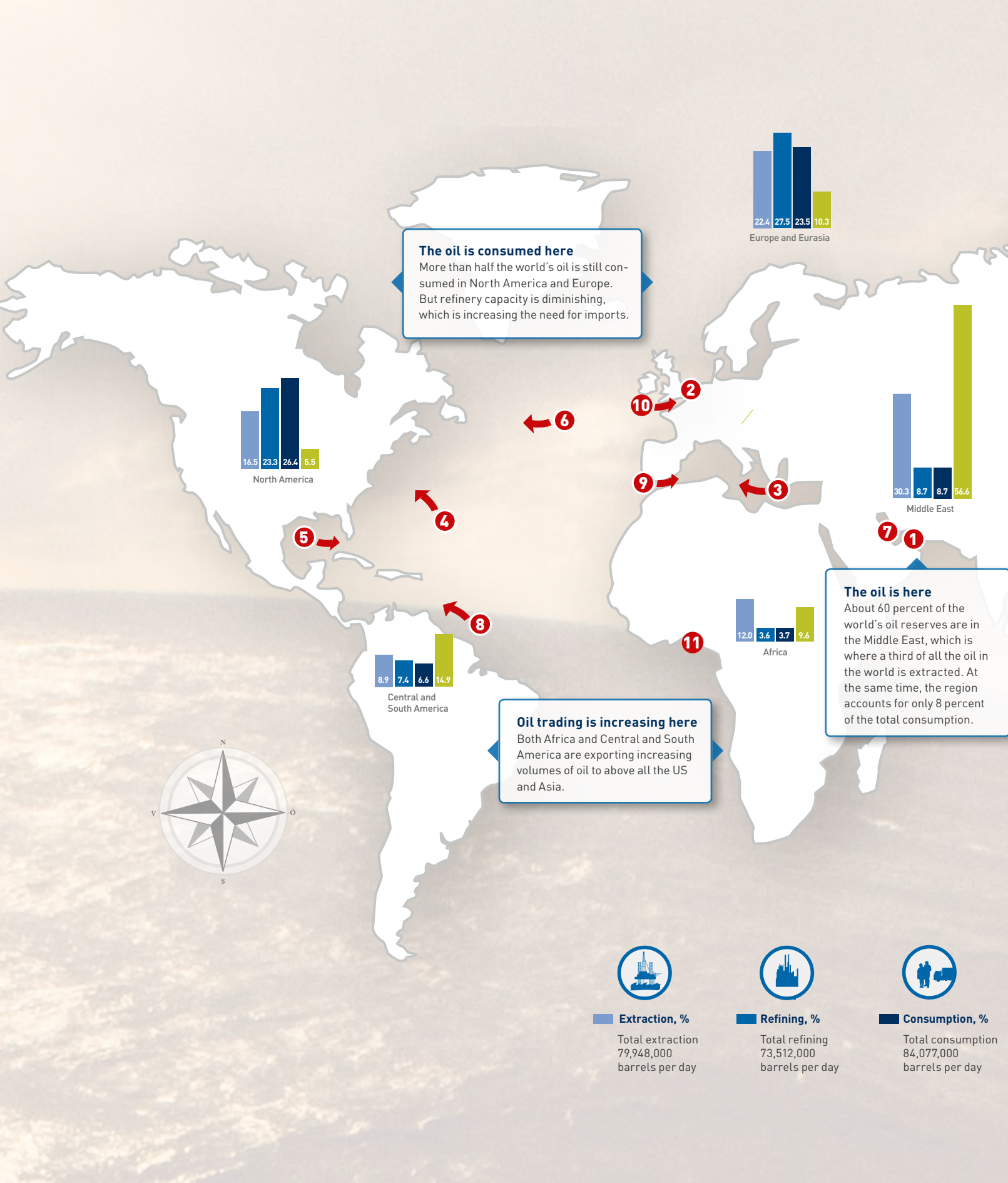
74,900 DWT
Ice Class 1A

10 *Stena Poseidon*
Chartered to Neste Shipping until 2017
En route from Montreal, Canada, to Porvoo, Finland, to load liquefied petroleum. Sailing at a speed of 12 knots in a moderate south-westerly gale.

11 *Palva*
Chartered to Neste Shipping until 2017
En route to Cotonou, Benin, with a cargo of liquefied petroleum.

Production of refined petroleum products

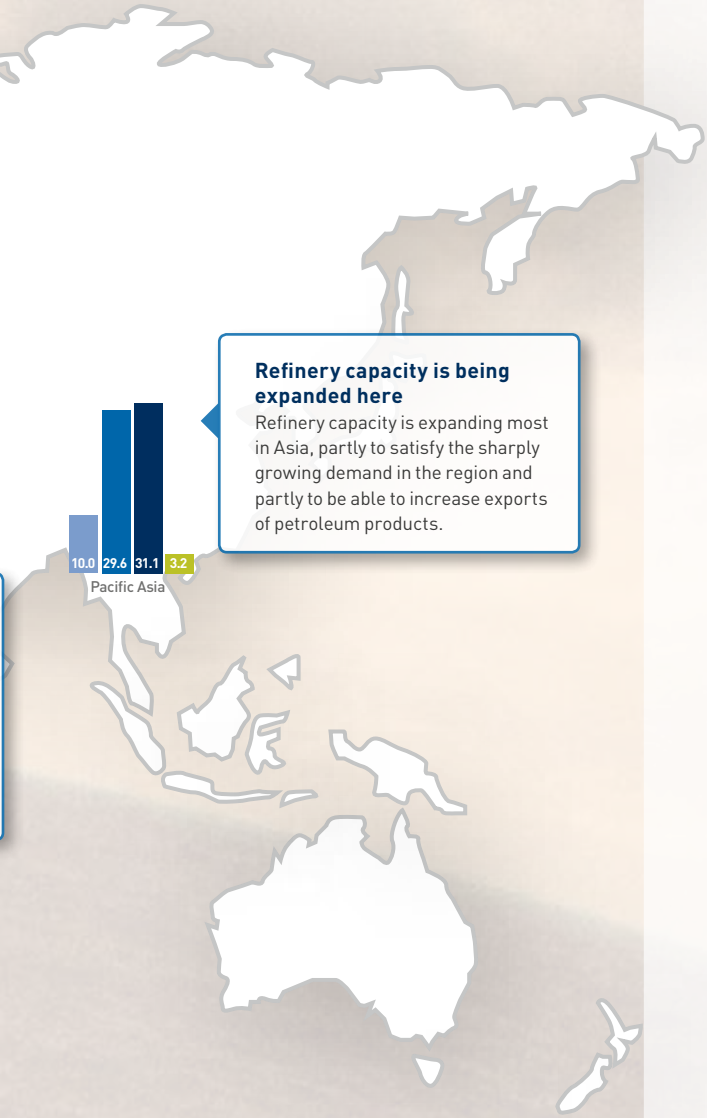



The oil is consumed here
More than half the world's oil is still consumed in North America and Europe. But refinery capacity is diminishing, which is increasing the need for imports.
22.4 27.5 23.5 10.3
Europe and Eurasia
16.5 23.3 26.4 5.5
North America
30.3 8.7 8.7 56.6
Middle East
12.0 3.6 3.7 9.6
Africa
8.9 7.4 6.6 14.9
Central and South America
The oil is here
About 60 percent of the world's oil reserves are in the Middle East, which is where a third of all the oil in the world is extracted. At the same time, the region accounts for only 8 percent of the total consumption.
Oil trading is increasing here
Both Africa and Central and South America are exporting increasing volumes of oil to above all the US and Asia.
N
V
Ö
S
Extraction, %
Total extraction 79,948,000 barrels per day
Refining, %
Total refining 73,512,000 barrels per day
Consumption, %
Total consumption 84,077,000 barrels per day

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 rising 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



Refinery capacity is being expanded here

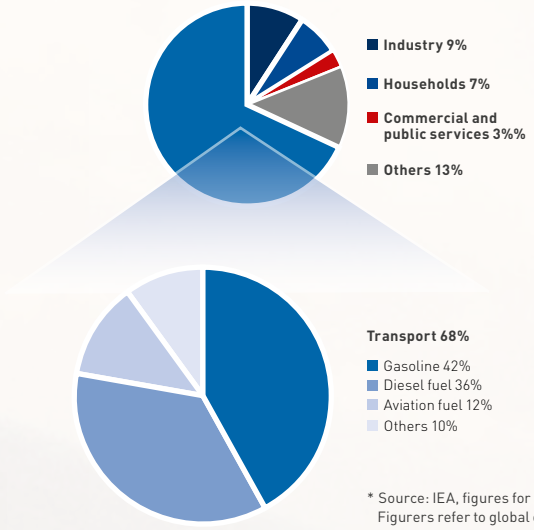
Refinery capacity is expanding most in Asia, partly to satisfy the sharply growing demand in the region and partly to be able to increase exports of petroleum products.

Reserves, %

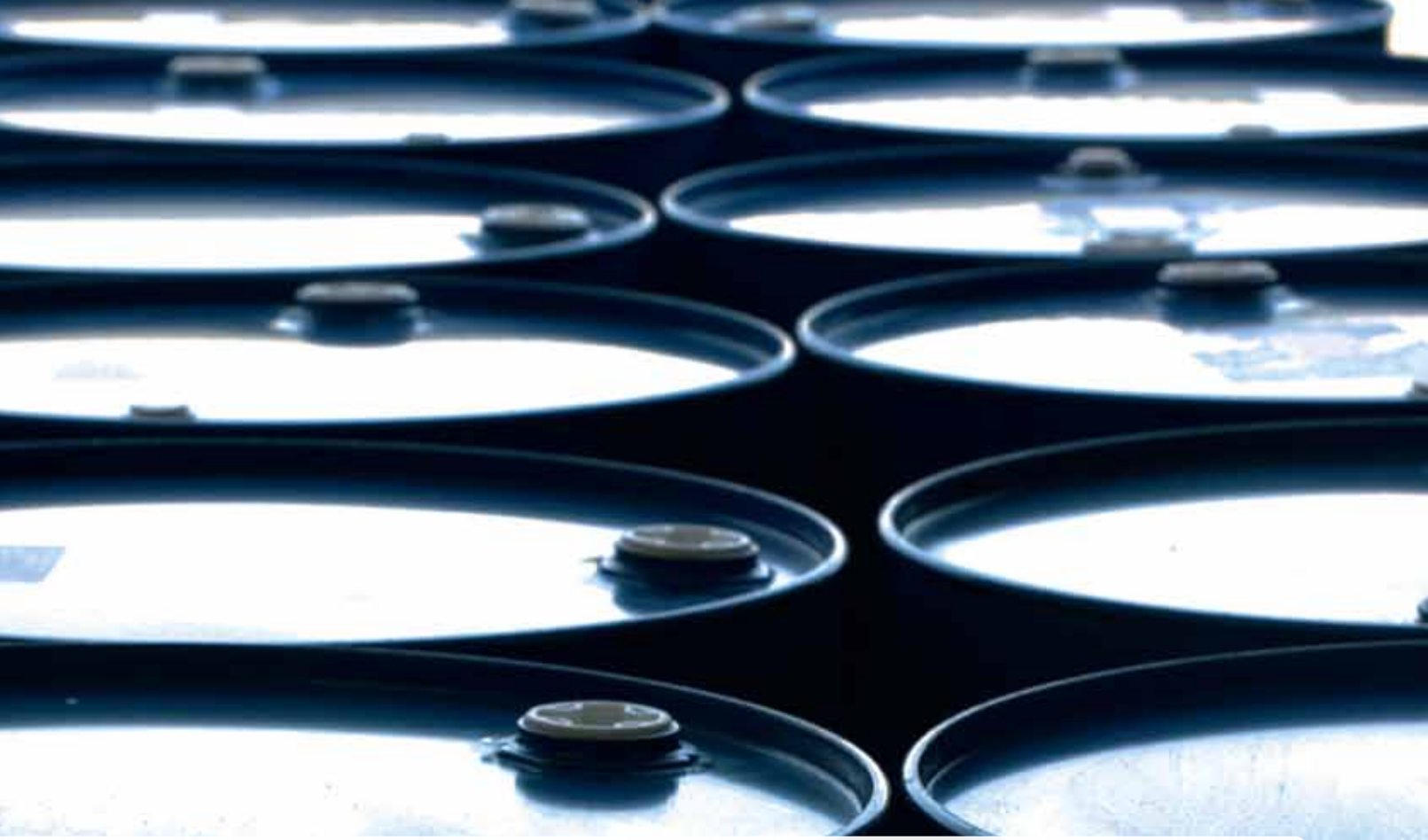
Totala reserves 1,333,100 million barrels

Source: BP Statistical Review of World Energy 2010

Energy consumption*



* Source: IEA, figures for 2008 Figurers refer to global oil consumption



WHY OIL IS TRADED

IN BARRELS

Ever since oil began to be extracted in the mid 19th century, barrels have been used as storage and transport containers. However, in the oil fields in Pennsylvania, there was no standard for a barrel of oil so crude oil and petroleum products were stored in barrels of different shapes and sizes. When the buyers paid per barrel, the actual amount of oil they bought could vary considerably.

In the 1860s, buyer distrust began to make itself felt. To restore trust in the market, the oil producers realised that they needed to reach an agreement once and for all on a uniform standard for the volume of a barrel.

At that time, whiskey barrels were readily available and oil was most often stored in these barrels. So it was decided that these barrels, 40 gallons, would apply as the standard. But to ensure that any measurement errors would always be in the buyer's favour, and thus restore trust in the market, a further two gallons were added. As a result a 42-gallon oil barrel was set as the standard, a unit of measurement that is still used today in the global oil trade.

Facts, barrel of oil

- A barrel contains 42 US gallons or 159 litres.
- 6–8 barrels are needed for one ton of oil, depending on the density of the oil.
- The approximate conversion of barrels per day to tons per year is 49.8, so 100,000 barrels per day equals around 4,980,000 tonnes per year.

OIL

FROM WELL TO END PRODUCT

WHEN WILL THE TANKER MARKET IMPROVE?

TREND OF THE TANKER MARKET

All segments in the global tanker market were weak in 2010. For the last couple of years, the market has been characterised by a pronounced imbalance with supply far greater than demand. This imbalance also characterised last year and was clearly reflected in the trend of the freight rates. Prices on the spot market were, generally speaking, somewhat higher than in 2009, but it should be emphasised that the increase was from very low levels.

Weak spot market

In the case of the product tanker segment, the year began with freight rates of around USD 15,000 per day. However, they had already fallen by the end of the first quarter and remained in the region of USD 8,000 per day during the second and third quarter. In the fourth quarter, the market deteriorated still further and the freight rates fell sharply to about USD 3,000 per day. The average freight rate for an MR product tanker was around USD 9,000 per day, about 35 percent higher than in 2009.

For the large tanker segment, the year began relatively well with freight rates of about USD 48,000 per day for VLCCs and USD 33,000 per day for suezmax tankers. During the third and fourth quarters, however, the market softened and freight rates fell sharply. The average freight rates during the year were more or less the same as in 2009, around USD 30,000 and USD 28,000 per day, respectively.

Here, it should also be noted that each individual market segment in the tanker market is, in turn, made up of a number of different routes, which can vary relatively widely as regards freight rates. In 2010, the average freight rates between the Middle East and Asia route, for example, were twice as high as between the Middle East and the US Gulf route.

Somewhat stronger charter market

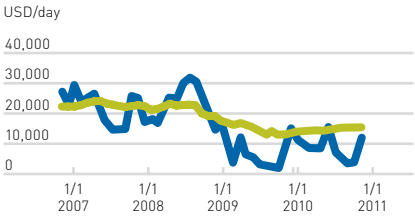
The freight rates in the charter market were relatively stable throughout the year. The average freight rate for a 3-year time-charter contract in the product tanker segment was about USD 14,000 per day, about the same as in 2009. The average freight rate for a 3-year time-charter contract in the suezmax segment also remained, in principle, unchanged at around USD 27,000 per day. The main reason for the stability and the relatively high freight rates is the unwillingness of the shipping companies to enter into longer time-charter contracts when the market freight rates are low. As a consequence, relatively few contracts were signed during the year.

Concordia Maritime in relation to the market trend

In a more short-term perspective, we are relatively insensitive to fluctuations in the market. At the end of 2010, all our owned vessels except for one were signed to long-term charters that generate stable cash flows and secure income levels for a number of years ahead.

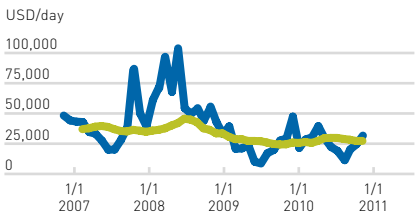
Our strong balance sheet, gives financial freedom of action, not least in a weak market, which could open the way for new business opportunities. In 2010, the downturn in the market was reflected in the pricing of both new and second-hand tonnage. One example of this is the suezmax tanker we ordered in 2010. Compared with the highest price in 2008, this ship type's newbuilding price has fallen about 35 percent.

Development of the spot market



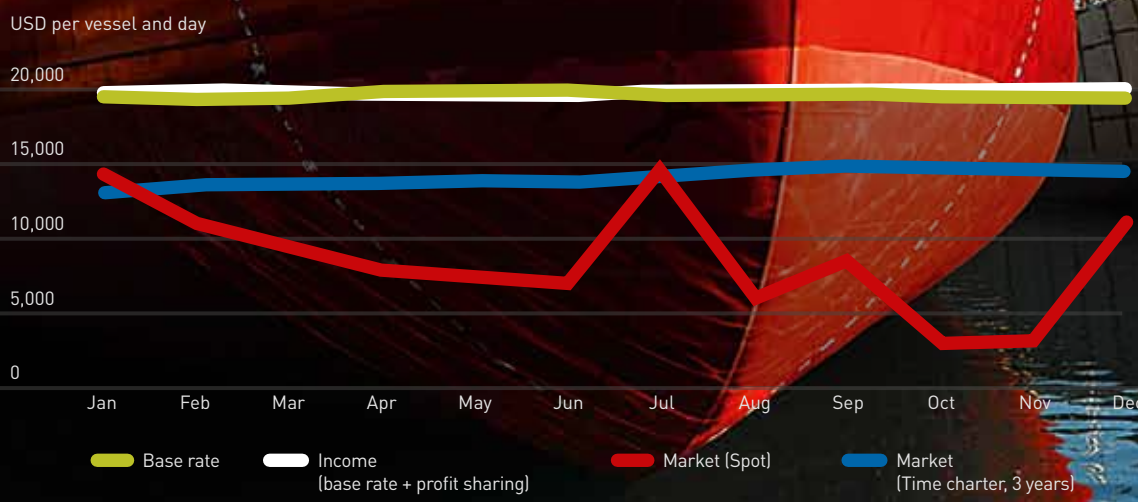
Time charter, 3 years Spot market
Source: Fearnleys

Development of the charter market



Time charter, 3 years Spot market
Source: Fearnleys

OUR PRODUCT FLEET'S AVERAGE FREIGHT RATE



The graph illustrates the trend of the spot market, the base hire for Concordia Maritime's fleet and the actual freight rates. The figures for the fleet are based on full employment, i.e. the base hire for the fleet is adjusted downwards to reflect any off hire.

+ WORLD ECONOMY RECOVERING
+ SMALL INCREASE IN DEMAND FOR OIL
– GROWING FLEET

= WEAK MARKET

DRIVING FORCES IN THE MARKET

The weak freight market in the last few years is the result of a combination of macroeconomic and industry-specific factors. The determining factor is a rapidly expanding tanker fleet. This, combined with a weaker world economy and a lower demand for oil, above all in 2009, has resulted in a major imbalance between supply and demand.

The market for seaborne transport of oil is relatively transparent. The supply consists of the number of available ships in a specific area while the demand consists of the total need of seaborne oil transport.

Imbalance between supply and demand

The demand for seaborne transport of refined oils and crude oil increased 2.8 and 2.6 percent, respectively, during the year. The driving forces include an overall improved global economy, increased industrial production and, as a result, increased demand for oil.

The demand for transportation did not increase as much as the supply measured in both number of vessels and deadweight tons. In recent years, there has been very heavy growth in most of the segments of tanker shipping. This applies especially in the product tanker fleet. Despite a somewhat lower growth rate, the share of available tonnage increased by as much as 6.8 percent during the year. Taken as a whole, this means that the gap between supply and demand has shrunk somewhat, but is still large.

The weak market in 2010 was thus mainly due to the continued growth of the available fleet and not the weak demand for tanker transportation.

World economy recovering

The principal ways of transporting oil to and from refineries are by ship or pipeline. About 50 percent of all oil is transported by ship. The varying demand for seaborne transport of oil is closely linked to the overall demand for oil and petroleum products. This, in turn, is dependent on how the world economy develops as well as factors of, for example, a political or seasonal nature.

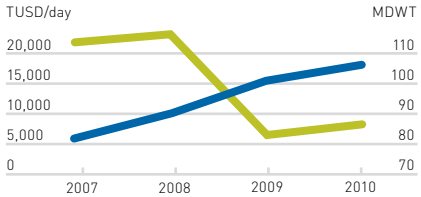
After the extremely rapid and heavy downturn in 2009, the world made a strong recovery last year. In all, the economy expanded 5 percent. Among the foremost driving forces was strong growth in Asia, in China and India in particular. Economic growth in China and India was as high as 10.3 and 9.7 percent, respectively. In Euroland and the US, growth was much more anaemic, 1.8 and 2.8 percent, respectively.

Somewhat smaller order book

Million dwt	Tanker fleet, total	Product tankers	Suezmax
Order book, 2009	141.5	24.9	21.9
Order book, 2010	125.9	19.5	24.9
Trend, %	–11	–22	+14

Source: Clarkson

Freight rates compared with size of fleet



Average freight rate, MR Spot (USD 1, 000/day)
Size of product tanker fleet (million dwt)
Source: Fearnleys and Clarkson

China and India behind higher demand for oil

The recovery of the world economy is clearly reflected in the demand for oil. After having fallen in 2009, demand began to rise again in 2010. In all, demand increased 2.1 percent to 86.3 million barrels per year. As regards the higher demand for tanker transportation, continued high Chinese and Indian imports also played a decisive role. With China expanding its refinery capacity, its demand for crude oil is increasing rapidly. Imports of crude oil in 2010 amounted to 4.5 million barrels per day, an increase of 18 percent over 2009. The increased demand for oil is making itself felt in several areas, especially in the transport and automotive sector. For example, about one million new cars are sold every month in China. To cope with the ever-increasing volume of traffic, motorway systems are being built at a very rapid rate. In 2012, the road network is expected to be larger than the road network in the US.

At the same time, imports during the year to the US and Europe continued to fall. The main reason for lower imports to the US is a general drop in demand for petroleum products during the year. For example, less gasoline than expected was consumed during the summer months, which resulted in large stocks and, consequently, lower imports.

The overall demand for global seaborne oil transport increased 4.2 percent.

Rapidly growing fleet

An improving world economy and rising demand for oil could not offset the rapidly increasing supply of tankers. During the year, a total of 451 new tankers, equivalent to 41 million deadweight tons, were delivered. Of these, 150 were product tankers totalling 9 million deadweight tons.

These large-scale deliveries, combined with a continuing relatively low scrapping rate, contributed to the total world fleet growing 4.3 percent in 2010. At the end of the year, the tanker fleet consisted of 5,464 tankers, equivalent to about 450 million deadweight tons. The product tanker fleet consisted of 2,120 units totalling about 106 million deadweight tons, an increase of 5 percent.

Limited impact of scrapping

Apart from deliveries, the fleet is also affected by the scrapping rate. This is influenced to a large degree by three factors: the age of the vessels, the economic climate in the freight market and new laws and regulations. The trend of more vessels being scrapped every year continued in 2010 and vessels equivalent to about 13 million deadweight tons were scrapped, an increase of 50 percent compared with 2009. However, in relation to the size of the fleet, relatively few vessels were scrapped (barely 3 percent in 2010), which is why scrapping continued to have a limited impact on the growth of the fleet. The limited scrapping rate was mostly due to the fact that the world fleet is modern.

Phasing out single-hull vessels does not have much of an impact. It is difficult for the relatively few remaining single-hull vessels to find employment, which means that scrapping them has little effect.

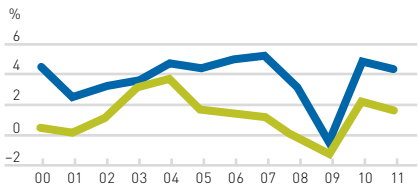
Shrinking order book

The effect of the weak market was clearly visible in the order statistics. For the second consecutive year, the order book shrank, mostly due to the large-scale deliveries, but also as a result of a sharp downturn in the number of new orders. A total of 220 (135) new vessels totalling 34 (16) million deadweight tons were ordered.

All in all, the order book, measured in deadweight tons, contracted 11 percent and consisted of 1,154 (1,479) tankers totalling 126 (141) million deadweight tons. This means that the order book comprised 28 percent of the total tanker fleet in 2010. In Concordia Maritime's principal segment, tankers for transporting refined oils, the tankers in the order book represented 18 percent of the existing product tanker fleet.

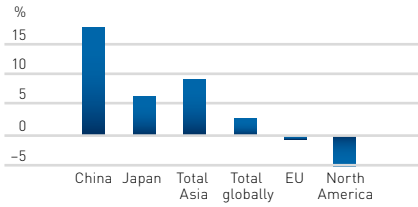
The lower demand in the market meant that newbuilding prices remained at more or less the same low levels at the end of the year as they did at the beginning. In December 2010, a standard MR tanker was priced at about USD 36 million.

Growth in GNP and demand for oil



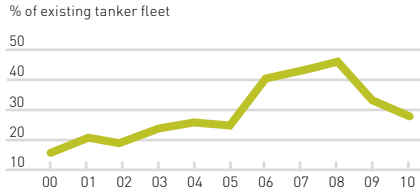
Growth in demand for oil
Growth in GNP
Source: IMF and OPEC

Imports of oil in 2010



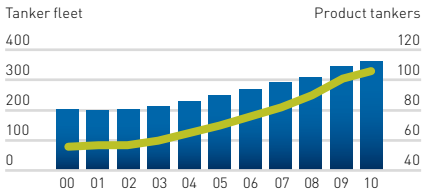
Development of total import compared to 2009
Source: Clarkson

Order book



Source: Clarkson

Trend of tanker fleet



Tanker fleet, million dwt
Product tankers, million dwt

Source: Clarkson

WHAT DO THE EXPERTS SAY ABOUT THE MARKET?

Sverre Bjørn Svenning, Director of Fearnley Consultants

"WE HAVE SEEN THE BOTTOM OF THE MARKET"

2010 will be remembered as an "annus horribilus". The product tanker market started the year off on a very weak note with very weak freight rates. Earnings barely covered expenses and it seemed that misery would prevail throughout the year. However, towards the end of the year earnings improved and we saw periods of relatively good earnings on both the Atlantic and in the Far East.

We are quite certain we have seen the bottom of the market. Apart from the disruptions in the wake of the financial crisis, we note that demand, as well as growth in demand, is quite good. The poor market in 2010 we attribute, almost exclusively, to fleet oversupply. During the past two years very few product tankers have been contracted and the order book has diminished continuously.

We believe we have the worst behind us and that we will see a more balanced market in 2011. We are not convinced the market will rebound to healthy levels this year, but the foundation for 2012 will definitely be laid.

Nicolai Hansteen, Chief Economist, Lorentzen & Stemoco

"MORE DELIVERIES THAN EVER IN 2011"

The market in recent years has been characterised by the massive supply of vessels. This trend will continue in 2011. During the year, the market will be coping with more deliveries than ever before in a single year.

The challenge now facing every shipowner will be to find employment for both the existing ships and the many newbuildings slated for delivery. Last year, demand for vessel services increased by 7.6 percent on an annual basis. Higher demand for the vessels absorbed the enlarged fleet and led to a general improvement in vessel earnings.

The outlook for the shipping markets would have been much more optimistic, were it not for the large number of vessels on order. It should, however, be noted that good business opportunities can arise even in a weak market.

Erik M. Andersen, Head of Research, RS Platou

"HIGHEST TON-MILE GROWTH SINCE THE 1980s"

Tanker owners should definitely be satisfied with the trends in oil consumption and seaborne oil trade 2010. Preliminary estimates indicate a 4 percent growth in the volume of seaborne oil trade and an increase in transport distances of 3 percent, leading to a ton-mile growth of 7 percent. China was again the main driver of the trade growth, accounting for nearly two thirds of the increased volume. All the main importers of seaborne oil raised their import volumes except for the United States.

2011 will probably be yet another year with increased oil trade in volume terms as well as transport distances. Higher OPEC output will normally lead to longer transport distances. On the negative side, we predict a likely reduction in floating storage. We find it difficult to see how a fleet growth of 7 to 8 percent can be absorbed even in such a bullish oil scenario. Against this background, it seems likely that the weak market conditions of the second half of 2010 will continue into 2011.

The opinions expressed above do not necessarily reflect those of Concordia Maritime.

LOOKING AHEAD

One of the factors that have a crucial impact on how the tanker market develops is how the difference between supply and demand develops. There are also a number of factors of a more structural nature that could affect the development of the market – in the short or long term.

Factors that affect the balance between supply and demand

Deliveries of tankers

The continued large order book and the large-scale deliveries are one of the greatest challenges facing shipping. Deliveries of new vessels are expected to decrease in 2011 but will still be considerable. They are not expected to decrease substantially until after 2011.

The fleet is expected to grow by a total of about 8.5 percent in 2011. However, growth in the different segments will differ. The largest growth is expected in the VLCC and Suezmax segment while substantially lower growth is anticipated in the product tanker segment.

There is currently considerable uncertainty as regards the size and composition of the order book. How many of the vessels ordered will actually be delivered and when remains to be seen. The great majority of the orders were placed in a completely different market situation and usually there are no cancellation clauses in the contracts with the shipyards. In view of the sharp market downturn, there is, however, reason to believe that some of the deliveries will be postponed until a later date; in some cases because the orderer quite simply does not have the financing in place and has either gone bankrupt or risks doing so. In other cases, the shipyards themselves are having problems financing their activities, which has resulted in interruptions in production and delays.

The age structure of the fleet, scrapping and phasing out of single-hulled vessels

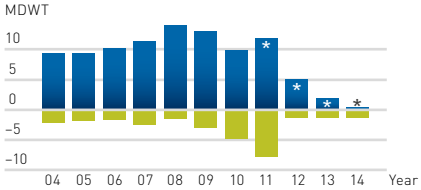
As a result of IMO's decision to ban single-hulled vessels from 2010, will continue to some extent to dampen growth. This applies in particular to the VLCC segment and smaller product tankers, where single-hulled vessels still account for 9.1 and 17 percent, respectively, of the fleet. In the other segments, the majority of the vessels in question have already been phased out.

Forecast growth in supply and demand (product tankers)

	2010E	2011E
Growth of fleet	4.9	8.5
Growth of demand	4.2	3.4

Source: Clarkson

Delivered and scrapped product tankers



Delivered Scrapped *Forecast Source: Fearnleys

Trend of the world economy

For 2010, IMF calculated that global growth would be about 5.0 percent, the strongest growth since 2007. For the period 2011-2015, IMF forecasts an annual growth of between 4.3 and 4.6 percent. The growth economies in Asia are expected to drive growth while the growth rate in Europe and the US will continue to be low.

Rising demand for energy as a result of 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. The US Department of Energy estimates that total global energy consumption between 2005 and 2030 will increase 50 percent. Oil is expected to account for 35 percent of this increase. Today, about half of all oil is transported by sea. Consequently, a general increase in oil consumption is expected to contribute to an increasing demand for tanker transportation.

Oil price trend

Speculation as regards the trend of oil prices could be significant to some degree when it comes to the supply of vessels during short periods. If it is believed that the price will rise in the future, this could result in higher stock levels with the intention of selling the oil when the price is higher. Here, tankers, particularly in the VLCC segment, function as floating storage facilities, which can lead to fewer available tankers. It is estimated that in 2010, up to 10 percent of the VLCC fleet may have been used for storage purposes at one time or another.

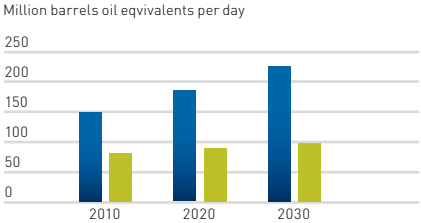
Structural and temporary market changes

Longer transport distances as a result of changed trading patterns

Changed trading patterns due, among other things, to increased consumption of oil in Asia, is one of the factors that could impact on the trend of the market in the future. In the last 10 years alone, oil consumption in China has almost doubled.

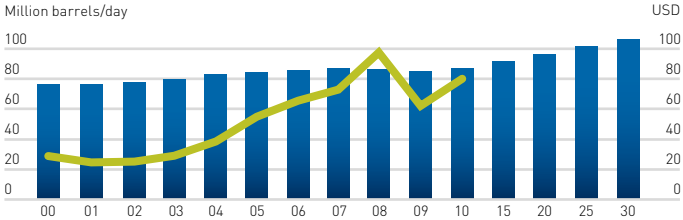
In the US and Europe, an increasingly large share of oil consumption in the future will have to be covered by increased imports as domestic production gradually diminishes.

Rising demand for energy and oil



Source: OPEC

Oil consumption and price development



Source: OPEC och EIA

The increasing need for imports to Europe, the US and Asia will be met mainly by oil from the Middle East, but also from South America and West Africa. This means that transport distances could increase with an increased demand for tonnage as a conceivable consequence.

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 located in large parts of the Middle East and Asia, not least in India and China. These new refineries are more efficient in terms of production and production costs and are thus tough competitors. One consequence of this is that refined petroleum products may have to be transported increasingly long distances in order to reach the end consumers in e.g. North America and Europe.

Another factor that could affect the global transport flows is the enlargement of the Panama Canal. Building three new locks at either end of the canal as well as making some sections wider and deeper will double its capacity. This means, among other things, that larger ship types will be able to pass through the canal. The project began in 2007 and is expected to be officially completed in time for the Panama Canal's centenary in 2014.

War, political instability and bad weather

Despite its dynamics, the tanker market for oil and petroleum products is a relatively structured market. War, political instability, bad weather and other factors of a geopolitical nature can thus result in large-scale disruptions and have major consequences when it comes to traffic flows. Examples in recent years are the hurricanes Katrina and Rita in 2005, which caused major disruptions in the refinery capacity in the Gulf of Mexico. Situations such as these are difficult to foresee, but could require major adjustment and even increase the demand for transportation at short notice.

Rising demand for vegetable oils

Among other structural changes that are affecting the tanker market is a sharp increase in the demand for vegetable oils, especially palm oil. The raw material is exported from e.g. South America and Asia. It is mostly transported by product tanker. The largest field of application has traditionally been the food industry, but vegetable oil is now beginning to be used in other fields as well. For example, different vegetable oils are being refined into diesel fuel. At present, the transport of vegetable oils is only a niche segment in the tanker market, but it could increase in importance with rising demand.

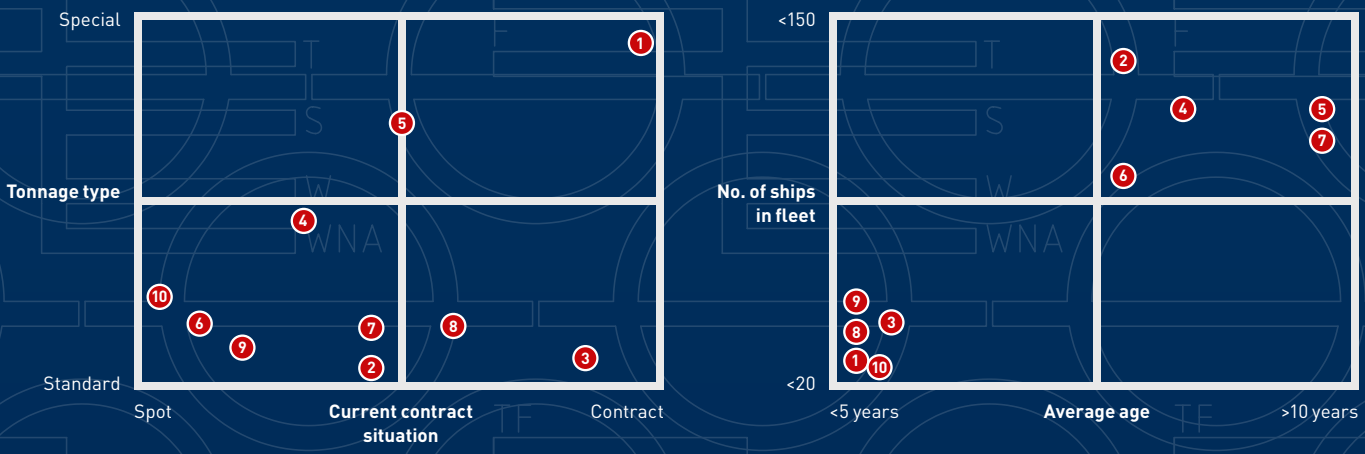
The regulations governing the transport of vegetable oils differ in several respects from the regulations applying to fossil petroleum products. Because the oils are often used as ingredients in food, among other things, there are strict regulations concerning tank cleaning.

A project at Concordia Maritime is studying the potential of modifying the P-MAX fleet to enable it to also transport vegetable oils and biodiesel. If everything goes according to plan, modifications will gradually be made to parts of the fleet.

CONCORDIA MARITIME – A NICHE PLAYER

The market for transportation of oil and petroleum products is highly fragmented with a large number of players. In our market segment, there are about 400 tankers with a deadweight of 55,000-75,000 tons. The majority of these are owned by large international tanker shipping companies, which transport both crude oil and refined petroleum products. They include Danish Torm and Maersk and Canadian Teekay. However, the number of tankers in its fleet, its focus and close collaboration with its customers make Concordia Maritime something of a niche player in the tanker market.

Concordia Maritime in relation to its competitors



	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 concordiamaritime.com	14	2	3.9	•	•			1,123,430	Public (Nasdaq OMX Stockholm)
2	Maersk Tankers maersktankers.com	239	17	6.6	•	•	•	•	11,321,252	Part of Maersk A/S, Public (Nasdaq OMX Copenhagen)
3	Omega Navigation omeganavigation.com	12	7	4.3		•			680,665	Public (Nasdaq and Singapore Exchange)
4	Overseas Shipholding Group osg.com	111	13	7.5	•	•	•		12,226,582	Public (New York Stock Exchange and Pacific Stock Exchange)
5	Teekay teekay.com	139	8	10.7	•	•	•	•	15,994,897	Public (New York Stock Exchange)
6	Torm torm.com	118	6	6.4		•			4,997,583	Public (Nasdaq OMX Copenhagen)
7	Tsakos Energy Navigation tenn.gr	77	4	9.1	•	•	•		8,522,263	Public (New York Stock Exchange and Bermuda Stock Exchange)
8	Capital Product capitalpplp.com	21	0	4.6		•			995,341	Public (NASDAQ Global Market)
9	Dámico International Shipping damicointernationalshipping.com	44	5	4.9		•			2,032,516	Public (Milan)
10	Scorpio Tankers scorpiotankers.com	10	0	5.2	•	•			644,885	Public (New York Stock Exchange)

This list gives only examples of players in the industry and does not claim to be complete.
There may be deviations in the figures and descriptions in relation to Concordia Maritime.

RISK AND SENSITIVITY ANALYSIS

The fact that all our owned vessels are signed to fixed contracts contributes to some extent to reducing the financial risks otherwise associated with shipping. The overall risks 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 seriously damage our brand. For many years, we have 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

We are very dependent on being able to attract and retain employees. This applies to 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.

To some extent, this is counterbalanced by the close co-operation with several companies in the Stena Sphere. We also work actively to create a stimulating workplace, with good opportunities for employees to develop.

C Liquidity

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

One of our overall objectives is to secure a sound financial position that enables us to make long-term investments.

D Financing risk

Financing risk refers to the risk of the company 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 and good relations with banks and other lenders, this risk is relatively limited.

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

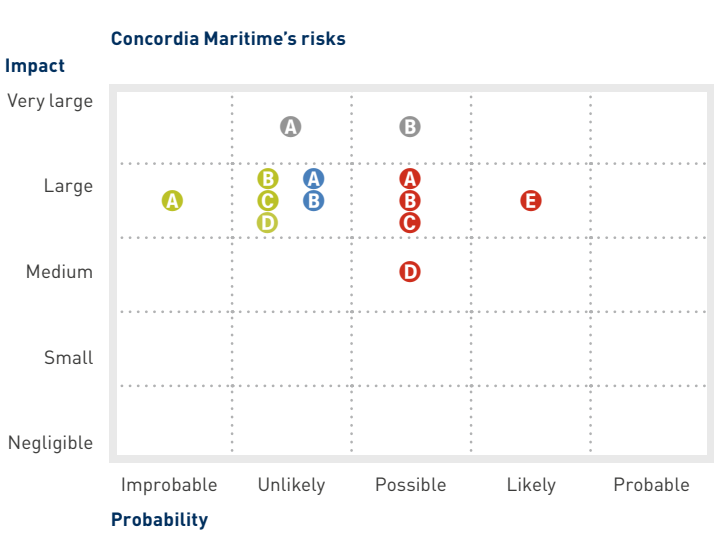
Shipping is a highly cyclical business. The demand for transportation of refined products is largely determined by the consumption of these products. This, in turn, is determined by the state of the economy. The effects of an economic recession are, in the short term, largest in the spot market, but in the long term they also have an effect on the time-charter market. It is difficult to guard against a long-term economic recession.

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.

	Type of risk	Effect (1–5) Whole industry[1]	Effect (1–5) CM	Probability (1–5) Whole industry[1]	Probability (1–5) CM	Risk strategy
1. Corporate risks	A Brand	3 (3)	4 (4)	1 (1)	1 (1)	Quality at every stage. Far-reaching preventive work. A leader in safety.
	B Employees	3 (3)	4 (4)	3 (3)	2 (2)	Close collaboration with several companies in the Stena Sphere.
	C Liquidity	4 (4)	4 (4)	4 (4)	2 (1)	Stable cash flows as a result of contracts. Good bank connections.
	D Financing risk	4 (4)	4 (4)	4 (4)	2 (2)	Stable cash flows, high liquidity and equity ratio, and good bank connections
2. Market-related risks	A Economic trends	4 (4)	4 (4)	5 (5)	3 (2)	Customer relations to a large extent based on contracts.
	B Freight rates	5 (5)	4 (4)	5 (5)	3 (3)	Operations currently based on contracts.
	C Oil price	4 (4)	4 (4)	4 (4)	3 (3)	The customer pays the cost of bunker oil.
	D Political risks	3 (3)	3 (3)	3 (3)	3 (3)	Continuous business intelligence and internal security policy.
	E War/instability	4 (3)	4 (3)	4 (4)	4 (3)	A market leader when it comes to safety and environmental work.
3. Operational risks	A Ship operation and Insurance issues	5 (5)	5 (5)	3 (3)	2 (2)	Continuous maintenance work in combination with comprehensive insurance cover.
	B Environment	5 (5)	5 (5)	3 (3)	3 (2)	Continuous work on preventive measures.
4. Credit risks	A Counterparty risks – customer	4 (4)	4 (4)	3 (3)	2 (2)	Financially stable customers.
	B Counterparty risks – shipyards and partners	4 (4)	4 (4)	3 (3)	2 (2)	Financially strong players. Bank guarantees and penalty clauses.
TOTAL		**52 (51)**	**53 (52)**	**45 (45)**	**31 (30)**	

Concordia Maritime's risks



Last year's figure in brackets

1) The shipping industry as a whole

The image is a contribution to our photo contest and was taken by the second officer Savchenko onboard *Stena Primorsk*.

With the whole fleet currently signed to long-term charters, our exposure to changes in freight rates in the short term is limited.

C Oil price

Changes in oil prices do not affect the company directly to any great extent. Its 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.). In the long term, changes in the price of oil affect freight rates, which, in turn, have an impact on the shipping company's result.

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 us, 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. The risk of this affects both the industry as a whole and us.

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 our vessels, we have taken out insurance policies customary in the industry. The vessels are insured against damage and loss (Hull & Machinery) at amounts representing the vessels' 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, the company has also taken out the customary insurance for operating in specific waters.

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, we are 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. We devote considerable resources to the continuous development of vessels as well as training and routines.

C Ship operation

The competition for competent seagoing personnel has increased in recent years. Today, finding and retaining competent personnel is one of the largest challenges faced by many shipping companies. Recruiting the best crews requires having a good reputation on the market. We strive to be an attractive employer that looks after its employees. 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 we are 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 18.

A Counterparty risks – customers

Risks related to customers refer mainly to the risk of a customer being unable to meet its commitments.

There is a higher risk when basing one's business activities on a limited number of customers. In our 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.

B Counterparty risks – subcontractors and partners

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

We protect ourselves in different ways from these and other counterparty risks. Here, a long-term perspective in our collaboration, ongoing evaluations and the counterparty's financial position play a large role.

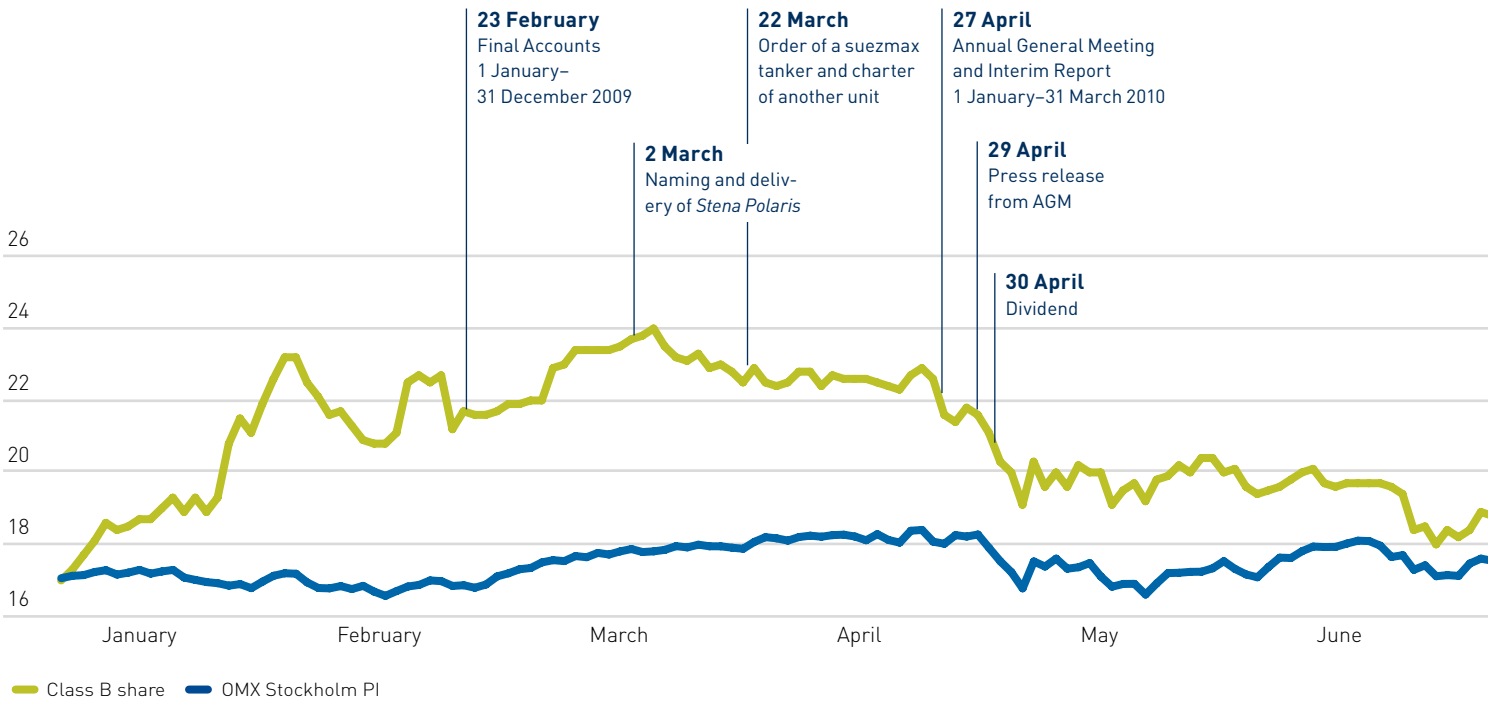
Financial risks

The financial risks, mainly related to currency and interest rates, are described in Note 18 and are thus not reported here.

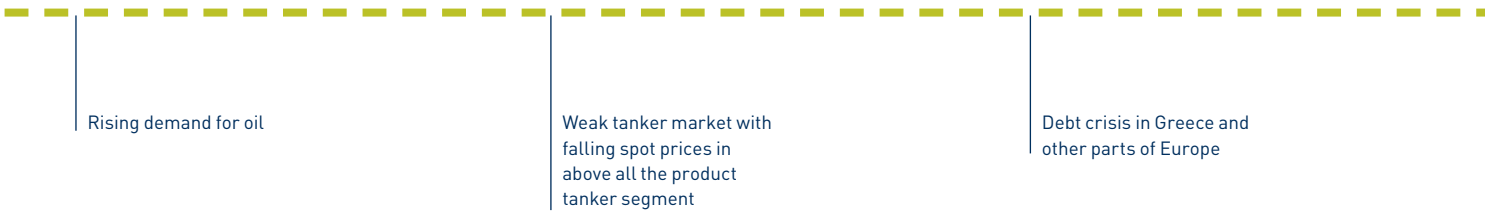
SHARE PRICE TREND

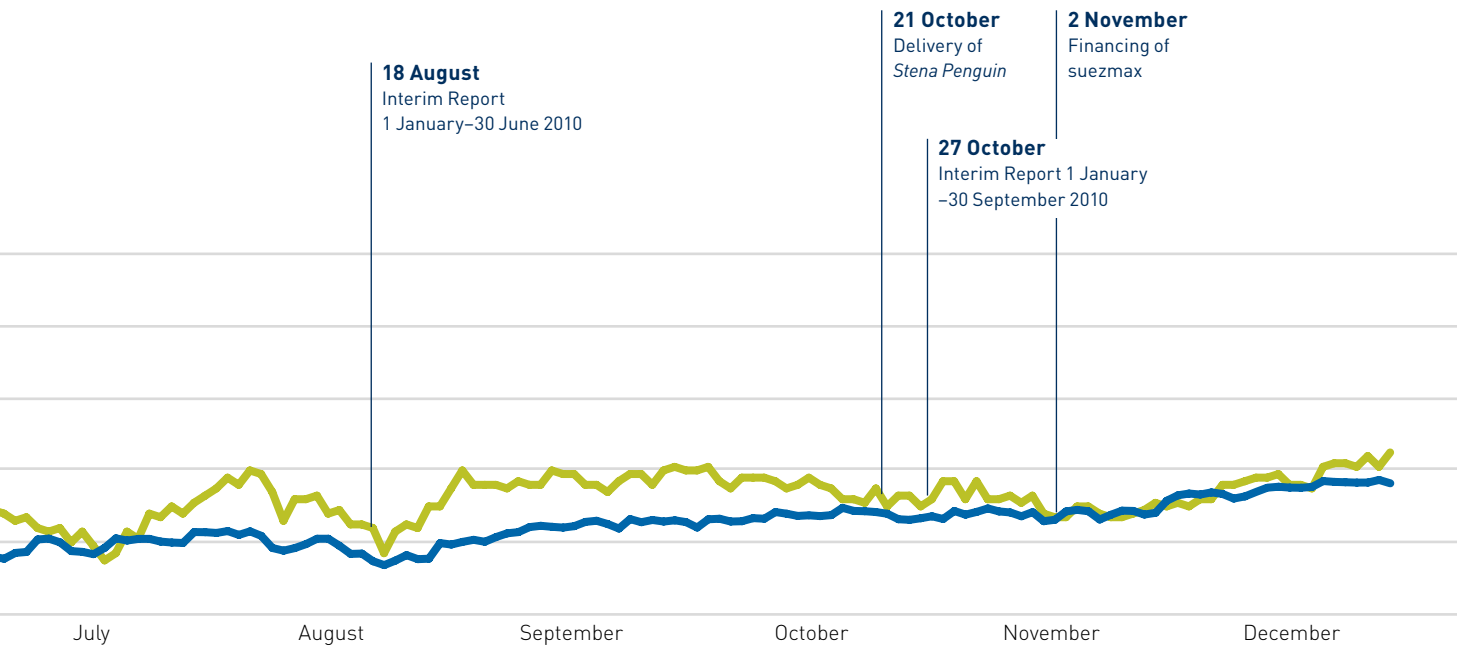
IN 2010

At the start of 2010, the share price of Concordia Maritime's Series B share was SEK 17.0 and at the end of the year SEK 20.5, an increase of 20 percent. The Nasdaq OMX Stockholm's index rose 23 percent (OMX Stockholm PI) during the same period. In 2010, the total return on the shares, including the proposed dividend of SEK 1.00, was 26 percent.



External factors during the year





Rising demand for oil transport met by growth of tanker fleet

Oil price at highest level in two years

Share capital

At the end of 2010, 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 5,470 shareholders as of 31 December 2010, 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 52 percent of the share capital and had 73 percent of the votes. The second largest owner is Odin Fonder, which owns shares equivalent to 5.8 percent of the capital and 3.3 percent of the votes.

As of 31 December 2010, foreign ownership amounted to 16.2 percent of the share capital and 9.3 percent of the votes. Total ownership by institutions amounted to 9.8 percent. The Board of Directors and the President together own around 0.1 percent of the total number of shares (Stena Sphere excluded).

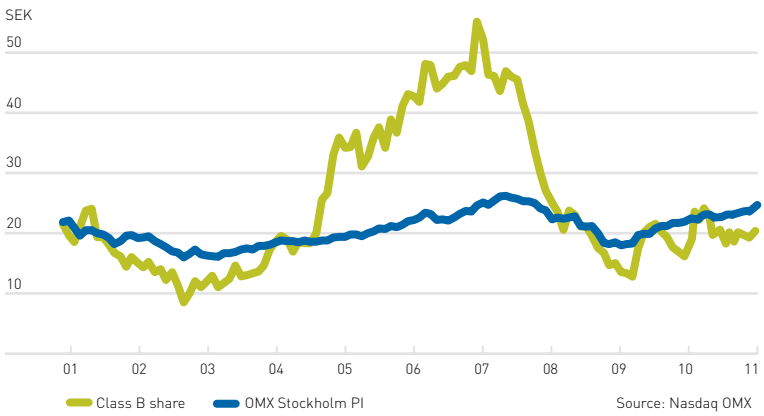
Ticker code and trading unit

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

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@
concordiamaritime.com

Concordia Maritime's share price, 2001–2010

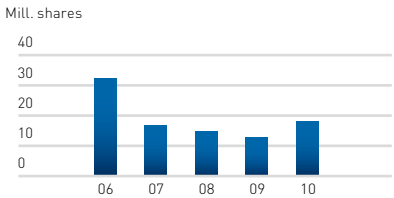


Source: Nasdaq OMX

Dividend policy

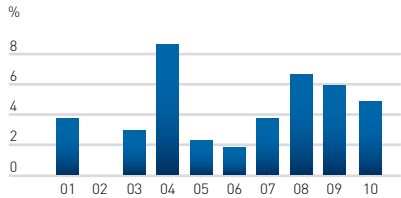
Concordia Maritime's long-term objective is to maximise the value of the shareholders' capital in the company through long-term growth in the value of the fleet and a good return on oil transport. This should provide the necessary conditions for a long-term, positive share price trend. The shareholders 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



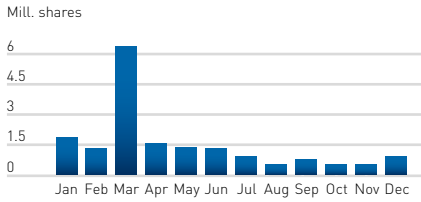
Source: Nasdaq OMX

Dividend yield



Source: Nasdaq OMX

Share turnover, 2010



Source: Nasdaq OMX

Key figures for the share

	2010	2009	2008	2007	2006	2005	2004	2003[1]	2002[1]	2001[1]
Dividend, SEK	1.00[2]	1.00	1.00	1.00	1.00	1.00	3.00	0.50	—	0.60
Dividend as % of net result after tax	60		50	76	92	83	19	31	—	12
Shares outstanding at year-end, millions	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	46.41
Average number of shares outstanding, millions	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.07	44.30
Share price at year-end, SEK	20.50	17.00	15.00	27.00	55.00	43.00	34.80	17.50	11.00	16.00
Dividend yield, %[4]	5.9[3]	5.9	6.6	3.7	1.8	2.3	8.6	2.9	—	3.8
Total return, Concordia share, %	26.5[3]	20.00	–40.74	–49.09	30.23	26.44	116.00	63.64	–31.25	–22.79
P/E ratio including ship sales	12.2	neg	7.5	20.5	50.5	35.8	2.2	10.8	neg	3.3
P/E ratio excluding ship sales	12.2	neg	—	—	—	2,150.0	17.8	9	neg	3.3
Turnover of shares per year, thousands	17.6	12.4	14.7	16.8	32.4	18.6	24.3	8.4	5.8	8.9
Rate of turnover, %	37	26	33	38	74	43	56	19	13	21
Market value at year-end, SEK million	978	811	716	1,288	2,625	2,052	1,661	835	525	743
Number of shareholders	5,470	5,006	4,834	4,963	5,942	6,209	6,081	5,431	5,542	5,215
Equity per share	35.94	37.47	41.21	34.08	34.09	37.10	33.87	21.51	24.16	33.62

1) Key figures for 2001-2003 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	16.2	9.3
Swedish owners	83.8	90.7
of which		
Institutions	9.8	5.6
Unit trusts	1.4	0.8
Private individuals	72.6	84.4

Ownership concentration

	Capital %	Votes %
The 10 largest shareholders	73.3	84.8
The 25 largest shareholders	78.0	87.4
The 100 largest shareholders	83.3	90.5

The 10 largest shareholders

	Capital %	Votes %
Stena-koncernen	52.0	72.7
Odin fonder	5.8	3.3
Fjärde AP-fonden	5.6	3.2
Andersson, Stig	2.2	1.3
Mariedals Lantbruk AB	1.7	1.0
Apotekets pensionsstiftelse	1.6	0.9
Orkla fonder	1.2	0.7
Avanza Pension Försäkring AB	1.1	0.6
Arnhult Rutger bolag	1.0	0.6
DFA fonder (USA)	1.0	0.6

Dividend 2001–2010

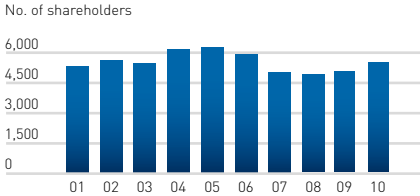
Year	Dividend per share	Dividend yield %
2001	0.60	3.8
2002		
2003	0.50	2.9
2004	3.00	8.6
2005	1.00	2.3
2006	1.00	1.8
2007	1.00	3.7
2008	1.00	6.6
2009	1.00	5.1
2010	1.00[1]	5.9

1) Proposed dividend.

Shareholder structure

Shareholding	Owners	Shares	Capital %	Votes %
1–1 000	4,384	1,429,214	3.1	1.7
1 001–10 000	919	2,867,039	6.1	3.5
10 001–100 000	144	4,353,481	9.1	5.2
100 001–	23	39,080,064	81.8	89.7
Total	**5,470**	**47,729,798**	**100**	**100**

Shareholder trend, 2001–2010



Source: Nasdaq OMX

TEN-YEAR SUMMARY

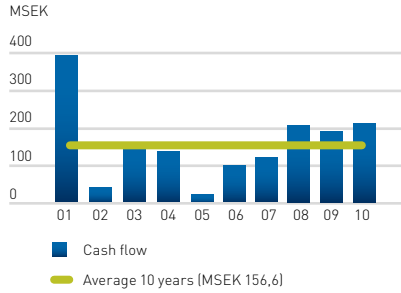
	2010	2009	2008	2007	2006
Profit/loss items, SEK million					
Net sales	513.4	599.3	560.0	457.2	381.2
Operating costs	–413.2	–531.5	–473.6	423.2	376.5
Operating result	100.2	67.8	86.4	34.0	4.7
whereof result from the sale of ships	—	—	—	—	—
EBITDA	219.5	160.8	162.6	91.5	38.7
Result after finance net	76.9	–91.0	78.1	48.0	52.5
Net result after tax	80.4	–81.1	95.8	62.9	51.9
Cash flow from operating activities[1]	210.7	189.6	203.2	121.11	100.0
Investments	638.6	654.2	301.3	838.6	767.2
Balance sheet items, SEK million					
Ships	2,919.6	2,265.0	2,059.6	1,769.6	1,048.7
(Number of ships)[2]	10	8	7	7	4
Ships under construction	262.0	619.0	536.3	158.3	222.3
(Number of ships)	2	3	4	4	7
Cash and cash equivalents	68.3	82.5	31.3	55.6	30.2
Short-term investments	84.0	37.1	283.6	397.1	517.6
Other assets	126.9	367.8	575.7	429.6	413.7
Interest-bearing liabilities	1,596.1	1,458.5	1,369.2	1,073.0	506.2
Other liabilities and provisions	149.3	124.6	150.3	110.7	99.3
Equity	1,715.4	1,788.3	1,967.0	1,626.5	1,627.0
Balance sheet total	3,460.8	3,371.4	3,486.5	2,810.2	2,232.5
Key ratios, %					
Equity ratio	50	53	56	58	73
Return on total capital	2	3	3	4	4
Return on capital employed	2	3	3	4	5
Return on equity	5	–4	5	3	3
Per-share data, SEK					
Net result after tax	1.68	–1.70	2.01	1.32	1.09
of which profit/loss from ship sales	—	—	—	—	—
Cash flow[1]	4.41	3.97	4.26	2.54	2.10
Equity	35.94	37.47	41.21	34.08	34.09
Equity/market value	1.75	2.20	2.75	1.26	0.62
Share price at year-end	20.5	17.00	15.00	27.00	55.00
Dividend[3]	1.00	1.00	1.00	1.00	1.00
Dividend as % of net result after tax	60	n/a	50	76	92
Other					
P/E ratio including ship sales	12.2	neg	7.5	20.5	50.5
P/E ratio excluding ship sales	—	neg	—	—	—
Number of shareholders	5,470	5,006	4,834	4,963	5,942

1) Ship sales not included
2) For 2010, there are 9 owned ships and two ships in which the group has a 50 percent holding
3) Proposed dividend for 2010

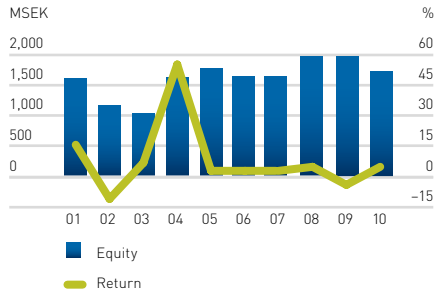
Comparative figures for 2001–2003 have not been recalculated in accordance with IFRS.

2005	2004	2003	2002	2001
254.0	354.0	649.7	768.6	1,334.6
312.0	271.2	575.7	877.9	1,043.6
–1.8	729.4	58.9	–98.2	292.5
56.2	646.6	–15.1	11.1	1.5
–1.3	795.5	177.5	89.5	454.4
42.7	740.2	35.1	–142.4	251.9
57.2	740.2	77.1	–148.9	231.3
20.4	136.2	150.5	40.0	392.1
492.8	86.3	61.6	—	513.6
304.2	32.5	1,223.9	1,907.0	2,544.3
1	1	4	6	9
384.7	128.0	55.4	—	—
6	7	6	—	—
280.4	1,123.4	40.3	115.2	263.0
559.1	130.7	—	—	—
368.9	313.4	87.8	216.7	343.0
0.0	0.0	300.7	926.6	1,261.7
126.4	111.2	80.2	159.3	295.4
1,770.9	1,616.8	1,026.5	1,153.0	1,593.2
1,897.3	1,728.0	1,407.4	2,238.9	3,150.3
93	94	73	51	51
5	47	3	–4	11
6	49	3	–4	12
3	56	7	–11	16
1.20	15.51	1.62	–3.12	4.85
1.18	13.55	–0.32	0.23	0.03
0.43	2.85	3.15	0.84	8.21
37.10	33.87	21.51	24.16	33.62
0.86	0.97	1.22	2.20	2.10
43.00	34.80	17.50	11.00	16.00
1.00	3.00	0.50	—	0.60
83	19	31	0	12
35.8	2.2	10.8	neg	3.3
2,150.0	17.8	9	neg	3.3
6,209	6,081	5,431	5,542	5,215

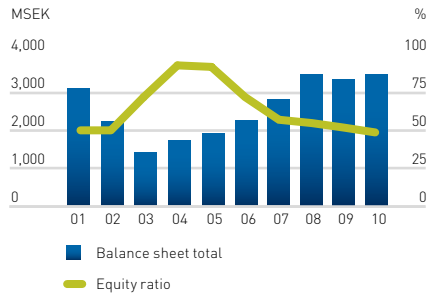
Cash flow from operating activities



Return on equity



Equity ratio




Stena Bulk
PMAX

FINANCIAL INFORMATION

2010

Bulbous bow

Admiral David W. Taylor, of the U.S. Navy, found in the late 1800s that a drop-shaped bulbous bow just below the waterline decreased the resistance of a ship model's hull when pulled through water. Bulbous bows, which are currently used on the majority of all commercial vessels, reduce wave formation and resistance in the water, create greater stability, and reduce energy consumption.

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 2010. The parent company is Stena Sessan Rederi AB, which holds approximately 52 percent of the capital stock and 73 percent of the total voting rights. Its parent company is Stena Sessan AB.

Business summary

P-MAX

Nine owned P-MAX tankers were in service at the end of 2010. All the vessels are signed to charters of between three and ten years from the date of delivery. The P-MAX tankers transport light products (such as gasoline), heavy petroleum (such as heavy fuel oil) and crude oil in different geographical markets around the world.

Panamax

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

Aframax

For a short period, Concordia Maritime is participating with a 50% share, together with Stena Bulk AB, in the charter of two Aframax tankers with a high ice class (1A) from mid-December 2010 until the end of the first quarter of 2011. Aframax tankers have a deadweight of approx. 110,000 tons and transport mainly crude oil.

Suezmax

Concordia Maritime's presence in the large-tanker market during the year consisted of a 50% share in the Suezmax tanker *Yasa Scorpion*, which has been chartered since May 2010 together with Stena Bulk. The charter expires in May 2011.

Newbuilding program

Two P-MAX tankers were delivered in 2010. The tenth and last in the series of P-MAX tankers is set for delivery in the second quarter of 2011. The Suezmax tanker ordered in 2010 is expected to be delivered in the second quarter of 2012.

Value of the fleet

At the end of 2010, the fleet's book value was lower than its market value. Market value is defined as the average of valuations made by three independent brokers on the basis of prompt delivery for the open market. Consequently, the valuation does not take existing employment contracts into account.

Freight market trends

Product tanker market (MR)

As a whole, the market for MR tankers continued to be weak in 2010. During the year, the average freight rates on the spot market were USD 9,000 per day, about 35 percent higher than in 2009. In the time-charter market, 3-year contracts were signed at average levels of around USD 14,000 per day, which was at about the same level as in 2009.

Large-tanker market (Suezmax)

During the year, the trend in the Suezmax segment was weak, but more volatile than in the MR segment. The freight rates as a whole averaged USD 28,000 per day, which was somewhat higher than in 2009. In the time-charter market, 3-year contracts were signed at average levels of around USD 27,000 per day, which was at about the same level as in 2009.

Shipbuilding market trends

The world tanker fleet continued to expand with 4.3 percent net growth in 2010. In December 2010, the price of a standard MR vessel was about USD 34 million and the price of a Suezmax tanker was about USD 65 million.

Financial review

Results and position

The turnover in 2010 totalled SEK 513.4 (599.3) million. The result after financial items was SEK 76.9 (–91.0) million. The result after tax was SEK 80.4 (–81.1) million, equivalent to a result per share of SEK 1.68 (–1.70). The turnover and results trend is in line with the forecast.

Investments

Part of the company's bond portfolio was sold during the year. As a result of this, the bond portfolio is classified as "for sale" as of Q3, which means that it is valued at its market value via "Other

total comprehensive income". Other investments are classified as previously, i.e. "held for trading". Here, excess liquidity has been invested in a portfolio with a due-date structure that corresponds well with the investment program. Other holdings (primarily mutual funds) are valued at their market value on each accounting date. Total short-term investments are equivalent to SEK 84.0 (37.1) million.

Investments

Investments during the year amounted to SEK 638.6 (655.8) 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 698.0 (536.0) million on 31 December 2010. The amount of interest-bearing debt during the period increased from SEK 1,458.5 million to SEK 1,596.1 million. On the balance sheet date, equity was SEK 1,715.4 (1,788.3) million and the equity ratio was 50 (53) 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 2010 Annual General Meeting, which is also in compliance with the proposed guidelines for 2011. 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 six 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 4.

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) at 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. 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 seriously damage the Concordia Maritime name. 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.

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.

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 Sphere are also interconnected brands to a certain extent.

Safety and 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.

Financial instruments and risk management

See Note 18.

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

At the end of 2010, Concordia Maritime's fleet consisted of nine wholly owned P-MAX tankers and two co-owned Panamax tankers. Concordia Maritime also participated with a 50 percent share in a Suezmax tanker and two Aframax tankers. The newbuilding program consists of one P-MAX tanker and one Suezmax tanker, which are expected to be delivered in 2011 and 2012, respectively.

As stated previously, the forecast for 2011 is a result before tax of approximately USD 10–13 million. When converted to SEK, the result before tax is approximately SEK 65–85 million or SEK 1.36–1.78 per share.

Corporate governance report

The corporate governance report has been drawn up as a document separate from the annual report and can be found on pages 84–95. Information about the most important features of the Group's systems for internal control and risk management in conjunction with preparing the annual report is included in the corporate governance report.

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Parent Company

During the year, the Parent Company's business activities consisted of participation in the charter of three vessels together with Stena Bulk.

Profit distribution proposal

The Board of Directors proposes that SEK 153.3 million of the result brought forward be made available for appropriation as follows:

MSEK	2010	2009	2008
Dividend (47 729 798 shares x SEK 1.00 per share)	47.7[1)]	47.7	47.7
To be carried forward	105.6	128.3	32.5
Total	**153.3**	**176.0**	**80.2**

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.

INCOME STATEMENT AND COMPREHENSIVE INCOME FOR THE GROUP

1 January to 31 December, SEK million	Note	2010	2009
Net sales	2, 3, 9	513.4	599.3
Total income		**513.4**	**599.3**
Operating costs for ships	19	–155.4	–315.5
Seagoing personnel costs	4	–101.9	–86.5
Other external costs	5	–25.6	–27.7
Personnel costs	4	–11.0	–8.8
Depreciation	8	–119.3	–93.0
Total operating costs	9	**–413.2**	**–531.5**
Operating result	22	**100.2**	**67.8**
Finance income		14.9	46.4
Finance cost		–38.2	–205.2
Finance net	6	**–23.3**	**–158.8**
Result before tax		**76.9**	**–91.0**
Tax	7	3.5	9.9
Result for the year		**80.4**	**–81.1**
Earnings per share before/after dilution	14	**1.68**	**–1.70**
Consolidated statement of other comprehensive income	7		
Result for the year		80.4	–81.1
Translation differences		–112.0	–177.7
Equitiy hedge, net of tax		46.3	163.4
Changes in fair value for financial assets held for sale transferred to the result for the year (in 2010 only value change), net of tax		4.8	–25.6
Cash flow hedges, currency-related, net of tax		–3.3	–30.9
Cash flow hedges, interest-related, net of tax		–41.4	20.9
Comprehensive income for the period		**–25.2**	**–131.0**

CONSOLIDATED BALANCE SHEET

As of 31 December, SEK million	Note	2010	2009
ASSETS			
Tangible fixed assets	9, 20		
Ships	8	2,919.1	2,264.4
Ships under construction	8	262.0	619.0
Equipment	8	0.5	0.6
Financial investments	10, 18		137.4
Long-term receivables	11	2.1	3.6
Total fixed assets		**3,183.7**	**3,025.0**
Other short-term receivables	11	99.2	192.7
Prepaid cost and accrued income	12	25.6	34.2
Short-term investments	10, 18	84.0	37.1
Cash and cash equivalents	13, 24	68.3	82.5
Total current assets		**277.1**	**346.5**
TOTAL ASSETS		**3,460.8**	**3,371.5**
Equity			
Share capital		381.8	381.8
Other contributed capital		61.9	61.9
Reserves		16.1	121.7
Result brought forward including result for the year		1,255.6	1,222.9
Total equity		**1,715.4**	**1,788.3**
LIABILITIES			
Non-current liabilities	9, 15, 18		
Liabilities to credit institutions		1,581.3	1,444.4
Other non-current liabilities	16	2.0	3.6
Deferred tax liabilities	7	25.5	14.4
Total non-current liabilities		**1,608.8**	**1,462.4**
Current liabilities	9, 15, 18		
Liabilities to credit institutions		14.7	14.1
Trade payables		0.6	0.1
Other liabilities	16	39.4	30.1
Accrued cost and deferred income	17	81.9	76.5
Total current liabilities		**136.6**	**120.8**
TOTAL EQUITY AND LIABILITIES		**3,460.8**	**3,371.5**

Information on the Group's pledged assets and contingent liabilities, see Note 21.

REPORT ON CHANGES IN CONSOLIDATED EQUITY

SEK million	Share capital	Other contributed capital	Reserves[2] Translation reserve	Fair value reserve	Hedging reserve	Result brought forward[1]	Total equity
Opening balance 01/01/2010	381.8	61.9	114.8	0.0	6.9	1,222.9	1,788.3
Comprehensive income for the year							
Result for the year						80.4	80.4
Other comprehensive income for the year			–65.7	4.8	–44.7		–105.6
Comprehensive income for the year			**–65.7**	**4.8**	**–44.7**	**80.4**	**–25.2**
Dividends						–47.7	–47.7
Closing balance 31/12/2010	**381.8**	**61.9**	**49.1**	**4.8**	**–37.8**	**1,255.6**	**1,715.4**

SEK million	Share capital	Other contributed capital	Reserves [2] Translation reserve	Fair value reserve	Hedging reserve	Result brought forward[1]	Total equity
Opening balance 01/01/2009	381.8	61.9	129.1	25.6	16.9	1,351.7	1,967.0
Comprehensive income for the year							
Result for the year						–81.1	–81.1
Other comprehensive income for the year			–14.3	–25.6	–10.0		–21.3
Comprehensive income for the year			**–14.3**	**–25.6**	**–10.0**	**–81.1**	**131.0**
Dividends						–47.7	–47.7
Closing balance 31/12/2009	**381.8**	**61.9**	**114.8**	**0.0**	**6.9**	**1,222.9**	**1,788.3**

1) Result brought forward, including result for the year.
2) See also Note 18.

Translation reserve
Includes all exchange rate differences arising on the translation of foreign subsidiaries. The reserve also includes the hedging of currency risk in foreign operations.

Fair value reserve
Consists of the cumulative net change in financial assets available for sale.

Hedging reserve
Includes the effective portion of the cumulative net change in fair value of cash flow hedging instruments.

CONSOLIDATED CASH FLOW STATEMENT

1 January to 31 December, SEK million	Note	2010	2009
	24		
Operating activities			
Result before tax		76.9	–91.0
Adjustments for items not included in cash flow		133.8	280.6
Cash flow from operating activities before changes in working capital		**210.7**	**189.6**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in receivables		129.8	42.2
Increase (+)/Decrease (–) in liabilities		1.5	–6.1
Cash flow from operating activities		**342.0**	**36.1**
Investing activities			
Investment in vessels		–638.6	–655.8
Acquisition of financial assets			–0.8
Sale of financial assets		94.7	346.0
Cash flow from investing activities		**–543.9**	**–310.6**
Financing activities			
Raising of loans		716.9	458.5
Repayment of loans		–482.1	–270.2
Dividend to shareholders		–47.7	–47.7
Cash flow from financing activities		**187.1**	**140.6**
Cash flow for the year		–14.8	55.7
Cash and cash equivalents at beginning of year		82.5	31.3
Exchange rate differences		0.6	–4.5
Cash and cash equivalents at end of year		**68.3**	**82.5**

PARENT COMPANY INCOME STATEMENT

1 January to 31 December, SEK million	Note	2010	2009
Net sales	2, 3	30.8	32.2
Total income		**30.8**	**32.2**
Operating costs for ships	19	–29.7	–10.8
Seagoing personnel costs	4		–10.1
Other external costs	5	–15.1	–14.4
Personnel costs	4	–7.7	–7.4
Depreciation according to plan	8	–0.1	–9.3
Operating result	22	**–21.8**	**–19.8**
Result from financial items:			
Income from other securities and loans held as fixed assets		3.0	2.7
Other interest and similar income items		81.6	256.3
Interest costs and similar items		–29.0	–42.5
Finance net		**55.6**	**216.5**
Result after financial items	6	**33.8**	**196.6**
Result before tax		**33.8**	**196.6**
Tax	7	–8.8	–53.1
Result for the year		**25.0**	**143.5**

PARENT COMPANY BALANCE SHEET

As of 31 December, SEK million	Note	2010	2009
ASSETS			
Tangible fixed assets			
Tangible fixed assets	8	0.1	0.0
Financial fixed assets			
Participating interests in Group companies	23	745.8	745.8
Other long-term holdings of securities	18		22.9
Other long-term receivables	11	2.0	3.6
Deferred tax assets	7	23.8	32.6
Total financial fixed assets		771.6	804.8
Total fixed assets		**771.7**	**804.9**
Current assets			
Short-term receivables			
Receivables from Group companies			110.5
Other receivables	11	59.2	128.4
Prepaid cost and accrued income	12	7.9	9.8
Total current receivables		67.1	248.9
Short-term investments			
Other short-term investments	18	40.9	34.5
Total short-term investments			34.5
Cash and bank balances	24	1,226.2	1,036.5
Total current assets		**1,334.2**	**1,319.9**
TOTAL ASSETS		**2,105.9**	**2,124.8**
EQUITY AND LIABILITIES			
Equity	14		
Restricted equity			
Share capital		381.8	381.8
Reserve fund		138.3	138.3
Non-restricted equity			
Result brought forward		128.3	32.5
Result for the year		25.0	143.5
Total equity		**673.4**	**696.1**
Non-current liabilities			
Liabilities to credit institutions	15, 18	1,379.1	1,216.4
Other liabilities	16	2.0	3.6
Total non-current liabilities		**1,381.1**	**1,220.0**
Current liabilities			
Liabilities to credit institutions	15, 18	29.5	28.7
Trade payables		0.6	0.2
Liabilities to Group companies		6.8	157.5
Other liabilities		6.6	4.0
Accrued cost and deferred income	17	7.9	18.3
Total current liabilities		**51.4**	**208.7**
TOTAL EQUITY AND LIABILITIES		**2,105.9**	**2,124.8**

PLEDGED ASSETS AND CONTINGENT LIABILITIES FOR THE PARENT COMPANY

As of 31 December, SEK million	Note	2010	2009
Contingent liabilities	21	33.6	35.8

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 01/01/2010	381.8	138.3	32.5	143.5	696.1
Result for the previous year			143.5	–143.5	0.0
Result for the year				25.0	25.0
Dividends			–47.7		–47.7
Closing balance 31/12/2010	**381.8**	**138.3**	**128.3**	**25.0**	**673.4**

	Restricted equity		Non-restricted equity		
SEK million	Share capital	Reserve fund	Result brought forward	Result for the year	Total equity
Opening balance 01/01/2009	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 paid			–150.0		–150.0
Tax on paid Group contributions			39.5		39.5
Amount of capital repaid of Group contribution			110.5		110.5
Dividends			–47.7		–47.7
Closing balance 31/12/2009	**381.8**	**138.3**	**32.5**	**143.5**	**696.1**

CASH FLOW STATEMENT FOR THE PARENT COMPANY

1 January to 31 December, SEK million	Note	2010	2009
	24		
Operating activities			
Result before tax		33.8	196.6
Adjustments for items not included in cash flow		–85.4	–93.0
Cash flow from operating activities before changes in working capital		–51.6	103.6
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in receivables		72.3	32.6
Increase (+)/Decrease (–) in liabilities		–48.8	–12.0
Cash flow from operating activities		**–28.1**	**124.2**
Investing activities			
Sale of vessels			405.0
Sale of financial assets		18.3	3.4
Cash flow from investing activities		**18.3**	**408.4**
Financing activities			
Raising of loans		715.1	487.3
Repayment of loans		–467.9	–257.8
Dividend paid		–47.7	–47.7
Cash flow from financing activities		**199.5**	**181.8**
Cash flow for the year		189.7	714.4
Cash and cash equivalents at beginning of year		1,036.5	322.1
Cash and cash equivalents at end of year		**1,226.2**	**1,036.5**

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

(a) Compliance with standards and legislation

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) approved by the European Commission for application within the EU. Furthermore, the Council for Financial Reporting's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The Parent Company applies the same policies as the Group except in the cases listed below under "Parent Company accounting policies". The differences that arise between the policies of the Parent Company and the Group are due to limitations in the ability to apply IFRS in the Parent Company due to the stipulations in the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and in some cases for tax reasons.

The annual accounts and the consolidated accounts were approved for issue by the Board on 10 March 2011. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet are subject to approval at the Annual General Meeting on 28 April 2011.

(b) Conditions for the preparation of the Parent Company's and the Group's financial statements

The Parent Company's functional currency is Swedish krona which is also the presentation currency for the Parent Company and for the Group. This means that the financial statements are presented in Swedish kronor (SEK). From a Group perspective, however, most transactions are in US Dollars. All figures, unless otherwise indicated, are reported in SEK millions. Assets and liabilities are recognised at an historical cost of acquisition except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities that are measured at fair value consist of derivatives, 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 recognised at the lower of the previous reported value and fair value less selling costs.

The preparation of financial statements in compliance with IFRS requires that company management make assessments and estimates that affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and costs. The estimates and assumptions are based on historical experience and various other factors that seem reasonable under the prevailing conditions. The results of these estimates and assumptions are then used to assess the reported amounts of assets and liabilities that are otherwise not evident from other sources. Actual results may differ from these estimates and assessments. The estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period the change is made if the change only affects that period, or the period the change is made and future periods if the change affects both the current and future periods.

Assessments made by company management in the application of IFRS that have a significant impact on the financial statements and estimates made that could lead to material adjustments in future financial reports concern mainly the valuation of vessels. See Note 27.

The following accounting policies have been applied consistently to all periods presented in the consolidated accounts, unless otherwise indicated below. The Group's accounting policies have been consistently applied in the reporting and consolidation of the Parent Company, subsidiaries and joint ventures.

(c) New/revised accounting policies

(i) Revised accounting policies

From 1 January 2010 the Group has applied the revised IFRS 3 Business Combinations and the amended IAS 27 Consolidated and Separate Financial Statements. The changes in accounting policies have resulted in, among other things: a change in the definition of a business, transaction costs in business combinations are to be expensed, contingent considerations are set at fair value at the date of acquisition and the effects of revaluation of liabilities related to contingent consideration are recognised as income or cost in the result for the year. Other news includes the introduction of two alternative ways to present non-controlling interest and goodwill, either at fair value, i.e. goodwill is included in the non-controlling interest, or alternatively that the non-controlling interest is represented by the proportion of net assets. The choice between these two methods is made individually for each acquisition. Moreover, further acquisitions that are made after control is obtained are considered as owner transactions and are recognised directly in equity, which is an amendment to the Company's previous policy which was to recognise the excess amount as goodwill. The amendments to the policies had no retroactive effect on the company's financial statements, which therefore means that no amounts in the financial statements have been adjusted. Since no acquisitions were made during the annual period, these changes had no impact on the consolidated accounts.

Other, as yet unmentioned, changes in standards and interpretative notes have not had any significant effect on the consolidated accounts.

(ii) New IFRS standards and interpretations that have not yet been applied

A number of new or amended IFRS standards do not take effect until the coming annual period and have not been applied in advance in the preparation of these financial statements. Changes or amendments with future application are not planned to be implemented in advance either.

IFRS 9 (Financial instruments) is intended to replace IAS 39 (Financial Instruments: Recognition and Measurement) by 2013 at the latest. This recommendation is under completion and the Group has consequently not yet determined when the application is to be made.

Other unmentioned new policies and interpretations are judged not to affect the Group.

(d) Segment reporting

An operating segment is a component of the Group that conducts business from which it can earn income and incur cost, and for which separate financial information is available. An operating segment's results are also followed up by the company's chief operating decision maker, the Group management, to evaluate the results and to allocate resources to operating segments. From the third quarter of 2010, Concordia Maritime's Group management have followed up the economic development of the fleet as a unit, which had the consequence that the two earlier segments, Product Tankers and Large Tankers are now recognised as the Tanker segment in the financial statements. The segment information therefore matches the Group's financial information.

(e) Classification

Fixed assets and non-current liabilities in the Parent Company and Group only consist essentially of amounts that are expected to be recovered or paid after more than twelve months from the balance sheet date. Current assets and current liabilities in the Parent Company and Group only consist essentially of amounts that are expected to be recovered or paid after more than twelve months from 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 in accordance with the acquisition method. The method means that the acquisition of a subsidiary is treated as a transaction in which the Group indirectly acquires the assets of the subsidiary and takes over its liabilities and contingent liabilities. The cost to the Group is determined through an acquisition analysis in connection with the business combination. The analysis determines the cost of the shares or the business, partly the fair value of identifiable assets and the liabilities assumed and contingent liabilities. The difference between the acquisition value of shares in the subsidiary and the fair value of acquired assets, assumed liabilities and contingent liabilities represents 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 from a reporting aspect are companies, for which the Group, through co-operation agreements with one or more parties, has common controlling influence over the operational and financial management. The consolidated accounts are consolidated in joint ventures using proportionate consolidation. -Proportionate consolidation means that for joint venture companies the Group's participating interest in the companies' income and cost as well as assets and liabilities are recognised in the consolidated income statement and balance sheets. This is done by combining the share of assets and liabilities, income and cost of the venturer into a joint venture company item by item with the corresponding items in the venturer's consolidated accounts. Only equity earned after the acquisition is recognised in 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 and cost and unrealised gains or losses arising from Intra-Group transactions between group companies are eliminated in full when preparing the consolidated accounts. Unrealised gains arising from transactions with jointly controlled companies are eliminated to the extent that corresponds to the Group's participating interest in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no indication of impairment.

(g) Foreign currency

(i) Transactions in foreign currency

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing on the balance sheet date. Foreign exchange differences arising when translating are recognised in the income statement. Non-monetary assets and liabilities carried at historical cost are translated using the exchange rate on the date of transaction.

(ii) Financial reports concerning foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated into Swedish kronor at the exchange rate prevailing on the balance sheet date. Income and cost in foreign operations are translated to Swedish kronor at an average rate that is an approximation of the rate on each date of transaction. Translation differences arising from currency translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve in equity.

(iii) Net investment in foreign operations

Translation differences arising from translation of foreign net investment and the related effects of hedges of net investment are recognised in other comprehensive income and accumulated in a separate component in equity, called translation reserve. On disposal of foreign operations, the related cumulative translation differences attributed to the business are realised after the deduction of any hedging in the consolidated income statement.

(h) Income

Consolidated income mainly consists of freight income and time charter income for vessels. Freight income is generated when the vessels are employed on the open market (also called spot market), that is to say chartered voyage by voyage. Freight income is received and recognised as income when the individual voyage is completed. Freight income for voyages in progress at the balance sheet date are divided between the current report period and future report periods based on the number of days of the voyage. If net income (freight income less direct cost) from the voyage is negative, the whole income is recognised in the current reporting period. Time charter income is received when the vessels are leased over a specified period, usually a year or more. The income, which consists of a fixed daily hire of the vessel, is paid monthly in advance and recognised as income in the same manner as freight income. Profit-sharing contracts are recognised in accordance with the settlement with the charterer. If the settlement period and the financial reporting period differ, profit sharing contracts basis by management assessments and estimates are recognised based on market conditions and the charterer's actual earnings at the financial reporting period. The usual settlement period for profit-sharing contracts is monthly, by 90-day period or by 180-day period.

(i) Operating cost and finance income and cost

(i) Payments regarding operating leases

Time-charter agreements are classified as operating leases. For time charters, the owner usually retains all risks, such as for accidents and idle time. The vessel owner is normally responsible for operations and the crew. The leaser usually has no obligations when the time charter period is over. Payments for operating leases are recognised in the income statement in the same manner as freight income above.

(ii) Finance income and cost

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

Cont. Note 1.

Interest income on receivables and interest cost on liabilities are calculated using the effective rate method. The effective interest rate is the rate that makes the present value of all future receipts and cash payments during the period of fixed interest equal to the reported value of the receivable or liability. Interest income includes the 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 recognised when the right to receive payment is established.

(j) Financial instruments

Financial instruments that are recognised in the balance sheet include on the asset side cash and cash equivalents, account receivables, shares and other equity instruments, loan and bond receivables and derivatives. Liabilities and equity include accounts payable, loans payable and derivatives.

Financial instruments are initially recognised at cost equivalent to the fair value of the instrument plus transaction costs for all financial instruments except those classified as financial assets that are recognised at fair value via the income statement which are recognised at fair value, net of transaction costs. Recognition depends on how they are classified as explained below.

A financial asset/liability is recognised in the balance sheet when the company becomes party to the contractual terms of the instrument. Account receivables are included in the balance sheet when the invoice has been sent. Liabilities are recognised when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not been received. Accounts payable are recognised when an invoice has been received.

A financial asset is derecognised from the balance sheet when the rights in the contract are realised, expire or the company loses control over them. The same applies to a part of a financial asset. A financial liability is derecognised from the balance sheet when the contractual obligation is fulfilled or otherwise discharged. The same applies to a part of a financial liability.

Acquisitions and sales of financial assets are recognised on the trade date, which is the date the company commits to purchase or sell the asset, except in cases where the company acquires or disposes of listed securities, which are instead reported on the settlement date.

Fair value of listed financial assets corresponds to the asset purchase price on the balance sheet date, provided there is a functioning and liquid market. In other cases, the fair value corresponds to discounted cash flows.
Fair value of unlisted financial assets is determined by using valuation techniques, for example, recently completed transactions, prices of similar instruments and discounted cash flows. For further information see Note 18.

For each set of financial statements, the company assesses whether there is objective evidence that a financial asset or group of financial assets is in need of impairment. For equity instruments classified as available for sale, a significant and prolonged decline in fair value below the instrument's cost is assumed before an impairment loss is recognised. If an impairment is necessary for an asset in the category of assets available for sale, any previously accumulated depreciation in value recognised in comprehensive income is transferred to the income statement. Impairment of equity instruments that are recognised in the income statement may not be subsequently reversed through the income statement.

IAS 39 classifies financial instruments in categories. This classification depends on the purpose of the acquisition of the financial instrument. Company management determines the classification at the initial time of acquisition. These categories are as follows:

Financial assets valued at fair value via the income statement

This includes financial assets held for trading. A financial asset is classified as held for trading if it is acquired for the purpose of selling in the short term. Stand-alone and embedded derivatives are classified as held for trading unless they are used for hedging purposes. Assets in this category aremeasured continuously at fair value with changes in value 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 a company provides money, goods and services directly to the borrower with no intention of trading the receivables. Account receivables are carried at the amounts expected to be received after deductions for doubtful debts which are assessed individually. The expected maturity is short, which is why the value is recognised at a nominal amount without discount.

Impairments of account receivables are recognised in operating costs. This category also includes acquired receivables. Assets in this category are measured at accrued cost of acquisition. The accrued cost of acquisition isdetermined on the basis of the effective rate calculated on the acquisition date.

Held-to-maturity investments

Financial assets that have cash flows that are fixed or pre-determinable, and with a fixed maturity that the company has an explicit intention and ability to hold to maturity. Assets in this category are measured at accrued cost of acquisition. The accrued cost of acquisition isdetermined on the basis of the effective rate calculated on the acquisition date. This means that surplus and deficit values and direct transaction costs are accrued over the maturity period of the instrument.

Available-for-sale financial assets

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

Financial liabilities valued at fair value via the income statement

This category comprises financial liabilities held for trading and derivatives (stand alone or embedded) that are not used for hedging purposes. 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 determined using the effective interest rate calculated when the liability was recognised. This means that surplus and deficit values and direct emission costs are accrued over the maturity period of the liability.

Derivatives used for hedge accounting

All derivatives are carried at fair value in the balance sheet. The changes in value are recognised in the income statement when hedging fair value. For cash flow hedges and hedges of net investment in foreign currencies, the changes in value are recognised in other comprehensive income and the cumulative effect on equity in the hedging reserve in equity until the hedged item is recognised in the income statement. Hedge accounting is described in more detail below.

Cash and cash equivalents

Cash and cash equivalents consist of cash and instantly accessible cash balances at banks and similar institutions as well as current liquid investments with a maturity of less than three months from the date of acquisition which are only exposed to an insignificant risk of value fluctuations.

Financial investments

Financial investments are either financial fixed assets or short-term investments depending on the intention of the holding. If the term or the expected holding period is longer than one year, they consist of financial fixed assets, and if they are less than one year short-term investments.

Financial investments consisting of shares are either classified as financial assets measured at fair value through the income statement or financial assets available for sale.

Interest-bearing securities acquired to be held to maturity are classified as financial assets held to maturity are measured at accrued cost of acquisition.

Interest-bearing securities where there is no intention to hold to maturity are classified as financial assets at fair value through the income statement or financial assets available for sale.

When measuring at fair value through the income statement, the change in value is recognised in net income.

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 trading the receivable. If the expected holding period is longer than one year they are classified as long-term receivables, and if it is shorter, as other receivables. These receivables are categorised as loans and account receivables.

Liabilities

Liabilities classified as other financial liabilities are initially recognised at the amount received less transaction costs. After the acquisition date, loans are measured at fair value. Non-current liabilities have an expected maturity of longer than one year, while current liabilities have a maturity of less than one year.

Trade payables

Trade payables are classified as other financial liabilities. Trade payables have a short expected maturity and are measured at face value without discount. For further information see Note 18.

(k) Derivatives and hedge accounting

Derivatives are future contracts, options and swaps used to hedge risks for exchange rate fluctuations and exposure to interest rate risks. Derivatives are also contractual terms that are embedded in other contracts. Embedded derivatives must be disclosed separately if they are not closely related to the host contract. Changes in the value of derivative instruments, stand alone or embedded, are recognised in the income statement based on the intention of the holding. If derivatives are used for hedge accounting to the extent that it is effective, value changes in derivatives are recognised on the same line in the income statement as the hedged item. Even if hedge accounting is not applied, the value increases and decreases in derivatives are recognised as income or cost in the results of operating activities or in financial net based on the purpose of the use of the derivative instrument and whether its use is related to an operating item or a financial item. In hedge accounting, the ineffective portion is recognised in the same way as changes in value of derivatives that are not used for hedge accounting.

If hedge accounting is not applied for the use of interest rate swaps, the interest coupon is recognised as interest and other changes in value of the interest rate swap are recognised as other finance income or other financial cost.

To qualify for hedge accounting under IAS 39, there must be a clear link to the hedged item. In addition, the hedge must protect the hedged item effectively, the hedging documentation must be prepared and the efficiency must be measurable. Gains and losses relating to hedges are recognised in the income statement at the same time as gains and losses are recognised for the hedged items. In the event that the circumstances for hedge accounting are no longer met, the derivative instrument is recognised at fair value with changes in value through the income statement in accordance with the policy described above.

Receivables and liabilities in foreign currency

To hedge assets or liabilities against currency risk, such things as currency futures can be used. For these hedges, no hedge accounting is required as both the hedged item and hedging instrument are measured at fair value with changes in value recognised in the income statement with respect to exchange rate differences. Value changes related to operating assets and liabilities are recognised in the results of operating activities, while changes in value of financial assets and liabilities are recognised in financial items.

Transaction exposure - cash flow hedges

Currency exposure related to forecast future cash flows are hedged for example through currency futures. The instrument that protects the forecast cash flows are recognised in the balance sheet at fair value. The changes in value are recognised in other comprehensive income and are included as part of the hedging reserve until the hedged 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 flows can be both contracted and forecast transactions.

When the hedged future cash flow refers to a transaction that is capitalised in the balance sheet, the hedging reserve is released as the hedged item is recognised in the balance sheet. If the hedged item is a non-financial asset or a non-financial liability, the release from the hedging reserve is included in the original cost of the asset or liability. If the hedged item is a financial asset or financial liability, the hedging reserve is gradually released in relation to the income statement at the same rate as the hedged item affects profits.

When a hedging instrument expires or is sold, terminated or exercised, or the company revokes the identification of the hedging relationship before the hedged transaction has occurred and the forecast transaction is still expected to occur, the recognised cumulative gain or loss in the hedging reserve remains in equity and is recognised in a similar manner to that described above when the transaction occurs.

If the hedged transaction is no longer expected to occur, the cumulative gains or losses are immediately released in relation to the income statement in accordance with the policies described above for derivative instruments.

Group interest rate hedging – cash flow hedges

Interest rate swaps are used, for example, to hedge interest rate risks. The instrument is measured at fair value in the balance sheet. In the income statement, the interest coupon part is carried as interest income or interest cost and other changes in value of the instrument are recognised in other comprehensive income and are included as part of the hedging reserve as long as the criteria for hedge accounting and efficiency are met.

Cont. Note 1.

Fair value hedging

When a hedging instrument is used to hedge a fair value, the derivative is recognised at fair value in the balance sheet and the hedged asset/liability is also recognised as the fair value in relation to the risk being hedged. The change in value of the derivative is recognised in the income statement together with the change in value of the hedged item.

Net investments

Investments in foreign subsidiaries (net assets including goodwill) have been partially hedged through the arrangement of forward contracts. At the closing of the accounts these are recognised at the closing day rate. In the Parent Company, the carried exchange rate differences are eliminated in the consolidated accounts in relation to the translation of the net assets in the subsidiary as recognised in other comprehensive income. In cases where hedging is not effective, the ineffective portion is recognised in the income statement.

(l) Tangible fixed assets

(i) Owned assets

Tangible fixed assets are recognised as assets in the balance sheet if it is probable that future economic benefits will affect the company and the cost of the asset can be measured reliably.

Tangible fixed assets are recognised at acquisition cost less accumulated depreciation and impairment losses. The cost of acquisition includes the purchase price and cost directly attributable to the asset in order to put it in the place and in the condition to be used in accordance with the purpose of the acquisition. Examples of directly attributable costs included in the cost of acquisition include the cost of delivery and handling, installation, land registration, and consulting and legal services. Borrowing costs are included in the cost of in-house produced fixed assets. Accounting policies for impairment losses are described below.

The cost of acquisition for fixed assets produced by the Group includes expenditure on materials, cost of remuneration to employees, other production overheads if any that are considered to be directly attributable to the non-current asset.

Tangible fixed assets that consist of elements with different useful lives are treated as separate components of tangible fixed assets.

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. Gains or losses arising on the disposal or retirement of an asset are the difference between the selling price and the asset's reported amount, net of direct selling cost. Gains and losses are recognised as other operating income/cost.

(ii) Additional costs and periodic maintenance

Additional periodic maintenance cost 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 recognised in the income statement as part of the operating costs of vessels and not as depreciation. This distinction is made to clarify the results for operating ships. The depreciation cost for periodic maintenance is reported in Note 8 on a separate line. All other additional costs are recognised as a cost in the period it arises. The depreciation period for periodic maintenance of owned tonnage is between thirty months and five years while the depreciation period for time chartered tonnage extends to the next docking or to the redelivery of the vessel.

The decisive factor in determining if additional costs are added to acquisition cost is if the charge is related to the replacement of identified components, or parts thereof, in which case the cost is capitalised. Even in cases where new components are created, the cost is added to the acquisition cost. Any reported amounts of replaced components that have not been depreciated, or parts of components, are eliminated and recognised as a cost in connection with the exchange. Repairs are recognised on an ongoing basis.

(iii) Borrowing costs

Borrowing costs that are attributable to the construction of qualifying assets are capitalised as part of the cost of the qualifying asset. A qualifying asset is an asset that needs to take a substantial period of time to get ready. Firstly, borrowing costs incurred on loans that are specific to the qualifying asset are capitalised. Secondly, borrowing costs incurred on general loans, that are not specific to any other qualifying asset are capitalised. Borrowing costs are based on external borrowing.

(iv) Basis of depreciation

Depreciation is made over the estimated useful life down to the residual value which is zero. The Group applies component depreciation, which means that the components' useful life is the basis for the depreciation. Estimated useful lives:

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

Assessment of an asset's useful life is made quarterly.

(m) Impairment losses

The reported amounts of the Group's assets are reviewed semi-annually for impairment needs. The Group sees its entire fleet as a cash-generating unit. This evaluation is made partly based on an average value from three ship brokers and partly based on discounted cash flows. Any assumptions in the event of a cash flow calculation are set out in a note for tangible fixed assets.

(n) Share capital

Dividends

Dividends are recognised as a liability after the AGM has approved the dividend.

(o) Remuneration to employees

Defined contribution plans

All pension plans in the Group are classified as defined contribution pension plans. The liability for each period is determined by the amount the company must contribute for that period. This amount is charged to the income statement for the period.

(p) Provisions

A provision is recognised in the balance sheet when the Group has an existing legal or informal obligation as a result of a past event, and that a probable outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the effect of the time the payment is made is material, provisions are calculated by discounting the expected future cash flows at an interest rate that reflects current market assessments of time value of the money and, if appropriate, the risks associated with the liability.

(q) Taxes

Income tax comprises current and deferred tax. Income taxes are recognised in the income statement except when underlying transactions are recognised directly in equity, in which case the associated tax effect is recognised in equity.

Current tax is the tax payable or refundable for the current year, with the application of the tax rates that are determined or substantively determined on by the balance sheet date, including adjustment of current tax attributable to previous periods. Deferred tax is calculated in accordance with the balance sheet liability method starting with temporary differences between the recognised and taxable values of assets and liabilities. The following temporary differences are not considered; the initial recognition of assets and liabilities that are not business combinations and at the time of the transaction do not affect the recognised or taxable profit; in addition, temporary differences attributable to investments in subsidiaries and associates that are not expected to be reversed in the foreseeable future are not considered either. The measurement of deferred tax is based on how the reported amounts of assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and regulations that are determined or substantively determined by the balance sheet date. Deferred tax assets for deductible temporary differences and tax loss carry-forwards are recognised to the extent it is likely that these will be utilised. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilised. Any additional income tax arising on dividends is recognised at the same time as when the dividend is recognised as a liability.

(r) Non-current assets held for sale

The implication of a non-current asset is classified as held for sale if its reported amount will be recovered principally through sale rather than through use.

Immediately before being classified as held for sale, the reported amount of the assets is determined in accordance with the applicable standards. At the initial classification as held for sale, non-current assets are recognised at the lower of reported amount and fair value less selling cost. Under IFRS 5.5, certain balance sheet items are exempt from the valuation rules that apply to IFRS 5. At each subsequent balance sheet date, the non-current asset must be measured in full at fair value less selling cost.

Losses due to a drop in value upon initial classification as held for sale are included in the income statement, even in the case of a revaluation. The same applies to gains or losses following 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 recognised when there is a possible commitment that originates from events that have occurred and the existence of which is only confirmed by one or more uncertain future events or when there is a commitment that is not recorded as a liability or a provision because it is not likely that an outflow of resources will be required.

Parent company's accounting policies

The parent company's annual financial statements have been prepared in according to the Swedish Annual Accounts Act. (1995:1554) and the Council for Financial Reporting recommendation RFR 2 Accounting for legal entities. RFR 2 implies that in the annual report for the legal entity, the Parent Company must apply all of the EU's approved IFRSs and interpretations as far as possible within the framework of the Swedish Annual Accounts Act and take into account the relationship between accounting and taxation. The recommendation specifies the exceptions and additions to be made to or from IFRS. The differences between the Group's and the Parent Company's accounting policies are described below.

The accounting policies described below for the Parent Company have been applied consistently for all periods presented in the Parent Company's financial statements.

Subsidiaries

Participations in subsidiaries are recognised in the Parent Company according to the cost method.

Income

Sales of goods and implementation of service assignments

In the Parent Company, services are recognised in income when the service is completed. Until then, ongoing work on behalf of others with regard to services is recognised at the lower of cost and net realisable value on the balance sheet date.

Dividends

Dividend income is recognised in the income statement when the right to receive payment is established.

Tangible fixed assets

Owned assets

Tangible fixed assets in the Parent Company are carried at cost less accumulated depreciation and any impairment in the same way as for the Group but with the addition of any revaluation.

Taxes

In the Parent Company, untaxed reserves are recognised including deferred tax liability. In the consolidated accounts, by contrast, untaxed reserves are divided into deferred tax liability and equity.

Financial guarantees

The Parent Company's financial guarantee contracts consist mainly of sureties in favour of subsidiaries. Financial guarantees mean that the company has an obligation to pay the holder of a debt instrument for losses it incurs because a specified debtor fails to make payment when due under the contract terms. For the reporting of financial guarantee contracts, the Parent Company applies the Council for Financial Reporting relief compared to the stipulations in IAS 39. The relief refers to the financial guarantee contracts issued to favour subsidiaries. The Parent Company recognises financial guarantee contracts as a provision in the balance sheet when the Company has an obligation for which payment will probably be required to settle the obligation.

Group contributions and shareholders' contributions for legal entities

The company recognises Group contributions and shareholders' contributions in accordance with the statements issued by the Council for Financial Reporting (UFR 2). Shareholders' contributions are carried directly as equity with the recipient and are capitalised in shares and participations with the donor, to the extent that impairment is not required. Group contributions are recognised in accordance with the financial substance. This means that Group contributions that are paid with a view to minimising the Group's total tax are recognised directly against results brought forward after a deduction for the actual tax affect.

Non-current assets held for sale and discontinued operations

Non-current assets held for sale and discontinued operations are not recognised separately in the income statement and balance sheet as the Parent Company observes the Swedish Annual Accounts Act format for the income statement and balance sheet. Information on non-current assets held for sale and discontinued operations is provided instead as a note. Furthermore, depreciation complies with the Swedish Annual Accounts Act.

2 Segment reporting

From the third quarter of 2010, Concordia Maritime follows up the economic development of the fleet as a unit, which had the consequence that there is now only one segment – Tankers. Below is a description of the various vessel types in the segment.

P-MAX

At the end of 2010 nine owned P-MAX vessels were in operation. All of them are contracted out to between three and ten years from the date of delivery. The P-MAX vessels operate in different geographic markets around the world, with both light (such as gasoline) and heavy oil products (such as fuel oil) and crude oil. *Stena Paris* underwent its five-year docking as planned in December.

Panamax

The two Panamax tankers *Stena Poseidon* and *Palva*, that Concordia Maritime owns in a joint venture with Neste Shipping, has continued its transatlantic services for Neste Oil.

Aframax

Concordia Maritime is participating for a short period with 50 percent, along with Stena Bulk AB, in the chartering of two aframax tankers with high ice class (1A). The chartering extends from mid-December 2010 to the end of the first quarter of 2011. An aframax vessel weighs around 110,000 dead weight tons and mainly carries crude oil. The contract contains a profit sharing clause which means that the vessel owner receives the market earnings above a certain level. The vessels are serving in Northern Europe.

Suezmax

Concordia Maritime's presence in the large tanker market during the quarter consisted of 50 % in the suezmax tanker, *Yasa Scorpion*, which since May 2010 is chartered together with Stena Bulk. The contract runs until May 2011.

EBITDA by quarter

USD million	Q4 2010	Q4 2009	Q3 2010	Q3 2009	Q2 2010	Q2 2009	Q1 2010	Q1 2009	Whole year 2010	Whole year 2009
P-MAX	8.6	6.7	8.1	4.4	7.6	5.3	6.9	6.2	31.2	22.6
Panamax	1.2	1.2	0.7	1.1	1.2	1.2	1.3	1.4	4.4	4.9
Aframax	0.1								0.1	
Suezmax	–0.2		0.1		0.1				0.0	
V-MAX		0.1		–1.1		–0.1		–0.9		–2.0
Admin. and other	–1.4	–2.1	–1.5	–0.7	–1.2	–0.9	–1.1	–0.8	–5.2	–4.5
Total	**8.3**	**5.9**	**7.4**	**3.7**	**7.7**	**5.5**	**7.1**	**5.9**	**30.5**	**21.0**

3 Division of income

Geographical areas

	EU		Rest of world		Total	
The Group (USD million)	2010	2009	2010	2009	2010	2009
Time charter income	42.9	31.2	24.1	47.1	67.0	78.3
Freight income	1.8		2.4		4.2	
Total income	**44.7**	**31.2**	**26.5**	**47.1**	**71.2**	**78.3**

The Parent Company's income is attributable to Freight income. No sales are made in Sweden.

4 Employee and personnel costs

Costs of remuneration to employees

The Group	2010	2009
Remuneration and Salaries etc.	88.8	75.3
Pension expenses, defined contribution plans	1.6	1.4
Social security costs	2.8	2.8
	93.2	**79.5**

Average number of employees

The Parent Company	2010	Of which male	2009	Of which male
Sweden	2	100 %	2	100 %
Total Parent Company	**2**	**100 %**	**2**	**100 %**
Subsidiaries				
Switzerland	3	33 %	2	40 %
Bermuda	1	0 %	1	100 %
Total in subsidiaries	**4**	**25 %**	**3**	**33 %**
Seagoing personnel	353	100 %	229	100 %
Group total	**359**	**99 %**	**234**	**99 %**

Information on sickness absence is not given as the Parent Company in Sweden has fewer than 10 employees.

Gender distribution in company management

The Parent Company	2010 Proportion female	2009 Proportion female
Board of Directors	0 %	0 %
Other senior executives	0 %	0 %
The Group		
Board of Directors	0 %	0 %
Other senior executives	40 %	33 %

Salaries, other Salaries and social security contributions

	2010		2009	
The Parent Company	Salaries and remuneration	Social costs	Salaries and remuneration	Social costs
The Parent Company	5.3	3.6	5.1	3.7
(of which pension costs)		1.1		1.1

1) Of the Parent Company's pension costs SEK 1134 (1101) thousand relate to the Board, management group and President.

Salaries and other remuneration is broken down by country and between directors etc. and other employees

	2010		2009	
	Board, President and management group	Other employees	Board, President and management group	Other employees
Parent Company: Sweden	5.6		5.3	
Subsidiaries: Switzerland	1.9	0.5	1.7	0.4
Subsidiaries: Bermuda	1.2		0.4	
Seagoing personnel		79.2		67.4
Group total	**8.7**	**79.7**	**7.4**	**67.8**
(of which directors' fees)	(2.2)		(1.9)	

The Board, President and management group includes 12 people (11).

Defined contribution plans

In Sweden, the Group has defined contribution pension plans for employees which are wholly funded by the companies.

The rest of the world has defined contribution plans, which in part are funded by the subsidiaries and partially covered by charges that the employees pay.

Payments to these plans is continuous, according to the rules of each plan.

	The Group		The Parent Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Costs for defined contribution plans	1.6	1.4	1.1	1.1

Senior executives' remuneration and benefits (Parent Company)

	2010					2009				
Remuneration and other benefits during the year, SEK thousand	Base salary directors' fees	Variable remuneration	Other benefits	Pension cost	Total	Base salary directors' fees	Variable remuneration	Other benefits	Pension cost	Total
Chairman of the Board	350				350	**350**				**350**
Deputy Chairman of the Board	350				350	**350**				**350**
Directors (4 persons at SEK 225 thousand)	900				900	**700**				**700**
President	2,790	212	150	942	4,094	**2,697**	**412**	**140**	**919**	**4,168**
Other senior executives (1 person)	827	70	82	192	1,171	**711**		**76**	**182**	**969**
Total	**5,217**	**282**	**232**	**1,134**	**6,865**	**4,808**	**412**	**216**	**1,101**	**6,537**

See the section on Corporate governance and Directors' Report for information regarding the Board, President and senior executive remuneration, benefits and contracts.

5 Auditors' fees and costs

SEK million	The Group 2010	The Group 2009	The Parent Company 2010	The Parent Company 2009
KPMG				
Audit assignments	1.4	1.6	0.6	0.8
Tax advice	0.5		0.2	
Other assignments	0.3	0.2	0.3	0.1
	2.2	**1.8**	**1.1**	**0.9**

Auditing assignments involve the examination of the Annual reports, and the Board of Directors and President's administration, other duties that are incumbent on the Company's auditors to execute, and advice and other assistance resulting from the observations from this type of review or the implementation of other similar tasks.

6 Financial net

The Group, SEK million	2010	2009
Interest income on financial assets available for sale (2009 refers to held to maturity)	8.4	15.0
Dividends on financial assets available for sale	0.7	18.8
Net result on the disposal of financial assets available for sale (2009 refers to held to maturity)	1.5	0.4
Net value change due to restatement of financial assets measured at fair value	0.7	
Currency trading	3.6	12.2
Finance income	**14.9**	**46.4**
Interest cost on financial liabilities measured at fair value	37.9	35.4
Other finance cost	0.3	0.2
Net value change due to restatement of financial assets measured at fair value		23.1
Net loss on disposal out of financial assets available for sale		146.5
Finance cost	**38.2**	**205.2**
Finance net	**–23.3**	**–158.8**

The Parent Company, SEK million	Results of other securities and receivables 2010	Results of other securities and receivables 2009	Interest and similar income 2010	Interest and similar income 2009
Other interest income			14.7	18.6
Interest income on financial assets available for sale (held to maturity)		2.7		
Dividends from financial assets measured at fair value			0.7	1.1
Net income on the disposal of financial assets available for sale (2009 refers to held to maturity)	0.7			0.4
Net change in value due to the revaluation of financial assets	2.3			4.4
Exchange rate differences			8.8	30.9
Currency trading			57.4	200.9
Finance income	**3.0**	**2.7**	**81.6**	**256.3**

The Parent Company, SEK million	Interest costs and similar charges 2010	Interest costs and similar charges 2009
Interest cost on financial liabilities measured at fair value	28.7	42.2
Other finance cost	0.3	0.3
Finance cost	**29.0**	**42.5**
Finance net	**55.6**	**216.5**

7 Taxes

Recognised in the income statement

The Group, SEK million	2010	2009
Current tax cost (–) [/ tax income (+)]		–0.2
Deferred tax in respect of temporary differences	–7.9	3.1
Deferred tax cost in capitalised tax loss carry-forward for the year	–4.4	–56.0
Tax that is recognised in other comprehensive income	15.8	63.0
Total recognised tax cost in the Group	**3.5**	**9.9**

The Parent Company, SEK million	2010	2009
Deferred tax in respect of temporary differences	–14.2	
Deferred tax income/cost in capitalised tax loss carry-forward for the year	5.4	-98.3
Deferred tax income resulting from excess depreciation		45.2
Total recognised tax cost for the Parent Company	**–8.8**	**–53.1**

Reconciliation of effective tax

The Group, SEK million	2010, %	2010	2009, %	2009
Result before tax		76.9		–91.0
Tax as per applicable tax rate for Parent Company	26	20.2	26	–23.9
Effect of other tax rates for foreign subsidiaries	–32	–24.4	–14	12.7
Non-deductible cost	0	0.3	–3	3.0
Tax-free income	1	0.4	2	–1.7
Reported effective tax	**5**	**–3.5**	**11**	**–9.9**

The Parent Company, SEK million	2010, %	2010	2009, %	2009
Result before tax		33.8		196.6
Tax as per applicable tax rate for Parent Company	26	8.9	26	51.7
Non-deductible cost	1	0.3	2	3.0
Adjustment for previous years			0	0.1
Other untaxed income	–1	0.4	–1	–1.7
Reported effective tax	**26**	**8.8**	**27**	**53.1**

Tax items included in other comprehensive income

The Group, SEK million	2010	2009
Tax attributable to translation reserve	16.4	62.7
Tax attributable to fair value reserve	0.5	
Tax attributable to hedging reserve	–1.1	0.3
Total recognised tax in other comprehensive income	**15.8**	**63.0**

Cont. Note 7

Recognised in the balance sheet
Deferred tax assets and liabilities

Reported deferred tax assets and liabilities
Deferred tax assets and liabilities relate to the following:

	Deferred tax asset		Deferred tax liability	
The Group, SEK million	2010	2009	2010	2009
Provisions			9.7	10.4
Loss carry-forwards	41.3	38.1		
Excess depreciation			41.7	42.1
Temporary differences			15.4	
Tax assets/liabilities	**41.3**	**38.1**	**66.8**	**52.5**
Offset	–41.3	–38.1	–41.3	–38.1
Tax assets/liabilities, net	**0.0**	**0.0**	**25.5**	**14.4**

Reported deferred tax assets and liabilities
Deferred tax assets and liabilities relate to the following:

	Deferred tax asset/ liability	
The Parent Company, SEK million	2010	2009
Loss carry-forwards	23.8	32.6
Tax assets/liabilities, net	**23.8**	**32.6**

Parent Company's change between years is recognised as deferred tax.

Group loss carry-forwards are allocated as follows:

SEK million	2010	2009
Sweden	157.1	134.8
Total	**157.1**	**134.8**

All loss carry-forwards have no expiry date.

8 Tangible fixed assets

The Group, SEK million	Ships	Ships under construction	Equipment	Total
Acquisition cost				
Opening balance at 1 January 2010	2,542.4	619.0	1.1	3,162.5
Purchases	27.3	611.2	0.1	638.6
Reclassification to vessels	953.8	–953.8		
Sale/Scrapping	–12.0			–12.0
Exchange rate differences	–216.9	–14.3		–231.2
Closing balance 31 December 2010	**3,294.6**	**262.0**	**1.2**	**3,557.8**
Opening balance at 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
Sale/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**

The Group, SEK million	Ships	Ships under construction	Equipment	Total
Depreciation and impairment				
Opening balance at 1 January 2010	278.0		0.5	278.5
Depreciation for the year	119.1		0.2	119.3
Depreciation for the year periodic maintenance	10.6			10.6
Sale/Scrapping	–6.6			–6.6
Exchange rate differences	–25.6			–25.6
Closing balance 31 December 2010	**375.5**		**0.7**	**376.2**
Opening balance at 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
Sale/Scrapping	–30.4			–30.4
Exchange rate differences	–25.8			–25.8
Closing balance 31 December 2009	**278.0**		**0.5**	**278.5**
Reported amounts				
1 January 2010	2,264.4	619.0	0.6	2,884.0
31 December 2010	**2,919.1**	**262.0**	**0.5**	**3,181.6**
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**

Cont. Note 8

Borrowing costs

The Group 2010, SEK million	Ships under construction	Total
Borrowing costs that have been included in the cost of acquisition during the reporting period	3.8	**3.8**
Average interest rate for determining the borrowing costs included in the cost of acquisition in %.	1.1 %	

The Group 2009, SEK million	Ships under construction	Total
Borrowing costs that have been included in the cost of acquisition during the reporting period	6.3	**6.3**
Average interest rate for determining the borrowing costs included in the cost of acquisition in %.	1.1 %	

The Parent Company, SEK million	Ships	Equipment	Total
Acquisition cost			
Opening balance 1 January 2010		0.5	0.5
Purchases		0.1	0.1
Closing balance 31 December 2010		**0.6**	**0.6**
Opening balance 1 January 2009	466.5	0.5	467.0
Sale/Scrapping	–466.5		–466.5
Closing balance 31 December 2009		**0.5**	**0.5**
Depreciation			
Opening balance 1 January 2010			
Depreciation for the year		0.5	0.5
Sale/Scrapping			
Closing balance 31 December 2010		**0.5**	**0.5**
Opening balance 1 January 2009	51.5	0.4	51.9
Depreciation for the year	9.2	0.1	9.3
Sale/Scrapping	–60.7		–60.7
Closing balance 31 December 2009		**0.5**	**0.5**
Reported amounts			
1 January 2010		0.0	0.0
31 December 2010		**0.1**	**0.1**
1 January 2009	415.0	0.1	415.1
31 December 2009		**0.0**	**0.0**

Securities

As at 31 December 2010, vessels with a reported amount of SEK 2,919.1 (2,264.4) million were pledged as security for the available credit facility.

9 Participating interests in joint ventures

The Group

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

The Group's accounts include the following items that constitute the Group's stake in joint venture company assets, liabilities, income and cost.

The Group, SEK million	2010	2009
Income	49.8	54.5
Cost	–35.3	–39.2
Result	**14.5**	**15.3**
Tangible fixed assets	275.6	307.0
Current assets	48.0	32.3
Total assets	**323.6**	**339.3**
Non-current liabilities	202.2	228.0
Current liabilities	19.8	17.6
Total liabilities	**222.0**	**245.6**
Net assets/net liabilities	**101.6**	**93.7**

10 Financial investments

The Group, SEK million	31/12/2010	31/12/2009
Financial investments that are tangible fixed assets and held to maturity		137.4
		137.4
Short-term investments thatare current assets		
Available-for-sale financial assets		
Bonds	61.7	
Financial assets held for trading		
Other holdings	22.3	37.1
	84.0	**37.1**

11 Long-term receivables and other receivables

The Group, SEK million	31/12/2010	31/12/2009
Long-term receivables that are non-current assets		
Endowment insurance for pension commitments	2.1	3.6
	2.1	**3.6**
Other receivables that are current assets		
Other short-term receivables	40.4	56.8
Derivatives for which hedge accounting is applied	58.8	135.9
	99.2	**192.7**

The Parent Company, SEK million	31/12/2010	31/12/2009
Long-term receivables		
Endowment insurance for pension commitments	2.0	3.6
	2.0	**3.6**
Other receivables (current)		
Other receivables	0.4	3.0
Derivatives measured at fair value through the income statement	58.8	125.4
	59.2	**128.4**
Long-term receivables		
Accumulated acquisition cost at beginning of year	3.6	5.6
Payments	–1.6	–2.0
Closing balance on 31 December	**2.0**	**3.6**

12 Prepaid cost and accrued income

	The Group		The Parent Company	
SEK million	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Prepaid time charter hire		5.3		
Other prepaid cost	22.9	23.9	6.9	8.6
Accrued finance income	2.7	5.0	1.0	1.2
	25.6	**34.2**	**7.9**	**9.8**

13 Cash and cash equivalents

The Group, SEK million	31/12/2010	31/12/2009
The following sub-components are included in cash and cash equivalents:		
Cash and bank balances	68.3	82.5
Total according to balance sheet	**68.3**	**82.5**
Total according to cash flow statement	**68.3**	**82.5**

14 Result per share

The company has not entered into transactions that affect the number of shares issued going forward, see the table below. Consequently there was no dilution. The calculation is made on the average number of shares outstanding. There are no outstanding financial instruments to provide a future dilutive effect.

Result per share for total, residual and discontinued activities

SEK	2010	2009
Result per share	1.68	–1.70
Result per share from residual activities	1.68	–1.70

List of issued shares

Number	2010	2009
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	31/12/2010	31/12/2009
Bank loans (Revolving Credit Facility)	1,581.3	1,444.4
Total non-current liabilities	**1,581.3**	**1,444.4**

The Group, SEK million	31/12/2010	31/12/2009
Bank loans (Revolving Credit Facility)	12.1	12.2
Current account credit	2.6	1.9
Total current liabilities	**14.7**	**14.1**

The Parent Company, SEK million	31/12/2010	31/12/2009
Bank loans (Revolving Credit Facility)	1,379.1	1,216.4
Total non-current liabilities	**1,379.1**	**1,216.4**

The Group has credit agreements totalling USD 347.9 million of which USD 236.9 million had been utilised at the turn of the year. The agreement is conditional on certain financial key ratios being met. For more information about the company's exposure to interest rate risk and the risk of exchange rate changes, refer to Note 18.

16 Other liabilities

The Group/Parent Company, SEK million	31/12/2010	31/12/2009
Other non-current liabilities		
Pension commitments (covered by endowment insurance)	2.0	3.6
	2.0	**3.6**

The Group, SEK million	31/12/2010	31/12/2009
Other current liabilities		
Liabilities to other related parties		0.6
Tax liability		2.7
Other current liabilities	2.5	23.4
Derivatives	36.9	3.4
	39.4	**30.1**

17 Accrued cost and deferred income

	The Group		The Parent Company	
SEK million	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Accrued voyage costs ships	23.9	33.2		
Accrued personnel costs	1.0	0.8	0.8	0.8
Other accrued cost	25.2	13.4	5.4	8.6
Accrued interest costs	3.6	8.9	1.7	8.9
Deferred income	28.2	20.2		
	81.9	**76.5**	**7.9**	**18.3**

18 Financial risks and financial policies

The Group's is exposed to various types of financial risks through its activities. Financial risks refer to fluctuations in the company's results and cash flow due to changes in exchange rates, interest rates, refinancing and credit risks. The Group's financial policy for the management of financial risks has been formulated by the Board to create a framework of the guidelines and rules in the form of risk mandates and limits on financial activities. Responsibility for the Group's financial transactions and risks are managed centrally by the Parent Company's finance department. The overall objective of the finance function is to provide cost-effective financing and to minimise adverse effects on Group results through market fluctuations. The Group's financial target is a growth of 10 %, return on equity of 12 % and an equity/assets ratio of 50 % over an economic cycle.

Liquidity risks

Liquidity risk (also called funding risk) is the risk that funding cannot be obtained at all, or only at significantly higher costs. According to the financial policy, there must always be an adequate amount of cash and secured loans to cover the next six months. The Group has secured funding for about 80 % of the total investment amount for the ten P-MAX tankers. Funding has also been secured for approximately 80 % for the two panamax tankers constructed in a joint venture. The Group secured funding for a suezmax tanker ordered during the year equivalent to approximately 70 % of the total investment amount. Secured funding, together with available financial assets, means the Group will have a relatively low debt/equity ratio when investment in the new fleet is completed in 2012.

Interest risks

The interest risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The interest risk may consist of changes in fair value, price risk, and changes in cash flow, cash flow risk. A significant factor influencing the interest rate risk is the fixed interest term. Long-term fixed interest terms mainly affect cash flow risk, while shorter fixed interest terms affect the price risk.

Management of the Group's interest rate exposure is centralised, which means that the central finance function is responsible for identifying and managing this exposure. No hedging is undertaken in the interest-bearing instruments that the Group has (consisting of corporate bonds). The finance department continually monitors the interest rate market and provides a recommendation to the Board on any necessary interest rate hedging. At 31 December 2010, the Group had entered into interest rate swaps corresponding to USD 140 million or about 40 % of the available credit facilities. The valuation of these contracts of SEK –37.4 (4.0) million including tax has been recognised as part of equity under the hedging reserve heading. See also the section on currency risk in the operating activities below.

Effective rate and due-date structure

Interest-bearing financial assets and liabilities. The following table shows the effective interest rate on the balance sheet date and the financial assets and liabilities' maturity structure.

Cont. Note 18

The Group, SEK million	Interest rate, %	Fixed interest period	Effective interest rate %	Currency	Nominal amount in original currency	31/12/2010	31/12/2009
Company bond portfolio	9.30	Fixed for the term	9.30	USD	9,254	61.7	137.4
Revolving credit facility		Variable 3 months	2.61	USD	205,000	–1,379.1	–1,216.4
Bank loans		Variable 3 months	0.70	USD	31,868	–214.3	–240.2

	2010						2009					
The Group, SEK million	Total	Within 1 year	2 years	3 years	4 years	5 or more years	Total	Within 1 year	2 years	3 years	4 years	5 or more years
Company bond portfolio	61.7		61.7				137.4	37.9		99.5		
Revolving credit facility	–1,379.1					–1,379.1	–1,216.4					–1,216.4
Bank loans	–214.3	–12.2	–12.7	–13.3	–14.1	–162.0	–240.2	–12.3	–12.3	–12.3	–12.3	–191.0
Current account credit	–2.6	–2.6					–1.9	–1.9				

Credit risks

Credit risk for financial activities

Financial risk management involves exposure to credit risks. It is primarily counterparty risks associated with receivables from banks and other counterparties arising from the purchase of derivative instruments. The finance policy contains a specific counterparty regulation stating that derivatives and the like are only used for a selection of banks. With regard to credit risk in other financial assets such as corporate bonds, the Group places these in the first place in the sector and industry in which the Group operates and thereby understands, which is expected to reduce the risk considerably.

Credit risks in trade receivables

The risk that the Group's/company's customers do not fulfil their obligations, i.e. that payments are not received for trade receivables, is a credit risk. Most of the Group's customers have good or very good credit. A bank guarantee or other security is required for customers with low credit or with an insufficient credit history. On the balance sheet date there is no significant concentration of credit exposure. The maximum exposure to credit risk is apparent from the recognised value in the balance sheet for each financial asset.

Credit risks in investments

The Group's investment in ships means that the advances are paid on an ongoing basis to the shipyards over the construction period. Bank guarantees are issued to secure the repayment of the advances in the event that the counterparty cannot meet its commitments.

Currency risks

Translation exposure

The Group is exposed to various types of currency risks as listed below. Note that the currency risks are fully hedged as they relate to a financial asset or liability in currencies other than SEK and USD. According to the policy, standardised derivatives may be used. Hedge accounting is applied in the financial statements, see Note 1. Exchange differences arising on translation of subsidiaries is recognised in the translation reserve.

Currency risk equity

A strong US Dollar will increase Concordia Maritime's equity and net value and vice versa. Exchange rate effects arising on translation to Swedish kronor of foreign subsidiaries are recognised in other comprehensive income. The exchange rate was 7.15 at 31/12/2009 and 6.73 at 31/12/2010. The negative effect on equity of a weaker dollar has been offset by the Parent Company's equity-hedging and the net effect is SEK –65.7 (–14.3) million, corresponding to SEK –1.37 per share (–0.30).

The accumulated exchange rate differences, including effects of hedging that are recognised in the translation reserve are SEK 49.1 million (114.8), which is equivalent to SEK 1.03 per share (2.40). A change in the USD rate of 10 cents is considered to effect Concordia Maritime's equity by approximately SEK 15 million or SEK 0.32 per share.

Currency risk in operating activities (transaction exposure)

All the Group's income is in US dollars. The cost side is also heavily dominated by US dollars, except for some administrative costs in the Swedish krona and Swiss franc. The variations in exchange rate consequently have no significant impact on either cash flow or profit. Exchange rate differences in operations amounted to SEK 0.0 (0.0) million. No hedging has been made against exchange rate fluctuations in operating activities.

A portion of the shipyard payments will be made in Euros. These have been hedged against USD at the contracts start in 2006. A total of EUR 4.5 (9.7) million is hedged against USD. As of 31 December 2010, a total of SEK –0.4 (2.9) million is recognised as hedge reserve in equity (see also the section on cash flow hedges in Note 1). This EUR 4.5 million will be paid as the new construction program continues and only affects the cost of the asset. For more information about when they expect to be paid, see Note 20 Investment commitments.

Financial exposure – outstanding derivative instruments

The Group's borrowing is in the investment currency USD and is therefore not subject to currency exposure.

Sensitivity analysis

The Group aims to reduce short-term fluctuations of the Group's results through its management of interest rate and currency risk. In the long term, however, sustained movements in exchange rates and interest rates will have an impact on the consolidated results.

A general increase of one percent of the SEK against USD has been calculated to reduce the Group's result before tax by approximately SEK 0.8 million for the year ending 31 December 2010 (SEK 0.9 million). Changes in currency futures have been included in this calculation.

As of 31 December 2010, a general increase in the US LIBOR rate of 1 percent is estimated to reduce the result before tax by SEK 14.8 (13.0) million. The company believes that the deterioration of liquidity in financial investments would not materially affect the company's financial position.

Cont. Note 18

The valuation of financial assets and liabilities at fair value and categorisation

The Group 2010, 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					61.7			61.7	61.7
Long-term receivables				2.1				2.1	2.1
Other receivables			58.8					58.8	58.8
Short-term investments	22.3							22.3	22.3
Total	**22.3**		**58.8**	**2.1**	**61.7**			**144.9**	**144.9**
Non-current interest-bearing liabilities						1,581.3		1,581.3	1,581.3
Other non-current liabilities							2.0	2.0	2.0
Current interest-bearing liabilities						14.7		14.7	14.7
Trade payables and other liabilities			36.9	0.6				37.1	37.1
Total			**36.9**	**0.6**		**1,596.0**	**2.0**	**1,635.1**	**1,635.1**
Unrecognised gains/ losses								**0.0**	**0.0**

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**
Unrecognised gains/ losses		**0.6**						**0.6**	**0.6**

Cont. Note 18

The Parent Company 2010, SEK million	Financial assets held for trading	Financial assets held to maturity	Derivatives measured at fair value via the income statement	Trade and loan receivables	Financial liabilities measured at fair value via the income statement	Other liabilities	Total reported amount	Total fair value
Long-term receivables				2.0			2.0	2.0
Financial investments								
Other receivables			58.8				58.8	58.8
Short-term investments	40.9						40.9	40.9
Total	**40.9**		**58.8**	**2.0**			**101.7**	**101.7**
Non-current interest-bearing liabilities					1,379.1		1,379.1	1,379.1
Current interest-bearing liabilities								
Other non-current liabilities						2.0	2.0	2.0
Trade payables and other liabilities			7.8	0.6			8.4	8.4
Total			**7.8**	**0.6**	**1,379.1**	**2.0**	**1,389.5**	**1,389.5**
Unrecognised gains/losses							**0.0**	**0.0**

The Parent Company 2009, SEK million	Financial assets held for trading	Financial assets held to maturity	Derivatives measured at fair value via the income statement	Trade and loan receivables	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**
Unrecognised gains/losses		**0.6**					**0.6**	**0.6**

Assessment of fair value

The following summarises the methods and assumptions used primarily to determine the fair value of financial instruments reported in the table above. Securities held for trading are measured according to level 1, as per the prices quoted in active markets. Derivatives held for hedging are measured according to level 2, i.e. based on observable market data that are not included in level 1.

Securities

Assets in this category are measured on an ongoing basis at fair value. As a general rule, the public holdings are measured at the share price at the balance sheet date. At the time the investments are derecognised from the balance sheet, previously recognised accumulated profits or losses in equity are transferred to the income statement.

During the year, part of the company's bond portfolio was sold. As a result of this, the remaining bond portfolio is now classified as "available for sale", which means that it is measured over other comprehensive income.

Derivative instruments

Forward contracts are measured either at current market price by using quoted market prices or by discounting the forward price and then deducting the current spot price. Outstanding foreign exchange forward contracts as of 31/12/2010 in relation to USD is EUR 4.5 (9.7) million and for the Swedish krona it is USD 125.0 (125.0) million. Interest rate swaps are measured through calculation based on the current yield curve.

Trade receivables and payables

For trade receivables and payables with a remaining life of less than one year, the reported amount value is considered to reflect fair value.

Interest-bearing liabilities

Fair value for financial liabilities other than derivative instruments is determined based on future cash flows of the capital amount and interest is discounted at the current market interest rate at the balance sheet date.

19 Operating leases

The Group's agreements as regards time charters for inward and outward freight for vessels are classified as operating leases. Undeclared options are not included in the calculation of the note.

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

	The Group	
SEK million	2010	2009
Within one year (2011)	24.6	0.0
	24.6	**0.0**

The Group participates with 50 % in the time chartering of three vessels. All contracts expire in 2011. The vessels are employed on the open market.

	The Group	
SEK million	2010	2009
Time charter cost	29.5	174.8
Freight income on leased vessels	30.2	
Time charter income regarding objects that have been leased are		188.3

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

	The Group	
SEK million	2010	2009
Within one year (2011)	504.5	402.8
Between one and five years (2012–2015)	1,206.5	1,175.7
Longer than five years	172.6	342.8
	1,883.6	**1,921.3**

Time charter contracts have been entered into for all vessels in the new construction programme. The calculation above is made at the fixed daily rate specified in the time charter contracts, which means the profit-sharing clauses wherever appropriate are not taken into account. The time-charter contracts are in USD and are converted at the rate at balance sheet date.

20 Investment commitments

The Group
Commitments in the contracts in relation to investment in vessels in 2011 totals SEK 602.1 (515.5) million. For the year 2012 and thereafter, these commitments amount to SEK 317.7 (209.5) million. Conversion is based on the average exchange rate in 2010 of SEK/USD 7.2049.

21 Pledged assets and contingent liabilities

	The Group		The Parent Company	
The Group, SEK million	2010	2009	2010	2009
Pledged assets				
In the form of assets pledged for own liabilities and provisions				
Ship mortgages	2,919.1	2,264.4		
Shares in subsidiaries (in the Group's equity)	2,643.8	2,132.4		
Total assets pledged	**5,562.9**	**4,396.8**		
Contingent liabilities				
Parent Company guarantees for current account credit in subsidiaries			33.6	35.7
Total contingent liabilities			**33.6**	**35.7**

The rights for certain insurance, new construction and time-charter agreements, the amount of which cannot be determined, have been pledged on behalf of the banks that have issued credit commitments. The Parent Company has also provided guarantees for subsidiaries to finance vessels. The loan can only be lifted upon delivery of the vessel and is not available at year-end. Hence the value of the guarantee cannot be established.

22 Related parties

Relationships with related parties

The Parent Company has a related party relationship with its subsidiaries, see Note 23. Key individuals in executive positions are considered to be related, see Note 4.

List of transactions with related parties

Relationships with related parties The Group, SEK million	Year	Purchases of and services from related parties	Debt to related parties at 31 December	Due from related parties at 31 December
Other related parties (see below)	2010	36.5		0.4
Other related parties (see below)	2009	34.3	0.6	

Relationships with related parties The Parent Company, SEK million	Year	Purchases of and services from related parties	Debt to related parties at 31 December	Due from related parties at 31 December
Subsidiaries	2010		6.8	
Subsidiaries	2009		157.5	110.5

Concordia Maritime has a limited internal organisation and purchases services from the related party company Stena Bulk, which conducts similar tanker business. Therefore there is an agreement governing the relationship between companies with respect to new business. The agreement entitles Concordia Maritime to choose whether it wishes to participate with 50 or 100 percent for each new business opportunity. In the following areas, services are purchased regularly from Stena Bulk or other companies in the Stena Sphere:

- Chartering of vessels. Payment is based on a commission on freight of 1.25 percent.
- 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, referred to as ship management. Payment is based on a fixed price per vessel.
- Purchases of bunker oil. Payment is based on a fixed commission per tonne purchased.
- 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 subject to a variable price per vessel. With regard to engineering consultancy services for new construction projects, these are charged at an hourly rate on current account which is charged to the project.
- Office rent and office services for Concordia Maritime's staff. A fixed price per year is charged.

All related party transactions are made at market terms and prices.

23 Group companies

Significant subsidiary holdings

	Subsidiary's registered office, country	Ownership in % 2010	Ownership in % 2009
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	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
CM Suez I Ltd	Bermuda	100	
Terra LTD	Bermuda	50	50
Lacus LTD	Bermuda	50	50

The Parent Company, SEK million	2010	2009
Accumulated acquisition cost	745.8	745.8
Closing balance 31 December	**745.8**	**745.8**

Specification of Parent Company's direct holdings of shares in subsidiaries

Subsidiary/Corp ID no./Reg. office	Number of shares	Share in %	31/12/2010 Reported amount	31/12/2009 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	119,500	100	715.8	715.8
			745.8	**745.8**

24 Cash flow statement

Cash and cash equivalents

The Group, SEK million	31/12/2010	31/12/2009
The following sub-components are included in cash and cash equivalents:		
Cash and cash equivalents (+ balance on credit lines)	68.3	82.5
Total according to balance sheet	**68.3**	**82.5**
Total according to cash flow statement	**68.3**	**82.5**

The Parent Company, SEK million	31/12/2010	31/12/2009
The following sub-components are included in cash and cash equivalents:		
Cash and cash equivalents (+ balance on credit lines)	1,226.2	1,036.5
Total according to balance sheet	**1,226.2**	**1,036.5**
Total according to cash flow statement	**1,226.2**	**1,036.5**

Interest paid and dividend received

	The Group		The Parent Company	
SEK million	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Dividend received	0.7	18.8	0.7	1.1
Interest received	12.0	27.6	14.7	7.9
Interest paid	–37.9	–35.4	–28.7	–42.2
	–25.2	**11.0**	**–13.3**	**–33.2**

Items not included in the cash flow

	The Group		The Parent Company	
SEK million	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Depreciation	119.3	93.0	0.1	9.3
Depreciation periodic maintenance	10.6	17.7		0.8
Unrealised exchange rate differences			–83.2	–98.7
Changes in value of financial instruments	–1.5	22.7	–2.3	–4.4
Income on sale of financial assets	–0.7	146.5	–0.7	
Other	6.1	0.7	0.7	
	133.8	**280.6**	**–85.4**	**–93.0**

25 Disclosure on Parent Company

Concordia Maritime AB (publ) is a Swedish registered limited company based in Gothenburg. The company's shares are listed on the NASDAQ OMX Nordic Exchange Stockholm.
The head office address is SE-405 19, Gothenburg, Sweden.

The 2010 consolidated accounts cover the Parent Company and its subsidiaries, which together are called the Group. The Group also has holdings in joint venture companies.

Concordia Maritime AB, is approximately 52% owned by capital with about 73% of the total voting power of Stena Sessan Rederi AB, whose parent company is Stena Sessan AB, Corp ID no. 556112-6920 with its registered office in Gothenburg.

26 Events after the balance sheet date

No significant events occurred after the balance sheet date.

27 Significant accounting estimates and assessments

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable in the prevailing circumstances. The Board and company management have made estimates and assumptions about the future in the preparation of the accounts. The estimates for accounting purposes that are the consequence of these will, by definition, seldom correspond with the actual outcome. The estimates and assumptions that involve a significant risk of material adjustments in the recognised values of assets and liabilities for the subsequent annual period are discussed below.

Vessels useful life

Concordia Maritime believes today that the useful life of its vessels is 25 years. Furthermore, any scrap value at the end of the period is considered to be erased because of cost related to scrapping, whereby the residual value is thus deemed to be zero.

Impairment testing of the vessels is done twice a year, and to see if there is an indication of a need of impairment of vessel values. See also Note 1.

Deferred taxes

For the preparation of the accounts, Concordia Maritime calculates income tax for each tax area in which the Group operates, as well as for deferred taxes attributable to temporary differences. Deferred tax assets are primarily related to loss carry-forwards and temporary differences are recognised if the tax assets can be expected to be recovered from future taxable income. Changes in assumptions about projected future taxable income and tax rate changes, may result in significant differences in the valuation of deferred taxes.

Assurance of the Board of Directors

The Board and the President certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with the international accounting standards referred to in the European Parliament and Council Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards. The annual report and consolidated accounts give a true and fair view of the Group's position and financial performance. The Directors' report for the Parent Company and the Group gives a fair overview of the development of the business operations, financial position and results and describe the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Gothenburg 10 March 2011

Stefan Brocker

Bert Åke Eriksson

Mats Jansson

C. Mikael von Mentzer
Deputy Chairman

Morten Chr. Mo

Hans Norén
President

Dan Sten Olsson
Chairman

Jens Ole Hansen

Jörgen Lorén

My audit report was issued 10 March 2011

Johan Kratz
Authorized Public Accountant

AUDIT REPORT

To the Annual General Meeting of Concordia Maritime AB (publ)
Corp. ID no. 556068-5819

I have audited the annual report, 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 2010. The annual report and the consolidated accounts are included in the printed version of this document on pages 50-83. The Board of Directors and the President are responsible for these accounts and the administration of the Company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. My responsibility is to express an opinion on the annual report, the consolidated accounts and the administration based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards in Sweden. Those standards require that I plan and perform the audit to obtain with reasonable assurance that the annual report and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual report and the consolidated accounts as well as evaluating the overall presentation of information in the annual report and the consolidated accounts.

As a basis for my opinion concerning discharge from liability, I examined significant decisions, actions taken and 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 Companies Act, the Annual Accounts Act or the Articles of Association. I believe that our audit provides a reasonable basis for my opinion set out below.

The annual report has been prepared in accordance with the Annual Accounts Act and give a true and fair view of the Company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The Directors' report is consistent with the other parts of the annual report and the consolidated accounts.

We recommend to the annual general meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of 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 10 March 2011

Johan Kratz
Authorized Public Accountant

BUSINESS AND CORPORATE GOVERNANCE

Concordia Maritime complies with the terms of the Swedish Code of Corporate Governance and The Swedish Annual Accounts Act. This corporate governance report has been drawn up as part of the application of the Code. In addition to the description of corporate governance, a summarising description is also given of how operative control of the day-to-day activities is carried out. The report has been reviewed by auditors.

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 2011

Dan Sten Olsson
Chairman of the Board

The parent company in the Concordia Maritime Group is the Swedish public limited company Concordia Maritime AB (publ), corp. 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.concordiamaritime.com 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.

We comply with the terms of the Swedish Code of Corporate Governance and The Swedish Annual Accounts Act and this corporate governance report has been drawn up as part of the application of the Code. The governance of Concordia Maritime is based on the Swedish Companies Act and Nasdaq OMX Stockholm's regulations, including the Swedish Code of Corporate Governance (the Code) as well as other applicable Swedish and foreign laws and regulations. We report one deviation from the Code for the accounting year 2010. Certain information in accordance with The Swedish Annual Accounts Act, Chapter 6 § 6 Section 3 is included in the Board of Directors' Report.

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 since it is more effective.

Auditor's statement concerning the corporate governance report

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

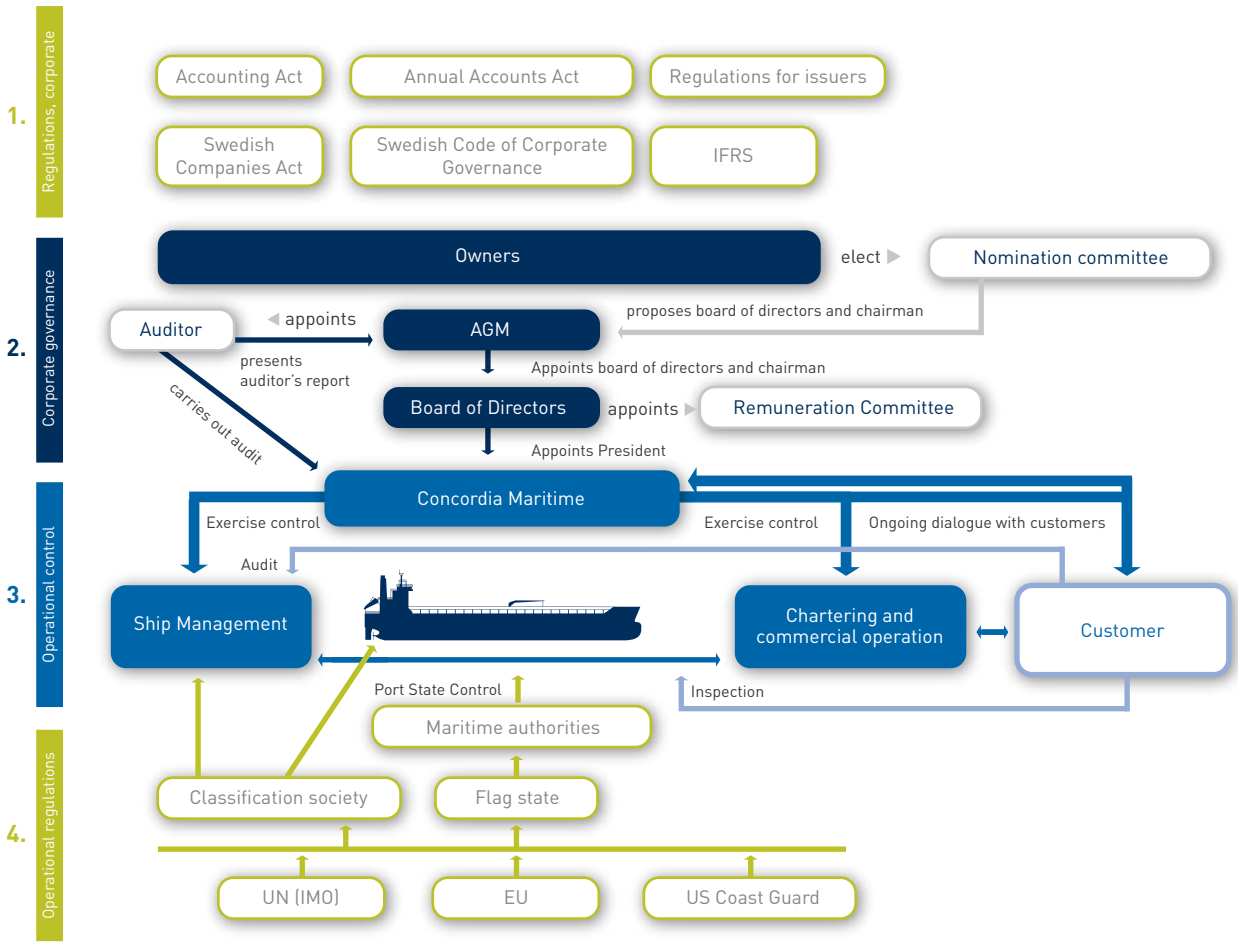
The Board of Directors is responsible for the corporate governance report for 2010 on pages 84–95 and for ensuring that its drawn up in accordance with the Swedish Annual Accounts Act.

As a basis for my opinion that the corporate governance report has been drawn up and is consistent with annual accounts and the consolidated accounts, I have read the corporate governance report and have assessed its statutory contents based on my knowledge of the company.

In my view, a corporate governance report has been drawn up and all the statutory information provided is consistent with the annual accounts and the consolidated accounts.

Gothenburg, 10 March 2011

Johan Krantz
Authorised Public Accountant



The corporate governance and control of our operations can be described from several different perspectives.

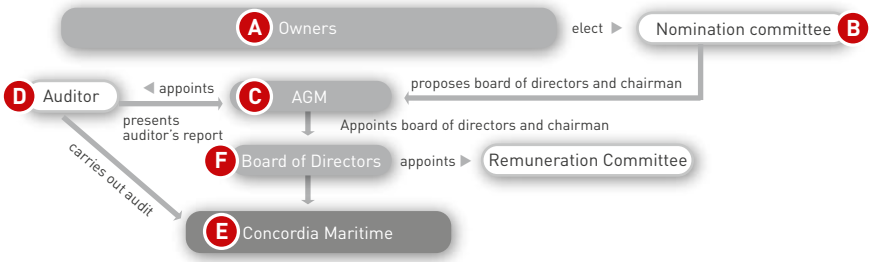
1. As a public and listed Swedish company, Concordia Maritime is governed by a number of laws and regulations. Among the most important of these are the Swedish Companies Act, the Swedish Annual Accounts Act, International Financial Reporting Standards (IFRS), Nasdaq OMX Nordic stock exchange listing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

2. From an owner perspective, 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.

3. The day-to-day operation of the company is ultimately guided by the customers' demands for effectiveness and reliability. We have 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.

4. 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.

PRINCIPLES FOR CORPORATE GOVERNANCE



From an owner perspective, operations are governed by a Board of Directors elected by the shareholders. The board, in turn, exercises control over the company's management.

A 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 2010, the share capital amounted to SEK 381.8 million divided between 47.73 million shares, of which 43.73 million were Series B shares.

B 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 AGM. If the shareholdings of the major shareholders change during the nomination process, the composition of the nomination committee may be changed to reflect this. Shareholders who wish to submit a proposal, may do so via e-mail to arsstamma@concordiamaritime.com.

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

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.

C SHAREHOLDERS' MEETING

The shareholders' meeting is the highest decision-making body at Concordia Maritime. 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.

The Annual General Meeting is held in the Gothenburg region in the first half of every year. At the AGM, 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. Individual shareholders wishing to have a matter considered at the AGM can normally apply to the board in good time before the shareholders' meeting via arsstamma@concordiamaritime.com.

An extraordinary AGM may be held if the board considers it necessary or if Concordia Maritime's auditors or owners of at least 10 percent of the shares so request.

D AUDIT

The auditor provides an auditor's report for Concordia Maritime AB (publ)'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 2010, KPMG received fees totalling SEK 2.2 million.

E THE GROUP

Management and corporate structure

The Group consists of the parent company Concordia Maritime AB (publ) and a number of group companies that report to the President. The parent company's organisation is limited and consists solely of senior management, other functions are purchased. At the end of 2010, the Group had 359 employees, 6 of whom are shore-based.

President and group management

Concordia Maritime's group management consists of the CFO, a newbuilding manager and general managers 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.

Remuneration for group management

We endeavour to offer total remuneration that is both fair and competitive. All our employees receive remuneration in the form of a fixed salary and a possible 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 4 in the financial report.

F 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 organize 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 limit for different decision-making bodies in the Group 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. 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 include 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 our control environment is the corporate culture existing in the Group in which management and employees work. We work 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. 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.concordiamaritime.com

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.

Remuneration committee

There is a remuneration 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 2010, the committee met twice.

CORPORATE GOVERNANCE IN 2010

THE WORK OF THE NOMINATION COMMITTEE

The nomination committee for the 2011 AGM 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 percent of the shareholders' votes.

The composition of the nomination committee was announced on Concordia Maritime's website on 26 October 2010. In 2010, the nomination committee met once in addition to a number of contacts over the telephone.

Board meetings in 2010

16 February
Business proposal, investments

The board's evaluation

23 February
Annual accounts

27 April
Interim report

AGM 2010

Statutory board meeting

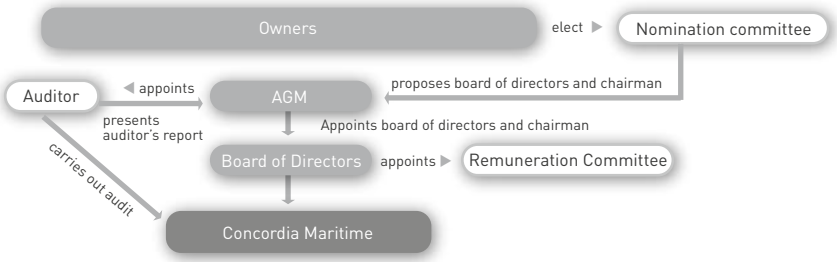
17 May
Telephone meeting
Business proposal, investments

January | February | March | April | May | June

ANNUAL GENERAL MEETING 2010

The annual general meeting was held on 27 April 2010. The meeting was attended by 89 shareholders, either in person or via a proxy, representing 73.8 percent 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 2009.
- 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 employee representative.)
- Re-election of Dan Sten Olsson as Chairman of the Board.
- That the annual fee, not including travel cost, paid to the members of the board of directors shall amount to SEK 1,775,000, be distributed as follows: SEK 400,000 each to the Chairman and the Deputy Chairman and SEK 225,000 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.



From an owner perspective, operations are governed by a Board of Directors elected by the shareholders. The board exercises control over the company's management.

17 August
Interim report for the first six months

26–27 October
Strategy meeting

Interim report

2 december
Budget

July August September October November December

THE WORK OF THE BOARD OF DIRECTORS DURING THE YEAR

In 2010, six ordinary meetings and one telephone meeting were. 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 2010 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.

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.

OPERATIONAL CONTROL IN 2010

A large part of the day-to-day operational work in the form of chartering and manning is purchased from external suppliers, principally Stena Bulk and Northern Marine Management (NMM). Stena Bulk is responsible for the chartering and operation of our vessels while NMM is responsible for manning, management and day-to-day maintenance.

From a control perspective, our foremost task is to follow up and evaluate to ensure that all contracts entered into are performed as agreed.

The company is, in principle, in daily contact with Stena Bulk and NMM, with a formal report made every quarter. At the end of each year, a major follow-up and evaluation of the collaboration is performed.

Chartering and operations

Collaboration with Stena Bulk with respect to chartering and operations is based on an agreement between the companies that is followed up and evaluated once a year. Read more about the agreement in Note 22.

Stena Bulk is responsible for the day-to-day operation of the vessels and contacts with customers as well as acting as an intermediary in conjunction with different types of inspections. Reporting is formalised and the most important features include regular reports on income, the outcome of profit-sharing clauses and follow-up of costs.

Manning, operation and day-to-day maintenance

The collaboration with NMM covers services involving manning, operation and day-to-day maintenance. NMM is also responsible for contacts with classification societies in conjunction with their inspections.

This collaboration is also followed up and evaluated once a year. The evaluation includes following up the budget and checking whether objectives set up have been reached.

ONE YEAR WITH STENA PROGRESS

9 January
Port state control
New York

19 February
Port state control
Montreal

March
Report from Fleet and Commercial Manager

28 April
Vetting, ConocoPhilips
New York

29 May
Vetting, Total
Montreal

June
Report from Fleet and Commercial Manager

January | February | March | April | May | June

Inspections of vessels

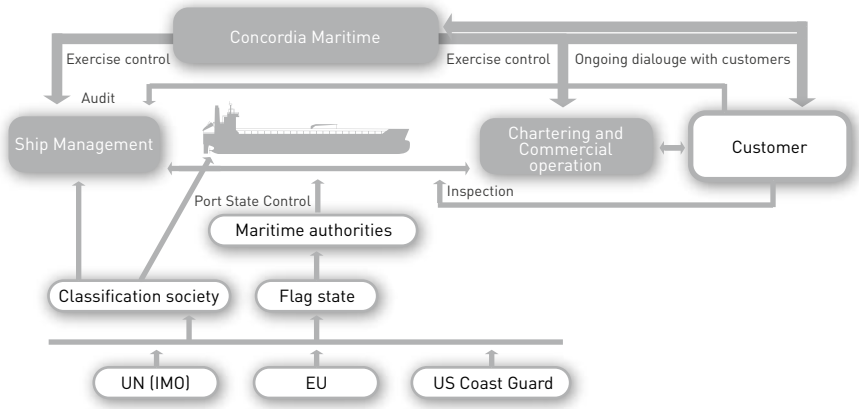
Shipping in general and tanker shipping in particular are associated with a comprehensive system of regulations, In addition to the owner's own inspections, several inspections are carried out annually by different players, customers, classification societies, ports and flag states. Large parts of these inspections are similar; the vessels are subjected to operational, technical, mechanical and safety inspections. Some of the inspections are planned, others are carried out with no prior warning. The results are reported to the authorities concerned, the owner and, in certain cases, also to the customer.

The owner's own inspections

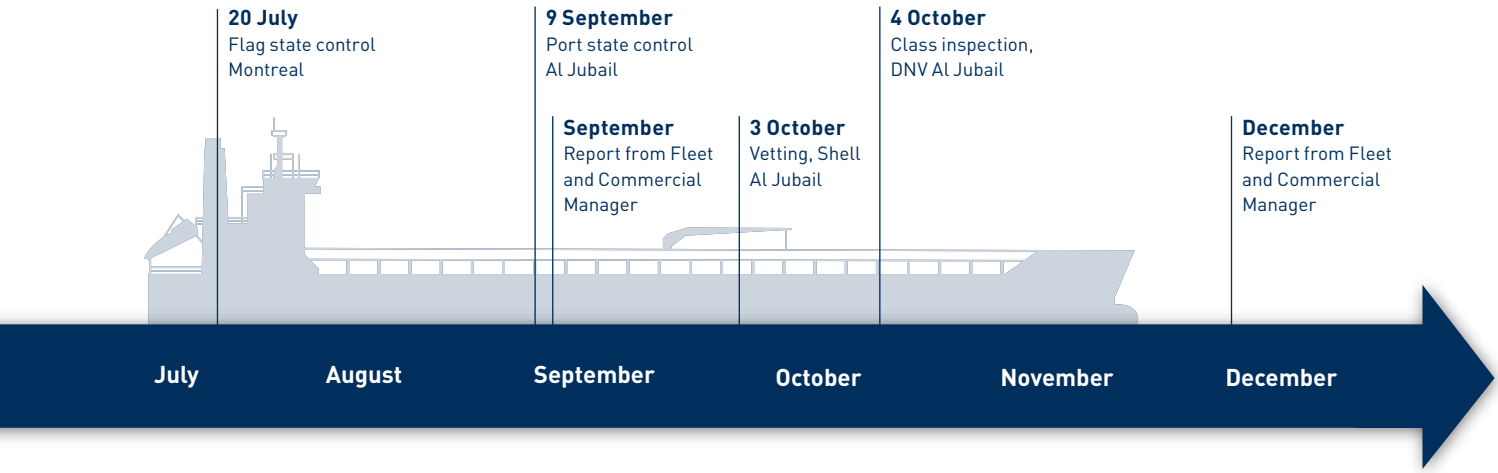
On behalf of Concordia Maritime, NMM carries out quarterly inspections on board the vessels.

Vetting – the customer's own inspection

Vetting is carried out by the customer or by inspectors appointed by the customer. The owner invites the customer to carry out an inspection, which is always done in conjunction with discharging. The inspections are very comprehensive and can take up to 15 hours. They are based on a standardised form and the results are shared between the oil companies via databases. In the event of more serious deficiencies, the customer can choose to put the contract on hold until the deficiencies have been dealt with and a new vetting has been carried out. The system makes it possible for the oil companies to continuously check whether the vessels satisfy their internal criteria without having to inspect the vessels themselves.



In addition to internal control and inspection mechanisms, our activities are also governed by comprehensive regulations related to shipping and trade in petroleum products.



Port State Control
Port State Control is an inspection of foreign ships calling at a nation's port for the purpose of verifying that the ships comply with requirements, that the crew has the right competence and that the requirements of international conventions (SOLAS, MARPOL and STCW) are complied with.

Flag State Control
All ships must be registered in a specific nation. The owner of the ship undertakes to comply with the laws and regulations laid down by the nation in question. Flag State Control is an inspection of a ship with the purpose of verifying that it complies with applicable laws and safety regulations.

The classification society's inspections
Classification societies carry out inspections annually or following repairs/modifications. Additionally, a more comprehensive inspection is carried out every fifth year when the ship is dry-docked. Special importance is attached to examining e.g. materials in the hull and machinery, maintenance routines and the quality level of the work done at the shipyard.

BOARD OF DIRECTORS

From left to right, top row: Bert Åke Eriksson, Göran Dahlman, Jens Ole Hansen, Jörgen Lorén, Morten Chr. Mo, Mats Jansson.
Bottom row: C. Mikael von Mentzer, President Hans Norén, Dan Sten Olsson, Stefan Brocker.

Board members' presence and remuneration

	Independent[1]	Remuneration committee	Total fee, SEK[2]	Presence at board meetings, %
Dan Sten Olsson	Dependent	•	400,000	75
C. Mikael von Mentzer	Independent	•	400,000	100
Stefan Brocker	Independent		225,000	88
Bert Åke Eriksson	Dependent		225,000	88
Mats Jansson	Independent		225,000	100
Morten Chr. Mo	Independent		225,000	100
Jörgen Lorén Employee representative	Independent		25,000	88
Jens Ole Hansen Employee representative	Independent		25,000	50
Göran Dahlman Deputy employee representative	Independent		25,000	63
Total			**1,775,000**	

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 AGM and is paid to the members who are not employed by Concordia Maritime.

For information on board members, see www.concordiamaritime.com

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.

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.

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

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. Partner, GDSS Konsult HB.

Shares held in Concordia Maritime: 0

C. Mikael von Mentzer
Born 1944. Deputy Chairman.
M. Pol. Sc. Director.
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

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, Petrogrand AB and Chinsay 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

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

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

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

Background: Director Quillfeldt Rønneberg & Co, President Stemoco Shipping AS.

Other current assignments: Chairman of iBituTank Pte Ltd Singapore, Bitutank AS Oslo and Ashgrove Shipping Ltd. Cyprus. Board member of CellVision AS, Bass Pte. Ltd Malaysia

Shares held in Concordia Maritime: 0

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. Chief Financial Officer.
Master of Science in International Accounting and Control. Employed since 2005 (at Stena since 2001)
External assignments: Member of the financial committee The Swedish Ship-owners' 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
Shares held in Concordia Maritime: 0

Torbjörn Rapp
Born 1962. Newbuilding Manager.
Employed since 2004.
Shares held in Concordia Maritime: 5000

N. Angelique Burgess
Born 1965. General Manager, Concordia Maritime (Bermuda) Ltd
Bachelor of Science, Management Studies.
Employed since 2010.
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, Kungsparken 1, Gothenburg, Sweden, on 28 April 2011, 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, 20 April 2011, 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@concordiamaritime.com
or via the website: www.concordiamaritime.com, no later than Wednesday, 20 April 2011.

Dividend
The board of directors proposes a dividend of SEK 1.00 per share. The proposed registration day for dividends is 3 May 2011. If the Annual General Meeting adopts the proposal, the dividend will be paid out by Euroclear AB on 6 May 2011.

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 20 April 2011.

Reporting dates
The Annual Report for 2010 will be sent to all registered shareholders. The interim report for the first three months will be published on 28 April, the interim report for the first six months on 16 August and the third quarter report on 2 November 2011.

DEFINITIONS

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

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

Return on capital employed Result after finance net plus financial cost 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 finance net 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.

ADDRESSES

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