CONCORDIA MARITIME

ANNUAL REPORT 2011

CONTENTS

COMPANY OVERVIEW
The market continued to be very weak. However, our activities continued to develop as expected, generating a result of SEK 84.8 (80.4) million.
2

WELCOME

For those of us who work at Concordia Maritime, continuous improvement is a recurring watchword. This also applies to the information about both us and our activities. We regard the annual report as one of the most important documents in this work.

Shipping is a complex industry that is perhaps not always easy to understand. It is my hope that we will help to shed light on this industry both in our financial reporting and on our website. Our ambition here is to provide a picture as comprehensive as possible. Our goal is to go behind the figures and show what drives the market and what we are doing to continue to be successful. We want to give a picture of the dynamics that characterise our activities and make it so exciting.

If you have any opinions or questions, you are welcome to get in touch with us.

Hans Norén
President

The annual report has been translated from Swedish. The Swedish text shall govern for all purposes and prevail in case of any discrepancy with the English version.

ACTIVITIES
We have one of the most modern fleets in the market in terms of both transport economy and safety.

8

FINANCIAL REVIEW
In 2011, we were one of few profitable listed shipping companies. However, as in the case of the other shipping companies, the price of our share fell during the year.

34

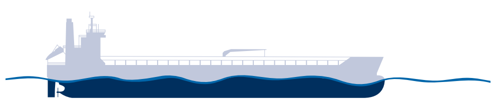
SUSTAINABILITY
Our objective is to provide safe and efficient tanker transportation. A pronounced focus on safety and the environment has been an integrated part of our activities for several years.

17

25

MARKET
The large imbalance between supply and demand continues to characterise the tanker market and is exerting heavy downward pressure on the freight rates. We expect a gradual improvement in 2012.

80



CORPORATE GOVERNANCE
There were no deviations from the Swedish Code of Corporate Governance during the fiscal year 2011.

COVER PICTURE
Stena Performance leaves the dry dock after completed IMO3 conversion. The picture is taken by Klaus Vedfelt.

CONCORDIA MARITIME IN 2 MINUTES

Concordia Maritime is an international tanker shipping company. The company's focus is on the cost-efficient and safe transportation of refined petroleum products and vegetable oils. Its Series B share has been listed on NASDAQ OMX Stockholm since 1984.

WHAT?

OUR BUSINESS CONCEPT

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

OUR VISION

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

OUR CUSTOMERS

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

WHAT WE TRANSPORT

Our main focus is on the transportation of refined petroleum products and vegetable oils. Additionally, we are also active in the transportation of crude oil.

HOW?

BUSINESS MODEL

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

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.

2011

THE YEAR IN FIGURES

- Net sales: SEK 559.6 million
- Result after tax: SEK 84.8 million
- EBITDA: USD 37.3 million
- Proposed dividend per share: SEK 1.00

THE FLEET

During the year, we took delivery of the last P-MAX tanker in our newbuilding program, the *Stena Premium*. At the end of 2011, our fleet consisted of ten wholly-owned P-MAX tankers and two part-owned panamax tankers.

THE MARKET

The market continued to be very weak in 2011. The imbalance on the tanker market, with supply far outstripping demand, characterised the market also in 2011.

KEY FIGURES

	2011	2010
Net sales, SEK million	559.6	513.4
EBITDA, SEK million	242.6	219.5
Result after financial net, SEK million	76.2	76.9
Net result, SEK million	84.8	80.4
Investments, SEK million	330.1	638.6
Equity ratio, %	47	50
Equity per share, SEK	37.24	35.94
Return on capital employed, %	3	2
Dividend as a percentage of profit, %	56	60
Result per share, SEK	1.78	1.68
Dividend per share, SEK	1.00*	1.00
Share price on closing date, SEK	12.95	20.50

* Proposed dividend

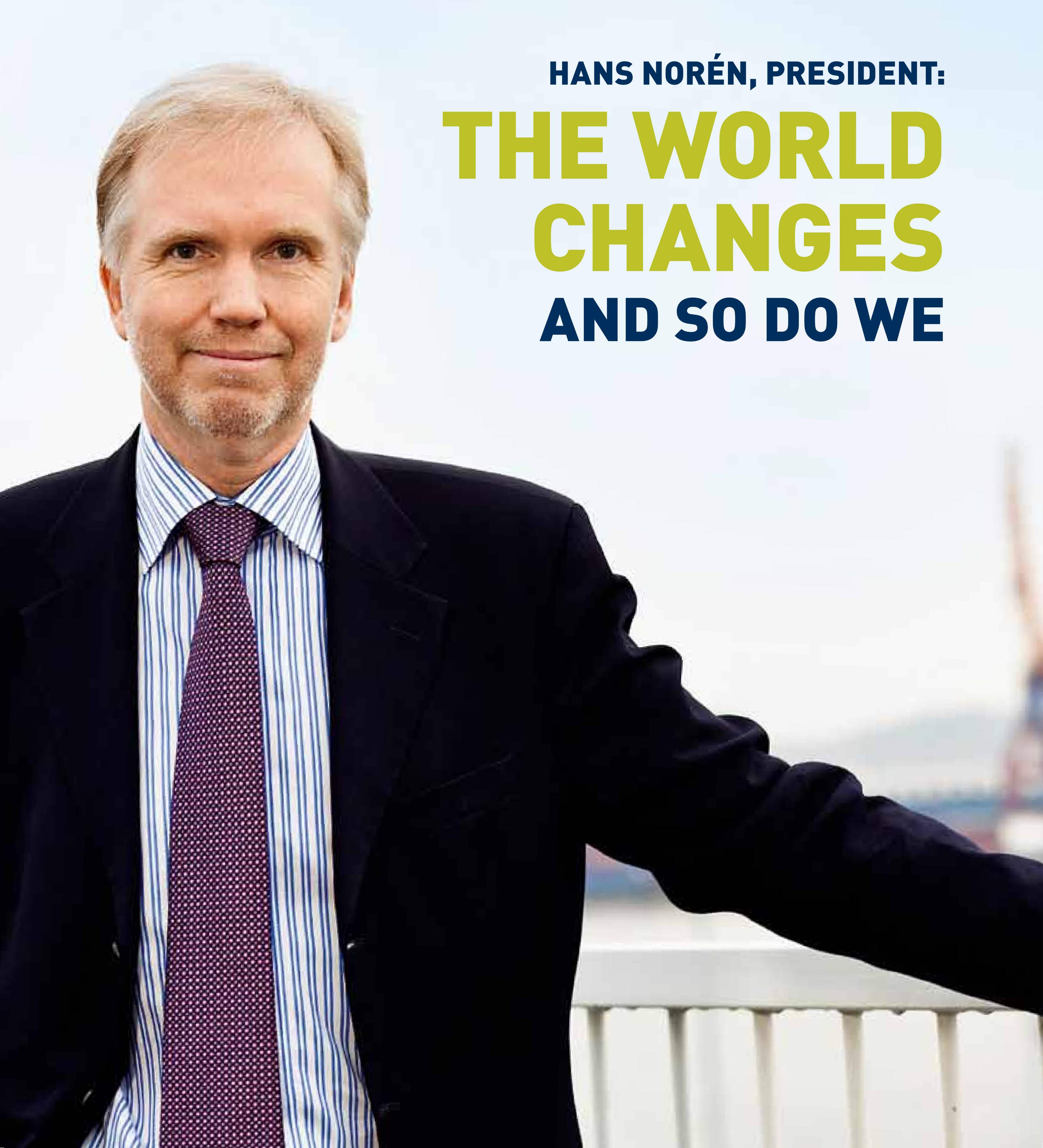
GOALS AND DEVELOPMENT

	Goal	Development, % 2011	Development, % 2001–2011
Growth	At least 10% per year, while maintaining profitability	4	3
Profitability	Return on equity of at least 12%	5	8
Equity ratio	At least 50% over a business cycle	47	64

For further information, see the 10-year summary on page 42.

HANS NORÉN, PRESIDENT:

THE WORLD CHANGES AND SO DO WE



What do you write in the President's Views when you are active in an industry that has had a tough year with very weak markets – and you yourself are pretty satisfied with the result generated by the company? What do you write when many in the industry are struggling with debt and payment problems – and you yourself conclude that the company has a solid financial platform with the capacity to invest when necessary?

Have we been a lot smarter than colleagues and competitors around the world? No. However, when the markets were strong in 2007/2008, we adopted a conservative approach. With a program of new investments totalling about USD 550 million in progress we considered securing results and cash flows as a prudent way of acting, particularly since, in our view at that time, the balance between supply (number of ships) and demand (transport of refined petroleum products) would soon be disrupted.

Very few tanker shipping companies chose the same route as we did.

Increased presence in the open market

Even long-term charters become short-term at some point, and we now have two vessels operating in the open market. At the end of 2012, another two vessels will be redelivered from charters, followed by a further two in 2013. This means that we will increase our presence on the spot markets – and our income and results will correlate to a greater extent with the fluctuations of the market. This will increase the potential for good results, as well as increase the risks.

The art of maximising income days

Just over a year ago, we decided to start up a project for converting our P-MAX vessels so that they would also be able to transport vegetable oils. Three of them have been converted, two of which are operating in the open market.

Why is this so important? Our first priority is at all times safety. But in addition to this, our mission is to ensure that the vessel has as many income days as possible. Expanding cargo potential by adding another product type increases flexibility and the ability to generate income days. Here, it should be noted that the capacity to transport vegetable oils does not make us unique. Starting a couple of years ago, many tankers were built from the start with the capacity to carry this type of cargo. This was not the case with the P-MAX tankers. Consequently, these conversions are important for us.

In conjunction with the start-up of our project, our principal owner Stena initiated cooperation with the Danish company Weco, which specialises in transporting vegetable oils. This cooperation was formalised as a new company, Stena Weco, which has been appointed by us to take responsibility for commercially operating our vessels.

The first voyages transporting vegetable oil have been completed successfully.

A changing world

We are now entering a new phase – with greater exposure to the open market. There is a strong correlation between the demand for transportation of refined petroleum products and the growth in the global economy. Even if it is easy to see threats on the horizon, not least when one lives in Europe, we should not forget that the situation looks quite good in other parts of the world. The Chinese economy continues to perform well and it is difficult to see this economic locomotive coming to a sudden halt. Then there is the rest of Asia and South America. It is interesting as well as positive also to see how things are beginning to develop on the

FORECAST FOR 2012

Our business is undergoing a change. Most of the vessels in the fleet are currently signed to charters, with relatively predictable earnings and cash flows. As the contracts expire and the ships start to be employed on the open market instead, the market's overall development will have a greater impact on our earnings and cash flow.

We currently operate two vessels on the open market and two more will be redelivered to us in the fourth quarter of 2012.

Although we expect the market to strengthen during the year, we do not believe that freight rates will reach our average time charter rates, which are approx. USD 20,000 per day.

About 75 percent of the fleet's total number of income days are still covered by contracts. However, given the fact that we have more vessels on the open market than in 2011, we expect a reduction in income and therefore a lower profit for 2012. We do not provide a forecast in absolute numbers.

African continent. The US, where there are many positive signs, will, I believe, begin to make a solid recovery, even if the demand for gasoline is expected to fall as a result of more fuel-efficient vehicles. The most worrisome storm cloud is the situation related to Iran. An escalated conflict would obviously have consequences, not least in the case of oil and energy.

Increased demand for transportation

In a President's Views, in a company engaged in transporting oil, one cannot avoid commenting on a further two matters.

First, there is the dramatic and far-reaching change taking place in Japan's energy supply. Nuclear power's share has fallen sharply and will have to be replaced. This will probably benefit primarily gas but also other fossil fuels.

Second, the incredibly rapid development in the US of technology for extracting oil and gas from large shale deposits. The rapidly expanding production of oil from shale is reducing the amount of crude oil the US needs to import. However, this will not necessarily have a negative impact on the flows of refined petroleum products.

All in all, it would seem that the world can achieve a growth of one or a few percent – which in terms of demand for transportation of refined petroleum products would mean an increase of 4–5 percent.

On the supply side, growth in our segment could be 3–4 percent, perhaps even lower. This indicates, as I noted previously, a gradual improvement of the market and a better balance between supply and demand.

Shift from west to east

Additionally, changes in global refining capacity are in progress. The last 12-month period has provided concrete proof of this. Two of Concordia Maritime's customers, the US oil companies Sunoco and Hess, have shut down refineries on the US East Coast and in the Caribbean.

Refinery capacity is increasing east of Suez and stagnating or shrinking west of Suez. This is resulting in changed transport patterns that should increase demand, expressed in so-called ton-miles, still further.

A few words about piracy

Piracy is a major problem for world shipping and mostly of course for the people who are directly affected. At present, pirates are holding about 250 persons hostage. In adddition to personal anxiety and unspeakable suffering among relatives, the cost of this is very high, not only for the industry but also for the international community as a whole.

Basically, transportation is a necessity for growth and if people are to improve their standard and quality of living, not least in the developing countries. Today, we in the industry are being forced to solve many of the problems ourselves. There is support in the form of task forces from different nations but on a scale that is far too small. In order to further strengthen the protection of the personnel on board, armed guards from private security companies are being used on a large scale. This is both complex and difficult to handle for the shipping company organisations – and very much a necessary evil.

It is time for nations and authorities to get together and find a common solution.

Future prospects

Today, the average freight rate for our fixed charters is just over USD 20,000 per day. It is unlikely that the average freight rate on the open market will reach this level during the year. Consequently, we expect a lower result for 2012 since we have two vessels exposed to the market throughout the year and a further two at the end of the year. Despite this, we still expect to generate a surplus.

Hard work – day and night

A big thank you to all our employees for a very good year. Especially, I want to mention our crews on board our vessels – they are our most important success factor.

It is entirely possible that at just this moment, there is a crew wearing the toughest possible gloves and struggling to lay out layer upon layer of razor wire on one of our vessels, 180 metres long and 40 metres wide, as protection against pirates before a passage in the Indian Ocean. Or perhaps there is a team down in a tank cleaning, flushing and scraping off palm oil. It must, of course, be clean before loading the next cargo. Or some officers who are walking round the vessel together with an inspector from an oil company, which has hundreds of control points – down to the lamp bulb level. Internally, our goal is to never have more than six remarks of any type and never a remark of a serious nature, never a remark that has to do with cleanliness or neatness and tidiness.

This is happening all the time – day and night, all year round.

Our industry is already highly regulated with stringent safety and quality demands. We believe and hope that these demands will become even more stringent – then we will be even more competitive!

I look forward to an exciting year with many challenges and opportunities together with our employees ashore and at sea.

Gothenburg, March 2012

Hans Norén, President

OUR BUSINESS AND OUR SHIPS

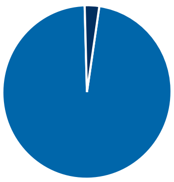
EFFICIENT OPERATION
AND MANNING
+ FOCUS ON TRANSPORT ECONOMY
+ QUALITY AT EVERY STAGE

= A WORLD-CLASS FLEET

OUR PRINCIPAL INCOME AND COSTS

INCOME

Share of income in 2011

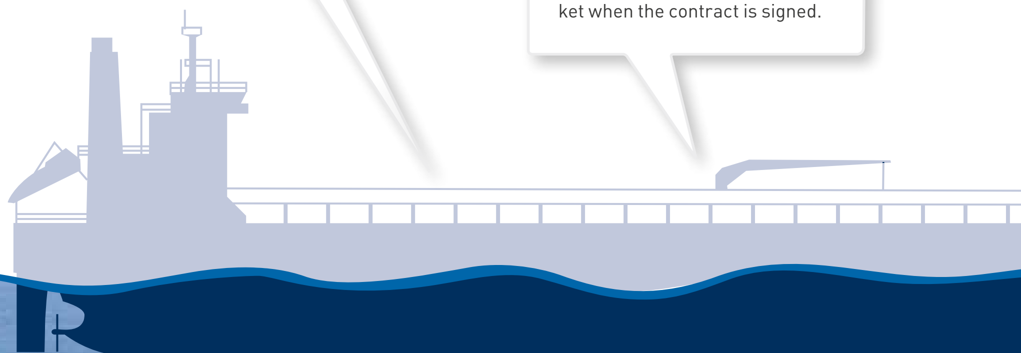


Income from spot charters

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.

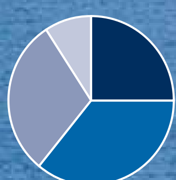
Income from time charters

Income consists 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.



COSTS

Cost allocation 2011



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.

Freight rates for time-chartered vessels

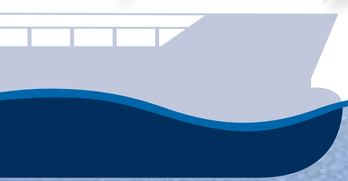
The cost of chartering a vessel from another shipowner.

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.



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.

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
- First-class ship operation

FOCUS AHEAD

- Long-term maintenance
- Efficient manning
- Safety at every stage
- Control over capital costs

OUR
FLEET

At the end of 2011, our fleet consisted of ten wholly-owned P-MAX tankers and two part-owned panamax tankers. The newbuilding program consists of one suezmax tanker with delivery planned for the third quarter of 2012.

At the beginning of 2012, 10 out of a total of 12 vessels in the fleet were signed to charters of between three and ten years from delivery. For the customers, the charters 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 (wholly or partly owned)

P-MAX

The ten P-MAX tankers operate all over the world, transporting both light and heavy petroleum products as well as vegetable oils and crude oil. Eight of the tankers are signed to fixed charters while two, the *Stena Performance* and *Stena Provence*, have been employed on the open market since July 2011. Stena Weco, a joint venture between Stena Bulk and Danish Weco, is responsible for the chartering of the vessels.

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. Thanks to the shape of their hull, they can transport about 30 percent more cargo on the same draft.

The P-MAX tankers were developed together with the French energy company Total based on the MAX concept. This concept was developed in collaboration with customers, Stena Bulk and Stena Teknik. 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 at the end of 2005. Since then, a further nine P-MAX tankers have been delivered and deployed. The last unit in series, the *Stena Premium*, was delivered in summer 2011.

Panamax

Our fleet also includes the two sisters, *Stena Poseidon* and *Palva*, which are owned in a joint venture with Neste Shipping. They are chartered to Neste Oil.

The two vessels are so-called panamax tankers, which mean that they are designed to pass through the locks in the Panama Canal.

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 broken ice. The adjustable propeller increases manoeuvrability still further when sailing through ice.

There is a heavy impact when a lifeboat hits the surface. The crew on board carry out regular drills involving possible risk situations such as quickly abandoning ship in a safe manner.

VESSEL TYPES

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

■ Segments in which we were active in 2011.

PRODUCT TANKERS

Panamax
55,000–75,000 dwt

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

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

Handysize
25,000–40,000 dwt

Vessels chartered during the year

In addition to the wholly or part-owned vessels chartered during the first half of 2011, a further three vessels were chartered from other owners, two ice-classed Aframax tankers and one newly built suezmax tanker.

This was carried out together with Stena Bulk, and our share was 50 percent. All three vessels were employed in the open market.

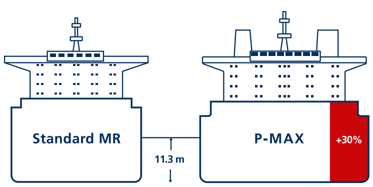
Newbuilding program

In March 2012, the newbuilding program consisted of one suezmax tanker, the *Stena Supreme*, with delivery planned for the beginning of the third quarter of 2012. The tanker is part of the series of seven units designed by Stena Bulk and developed by Stena Teknik.

During its development, the focus was on increasing energy efficiency. The vessel's technical equipment and design will enable fuel consumption to be reduced by 5–10 percent compared with standard tonnage.

The *Stena Supreme* has a deadweight of 158,700 tons and represents an investment of just under SEK 500 million. The intention is to employ the vessel in the open market via the Stena Sonangol Suezmax Pool. This pool is controlled by Stena Bulk and the Angolan state-owned oil company Sonangol.

Today, the pool consists of 23 tankers, but the objective is to build up a fleet consisting of a total of 30–35 new and efficient suezmax tankers.



30%

HIGHER CARGO CAPACITY

Thanks to the design of the hull, the P-MAX tankers are able to transport about 30 percent more cargo on the same draft while maintaining the same fuel consumption.

THE MAX CONCEPT
DOUBLE EVERYTHING

The P-MAX tankers are probably among the safest tankers in the world. The ship type is based on the MAX concept, which was developed together with Stena Bulk and Stena Teknik.

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.

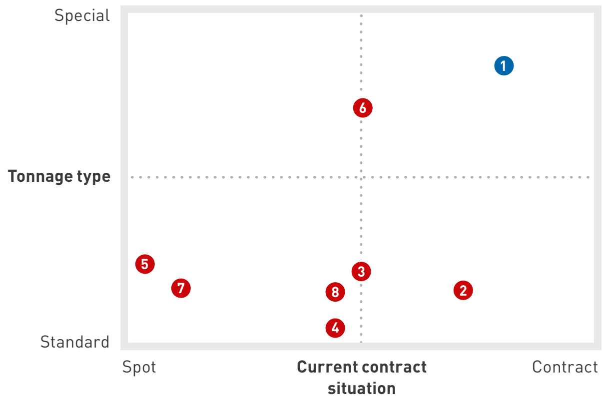
Cutting edge safety

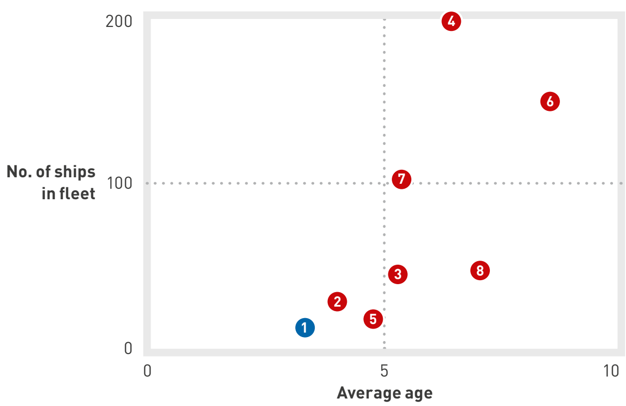
The bridge is designed to provide a 360° view and is equipped with a co-pilot system, i.e. double control systems. This enhances safety and facilitates training. The vessels' design in combination with regular drills has resulted in a low number of accidents on board our vessels. After the first P-MAX tanker was delivered in 2005, no serious accidents have occurred on board.

Very good transport efficiency

In addition to world-class safety, the P-MAX tankers are characterised by very good transport efficiency.

Thanks to the design of the hull, the P-MAX tankers are able to transport about 30 percent more cargo on the same draft and with, in principle, the same fuel consumption as a standard-type product tanker.





CONCORDIA MARITIME

A NICHE PLAYER

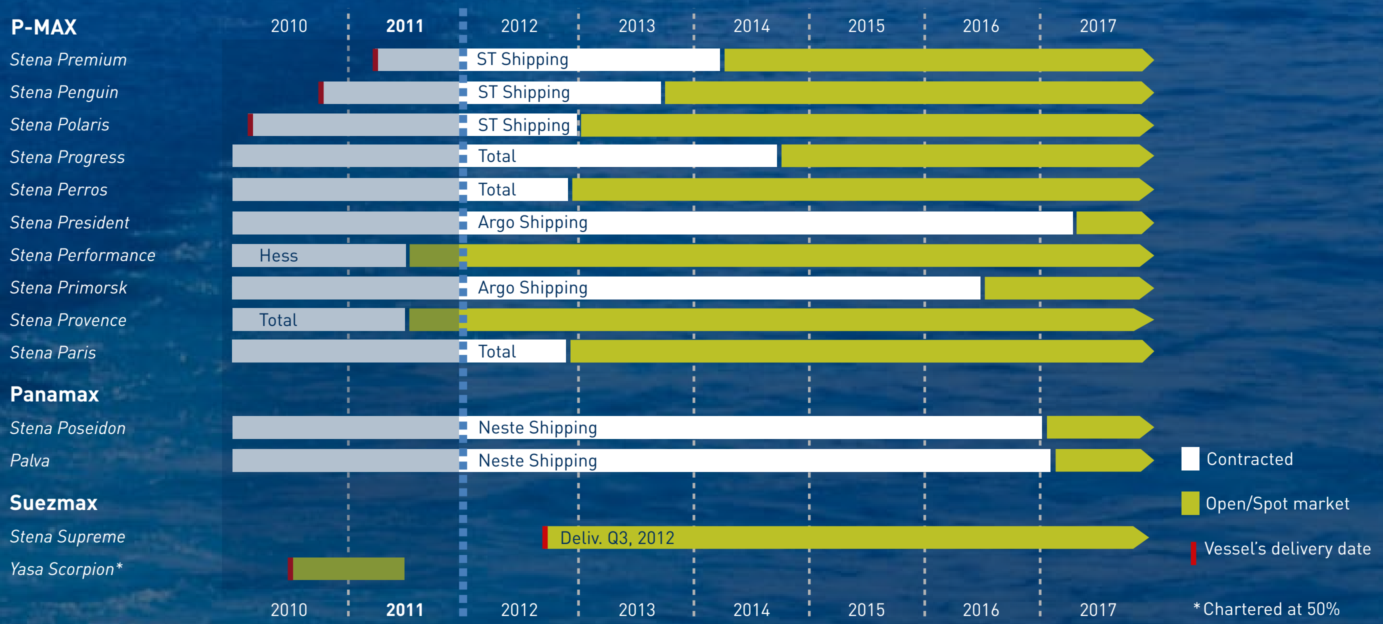
The market for transportation of oil and petroleum products is highly fragmented with a large number of players. In our market segment, there are about 1,600 tankers with a deadweight of 30,000–65,000 tons. The majority of these are owned by large international tanker shipping companies, which transport 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.

	Company	No. of ships	Ships on order	Average age of fleet	Market segment: Crude oil	Market segment: Refined products	Market segment: Natural gas	Dwt	Ownership form
1	**Concordia Maritime** concordiamaritime.com	12	1	3.3	•	•		948,500	Public (Nasdaq OMX Stockholm)
2	**Capital Product Partners** capitalpplp.com	26	0	4.1	•	•		2 223,269	Public (NASDAQ Global Market)
3	**Dámico International Shipping** damicointernationalshipping.com	40	2	5.6		•		1 842,733	Public (Milano)
4	**Maersk Tankers** maersktankers.com	203	15	6.4	•	•	•	10,117,139	Del av Maersk A/S, Publikt (Nasdaq OMX Copenhagen)
5	**Scorpio Tankers** scorpiotankers.com	20	0	4.9	•	•		1,160,364	Public (New York Stock Exchange)
6	**Teekay** teekay.com	141	8	7.9	•	•	•	15,951,433	Public (New York Stock Exchange)
7	**Torm** torm.com	101	3	5.6	•	•		6,329,745	Public (Nasdaq OMX Copenhagen)
8	**Tsakos Energy Navigation** tenn.gr	48	2	6.8	•	•	•	5,073,063	Public (New York Stock Exchange and Bermuda 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.

OUR VESSELS AND CONTRACTS



OUR CUSTOMERS

Our customers include some of the world's leading energy companies, each with its own specific needs. Collaboration with our customers is based on long-term relations and high ambitions as regards 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 expertise in naval architecture and first class manning and chartering.

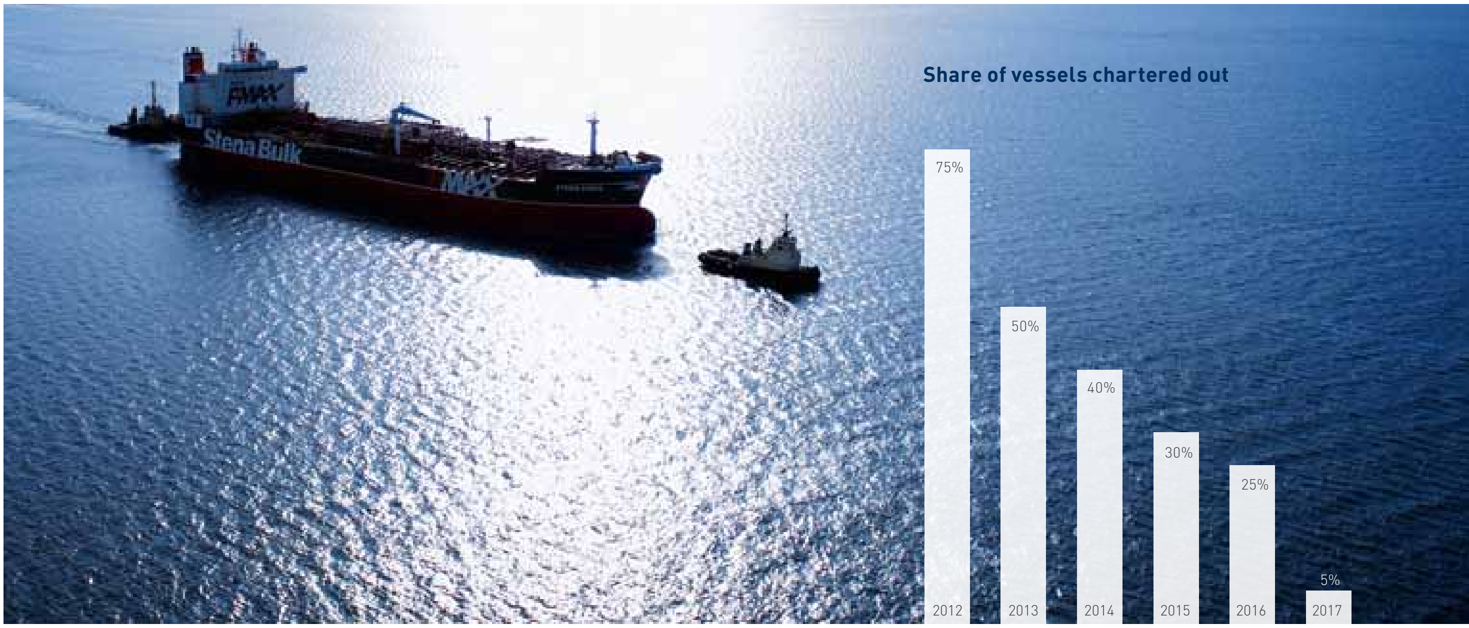
French Total is the world's fifth largest oil and gas company with operations in 130 countries and 96,000 employees. Sales in 2011 totalled EUR 184,693 million. Vessels: *Stena Paris, Stena Perros, Stena Progress.*
www.total.com

Argo Shipping is a small logistics company focusing on the Russian oil export market. Vessels: *Stena Primorsk, Stena President.*
www.argoshipping.org

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

Neste Oil is a leading oil company with 5,000 employees and sales of EUR 15,400 million in 2011. Vessels: *Stena Poseidon* (50%), *Palva* (50%).
www.nesteoil.com

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 was to secure cash flow during the newbuilding program, which resulted in stable and relatively high revenues. Compared with the average for the spot market over the last four years, the revenue generated by these charters has been about 30 percent higher.

Towards employment on the spot market

The charter strategy is reviewed on an ongoing 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.

A large proportion of the vessels in the fleet, about 75 percent, will continue to be signed to fixed charters in 2012. In 2013, and provided no new long-term charters are signed, this proportion will drop to about 50 percent. The intention is to employ the vessels on the spot market.

For us, this represents both opportunities and challenges. We have a modern fleet consisting of flexible vessels, well suited for the transportation of a wide range of petroleum products, both fossil and vegetable. The challenge lies in, irrespective of the market trend, continuing to identify attractive market segments.

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 ships are contracted for a longer period, normally between two and three years, most often at a fixed price.

The time charter market reflects the economic situation the parties anticipate in a somewhat longer perspective while the spot market reflects the market situation here and now. Most shipping companies utilise a combination of employment on the spot market and time charter market. 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.

THE MANY ADVANTAGES OF SISTER SHIPS

The *Stena Premium*, the last in a series of ten P-MAX tankers ordered from Brodosplit Shipyard in Croatia, was delivered in 2011. Torbjörn Rapp was site manager at the shipyard in Croatia and is now the technical manager at Concordia Maritime.

What are the advantages of sister ships?

"The advantages are both many and large. For the customers, being able to charter several vessels of the same type provides them with greater security, stability and flexibility. They know that the ship type meets their requirements and fits in well with their transport flows. For us as a shipping company, the repeatability means that the development costs can be spread over more vessels. The common design also facilitates education and training, enabling the crew to switch between the different vessels."

And now? Do developments end with delivery?

"No, not at all. We continue to develop and improve the vessels all the time. An example of this is the conversions of the *Stena Performance, Stena Provence* and *Stena Premium* carried out in 2011 to enable them to also transport vegetable oils. These conversions increase the vessels' flexibility in the market and can thus also increase their earning potential. Chemical tankers are usually smaller and today the P-MAX tankers are among the largest vessels able to transport vegetable oils."

SUSTAINABILITY, ENVIRONMENT AND SAFETY

PURCHASER ORGANISATION WITH FULL RESPONSIBILITY

Concordia Maritime

Stena Teknik
Newbuilding and conversion projects, R&D and procurement
stenateknik.com

Stena Bulk
Stena Weco
Chartering and commercial operation
stenabulk.com
stenaweco.com

Northern Marine Management
Operation, manning and maintenance
nmm-stena.com

Flexible and safe transportation with good transport economy

Our shore-based organisation consists of only a small number of persons. A large part of our daily operative work in the form of chartering and manning is therefore purchased from external suppliers, mainly Stena Bulk, Stena Weco, Northern Marine Management (NMM) and Stena Teknik. Together, we create the necessary conditions for being a player at the forefront when it comes to the development of sustainable work methods. Taken as a whole, this gives us access to world-leading competence in all areas of shipping; from naval architecture and manning to technical operation, chartering and commercial operation.

OUR CONTRIBUTION TO

MORE SUSTAINABLE TANKER SHIPPING

In many respects, our work on sustainability is based on the comprehensive regulations that govern global tanker shipping. In addition to this, there are internal regulations and policies – both ours and those of our service suppliers.

Our goal is to provide safe and efficient tanker transportation. For several years, a pronounced focus on safety and the environment has been an integrated part of our business.

For us, questions concerning safety, environmental concern, transport efficiency and employer responsibility in many ways go hand in hand. Both customers and employees as well as society in general benefit from safe transport, optimised flows and a heavy focus on fuel efficiency. Here, systematic quality work contributes to higher safety, which, in turn, minimises the risk of accidents that impact on the environment.

Comprehensive regulations

Tanker shipping is probably one of the most strictly regulated and scrutinised industries. The comprehensive regulations cover environmental and safety-related aspects, both technical and concerning the work environment. Together with our internal work, these regulations contribute to maintaining a high and even quality.

In addition to our own checks and controls, both authorities and customers carry out comprehensive inspections and follow-ups. We are subjected to continuous quality inspections in the form of e.g. so-called vetting by the oil and chemical industry, the flag states' annual inspections, the published port state controls and the classification societies' inspections. These inspections cover, among other things, equipment and routines for navigation, lifesaving equipment, fire-fighting equipment, cargo-handling systems, oil recovery equipment, routines for crisis management, the ship's design and its condition. The size of the crew, their qualifications and terms of employment, the ship's logbooks and certificates are also examined and activities ashore are checked primarily by auditing process and routines. (See also Operational control in Corporate Governance, p. 88.)

Certification and internal control

In addition to the mandatory regulations, we and/or our partners meet a large number of safety and environment-related standards. When it comes to the vessels and their operation, our partner Northern Marine Management (NMM) is quality certified in accordance with 9001:2008 and environmentally certified in accordance with ISO 14001. The aim of this certification is to continuously reduce the environmental impact of our activities. The standard provides us with good control over the development of our environmental work as regards both results and costs. In 2011, NMM was also first to be certified in accordance with the new energy management system ISO 50001:2011. This certification guarantees systematic monitoring and control of energy consumption, helps to optimise efficiency and reduces both fuel consumption and the company's environmental impact.

The work on safety and environmental questions at NMM is regulated by a group-wide SHE policy (Safety, Health and Environment), which contains minimum levels and requirements regarding reporting of a number of areas such as incidents and accidents, absence due to sickness and occupational injuries. (For more information about relevant regulations, see Corporate Governance, p. 82.)

Continuous improvements

We are working continuously to improve our sustainability performance. It is our responsibility to keep ourselves updated when it comes to laws and regulations, to satisfy the demands of the world around us and in this way reduce the risks in our activities. In our everyday activities, we do a lot to contribute to more sustainable development. However, we must be better at explaining and reporting. Accordingly, in the years ahead we intend to be even more explicit when it comes to reporting on what we do and our goals when it comes to sustainability.

OUR ENVIRONMENTAL PRINCIPLES

OIL SHOULD ALWAYS TRAVEL FIRST CLASS

The 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.

- Protection of the marine environment is of the utmost importance, second only to considerations affecting the safety of humans.
- Through innovation and first-class performance, we shall act to gain better control over the risk factors that could result in damage to the environment.
- Through innovation and first-class 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 first-class 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 SHIP'S LIFE CYCLE

From a life cycle perspective, a ship affects the environment from when it is built until when it is scrapped. The greatest environmental impact results from ship operation. However, this can be limited and continuously improved by means of effective development work, ongoing maintenance and continuous improvements.

1 DESIGN & CONCEPT

The best opportunity for influencing the ship's environmental impact is when the actual ship concept is developed. Here, it is possible to determine size, dimensions and hull design; important factors, which, in turn, have an impact on fuel consumption and transport efficiency throughout the life of the ship. When developing the concept, it is also possible to choose solutions that result in the most environmentally optimised recycling and/or scrapping possible.

2 CONSTRUCTION

The actual construction of the vessel also impacts on the environment, mainly as a result of:

- Discharges to the water as a result of, grinding, anti-fouling treatment, and different types of hull coatings.
- Emissions to the air, e.g. dust, particles, gases, and aerosols.
- Different types of waste: pieces of metal, oil, contaminated waste, paint, cables, etc.

How environmental issues are handled is an important parameter for Concordia Maritime in its choice of shipyard. Stricter regulations, new work methods and higher demands from orderers have, however, resulted in less environmental impact, generally speaking, in recent years. In order to reduce the environmental impact still further, all the parties involved need to improve their knowledge about the environmental impact that takes place during construction.

3 SHIP OPERATION

As regards ship operation, shipping's impact as well as our impact is mainly in the form of emissions of harmful substances related to fuel consumption. One of the foremost challenges is to reduce emissions of sulphur and nitric oxides, greenhouse gases and other harmful particles produced in conjunction with the burning of bunker oil.

4 CONTINUOUS IMPROVEMENTS

The work on minimising the vessel's environmental impact continues throughout its life. With continuous improvements and day-to-day maintenance, it is possible to retain or even improve the vessel's environmental performance until it is scrapped. In addition to reduced environmental impact, day-to-day maintenance will most likely result in a higher market value when the vessel is sold.

5 SCRAPPING AND RECYCLING

Historically, shipbreaking has been an environmental problem area. In recent years, however, measures have been taken to reduce the impact on both the environment and on people. For example, today, all material on board is classified and the whole scrapping process is structured and certified – something we have implemented on our newbuildings ever since the first P-MAX tanker was delivered in 2005. The *Stena Paris* was at that time the first vessel in the world to be certified in accordance with Det Norske Veritas' "Green Passport". A Green Passport means that all hazardous material on the vessel and in the vessel parts has been documented.

ENVIRONMENTAL RESPONSIBILITY

With the delivery of the *Stena Premium* in 2011, we completed the largest newbuilding program in Concordia Maritime's history. In the development of the P-MAX tankers, our goal was to create a concept that combined world-class transport economy with safety in a new dimension. Accordingly, maximised cargo capacity, good fuel economy and built-in safety were important cornerstones.

This is also where our greatest contribution to the environment lies – our modern fleet, which, at the end of 2011, consisted of 12 tankers with an average age of 3 years. Ten of the 12 vessels are P-MAX tankers, which are probably among the world's safest tankers. These vessels combine transport economy, fuel efficiency and flexibility with safety of the highest class. Because of the hull design, these tankers can transport about 30 percent more cargo than a standard tanker with the same draft and, in principle, the same fuel consumption.

Our environmental impact

Our greatest actual and potential impact on the environment during ship operation can be divided into two overall categories: oil spills resulting from a collision or grounding and emissions of sulphur oxides and nitric oxides in conjunction with burning bunker oil.

In both cases, we are working continously to eliminate and reduce, respectively, the environmental impact of our vessels.

Environmental impact of accidents

The largest risk associated with tanker shipping is 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 and they are now very rare. 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 and size of the tanks have also been tightened up in order to reduce the damage in the event of an accident.

Our safety work

For many years, Concordia Maritime has positioned 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 and optimising vessels, routines and crews. 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.

Strict reporting routines mean that we have full control over each incident – whether in port or at sea. In 2011, none of our vessels was involved in any type of incident that resulted in bunker oil or cargo ending up in the water. Nor were any of the vessels involved in an incident that could have resulted in an oil spill.

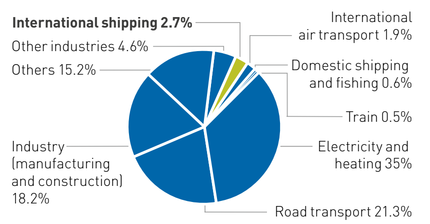
Environmental impact of emissions

In the case of ship operation, our environmental impact and that of shipping is pri-

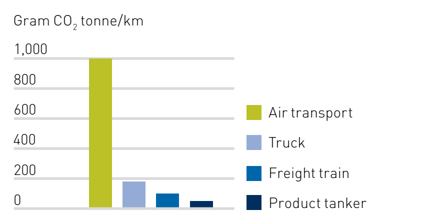
THE BEST ALTERNATIVE

Shipping is by far the most energy-efficient mode of transport in terms of transported volume and distance. Compared with rail, road and air transport, tanker shipping is also the transport mode that generates least carbon dioxide and nitric oxide emissions measured in relation to cargo volume. Despite the fact that more than 90 percent of all freight in the world is transported by ship, shipping accounts for about only 2.7 percent of the total carbon dioxide emissions. Also from a national economic perspective, shipping has large advantages compared with other transport modes since the external costs in the form of noise, encroachment on the natural environment and accidents are very limited. This, however, does not mean that there is no need to make continual efforts to improve.

Share of global carbon dioxide emissions



Carbon dioxide emissions by transport mode



Source: IMO

Ice navigation
In 2011, many of the masters of the P-MAX tankers attended a course in ice navigation which all masters attend at regular intervals. The course was arranged jointly with Chalmers University of Technology in Gothenburg.

marily in the form of emissions of hazardous substances related to fuel consumption. One of the foremost challenges is to reduce emissions of sulphur nitric oxides, greenhouse gases and other harmful particles produced in conjunction with the burning of bunker oil.

In international tanker shipping, improvement work is in progress and involves both technical developments and research on new types of more environmentally friendly fuels. The most effective way of protecting the environment would be to burn bunker oil with a low sulphur content. However, this oil is far more expensive and creating neutrality in competition requires agreements at the global level. In addition, the volumes produced today are too small to meet the needs of the world fleet.

This is how we minimise our environmental impact

Our goal is to reduce fuel consumption by five percent by 2014. In order to reach this goal, several projects are in progress. So-called VTA turbines (Variable 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 engine load, which reduces fuel consumption. In addition, the feasibility of using sulphur scrubbers and SCR (selective catalytic reduction) technology to reduce emissions of sulphur and nitric oxides is also being studied.

Fuel consumption can also be lowered by means of optimal route planning where factors such as weather and wind are weighed in. Other trials are being carried out, in consultation with our customers, to reduce ship speed when doing so does not cause any problems. Bunker oil consumption is directly related to speed and a lower speed results in lower consumption.

For safety reasons, our tankers are equipped with double systems for propulsion and manoeuvring. This enhances safety substantially but also results in somewhat higher fuel consumption compared with only one system being used. Here, different properties are compared with each other and we try to balance advantages and disadvantages based on what is best in a given situation. Our fundamental principle, however, is that safety must always come first.

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. The solution we use, until the technology functions, is thus to replace ballast water far out at sea instead of close to the coast. Organisms from the coasts cannot as a rule survive out at sea and vice versa.

Conflicting interests

What is complicating the work on reducing the environmental impact 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.

SOCIAL RESPONSIBILITY

Organisationally, we consist of a shore-based and a seagoing organisation. In 2011, the shore-based organisation consisted of a total of six persons, three of whom were employed in the parent company. The seagoing organisation is much larger. At the end of 2011, there were 374 seagoing employees. All shipboard employees are employed under the terms of ITF agreements (International Transport Workers' Federation).

Tough competition for experienced officers

Shipping is facing a situation where large numbers of seafarers will be retiring in the next few years at the same time as the supply of experienced seafarers is limited all over the world. The competition for skilled and well-trained seafarers will be even tougher in the future.

We and our partner in manning, Northern Marine Management, want to be attractive employers, which, in addition to competitive terms, can also offer a stimulating and safe workplace for the seafarers who work on board our vessels. Respect for the individual, opportunities for skills development, social benefits that also cover family members and a strong safety culture are important components in this work.

Continuous improvements

Working out at sea places large demands on officers and ratings on board. In addition to comprehensive international regulations, there are also strict internal requirements and routines for securing 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 skills. The training activities provided are both general and specially adapted for a specific vessel.

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. On 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 (Behaviour Based Safety) 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.

Safe work environment

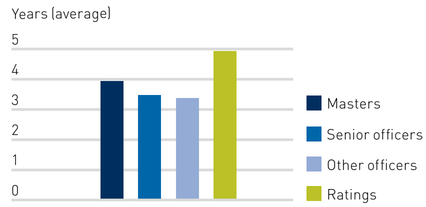
Compared with many other industries, there are relatively few occupational injuries in shipping. Measured in LTIF (Lost Time Injury Frequency, i.e. number of lost hours worked due to occupational injuries in relation to the total number of hours worked), there are about half as many occupational injuries in shipping as there are in Swedish manufacturing. In both 2010 and 2011, the LTIF on our vessels was zero.

We work continuously to improve the work environment and reduce the risk of occupational injury. Accidents and other safety-related factors are reported and analysed. In 2011, there were no incidents or accidents with serious consequences on any of our vessels.

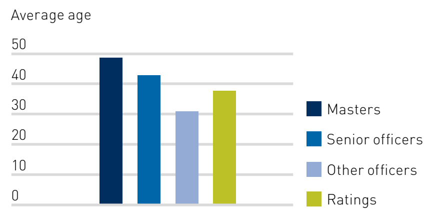
Regulations for ship protection

In recent years, hijacking ships has become an increasingly serious threat to international shipping. We are actively working to reduce the risk of one of our vessels being hijacked or subjected to some other type of threat. Our work is regulated by Best Management Practice from international shipping organizations, e.g. Intertanko, and by IMO's ISPS Code (International Ship and Port Facilities Security Code). The code lays down requirements regarding ships' equipment and requires every ship to have security routines and a person with the appropriate training who is responsible. All our vessels satisfy the requirements laid down in the ISPS Code.

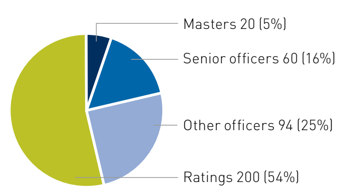
Period of service



Age structure



Seagoing employees by category



YOUNG PEOPLE MAKE NEW DEMANDS

Five questions for Barrie Finlayson, Fleet Personnel Manager at Northern Marine Management, who is responsible for the manning of Concordia Maritime's vessels.

What is the supply of qualified ship's officers like?
"There is an industry shortage of qualified ship's officers, especially in the tanker segment. Additionally, new ships are continuously being delivered, and these ships have to be manned, resulting in tougher competition in the industry for experienced personnel."

How important is it to have a good reputation as an employer?
"In a market where staff are at a premium a good reputation is vital. When seafarers are looking for a new job, of course the salary is important, but a strong safety culture and social benefits with a reliable employer is just as important."

What do you do to attract skilled employees?
"We offer them an attractive package that includes a competitive salary and an annual bonus, pension scheme and health and sick care benefits for the whole family. Ultimately, all of this is intended to create satisfied employees, as they will be the most important ambassadors for Concordia Maritime and the Company."

How do you persuade young people to choose a career at sea?
"Young people make new demands on work conditions and environment. That's something we are adapting to. One way is to create opportunities for keeping in contact with loved ones, something Concordia Maritime has done by equipping their vessels with an Internet connection."

You have your own training program for cadets, how come?
"With our cadet program we are building for the future, we get loyal and skilled employees who not only satisfy high international standards but also the high demands of the Company at the same time as giving them the chance to develop."

THIS IS HOW IT WORKS

WHAT DO THE FLOWS ACROSS THE OCEANS LOOK LIKE?

WHERE IS OIL PRODUCED AND WHERE IS IT CONSUMED?

WHERE DO WE COME INTO THE PICTURE?

PARADIGM SHIFT

FROM WEST TO

+ HIGH CONSUMPTION
– DECREASING CONSUMPTION
– DECREASING REFINERY CAPACITY
– SMALL RESERVES

EAST

+ LARGE RESERVES
+ LARGE-SCALE EXTRACTION
+ RISING CONSUMPTION
+ INCREASING REFINERY CAPACITY

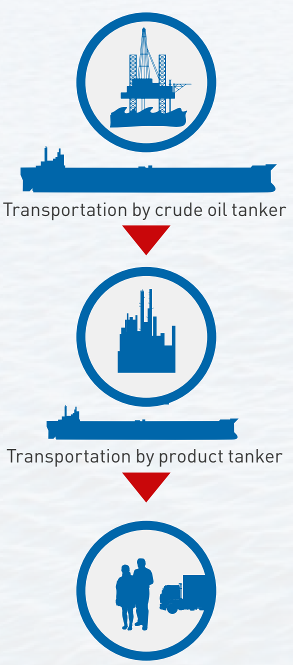
= DYNAMIC TRADING PATTERNS

OIL

FROM WELL TO END PRODUCT

EXPLORATION AND EXTRACTION

Two thirds of the oil reserves so far discovered are located in the Middle East. Moving from exploration to production usually takes several years and the costs are enormous. The countries extracting the most oil are Russia, Saudi Arabia, the US, Iran and China. The crude oil pumped up is transported from the oilfields and oil rigs to refineries all over the world, mostly by crude oil tankers of different sizes.



REFINING

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.

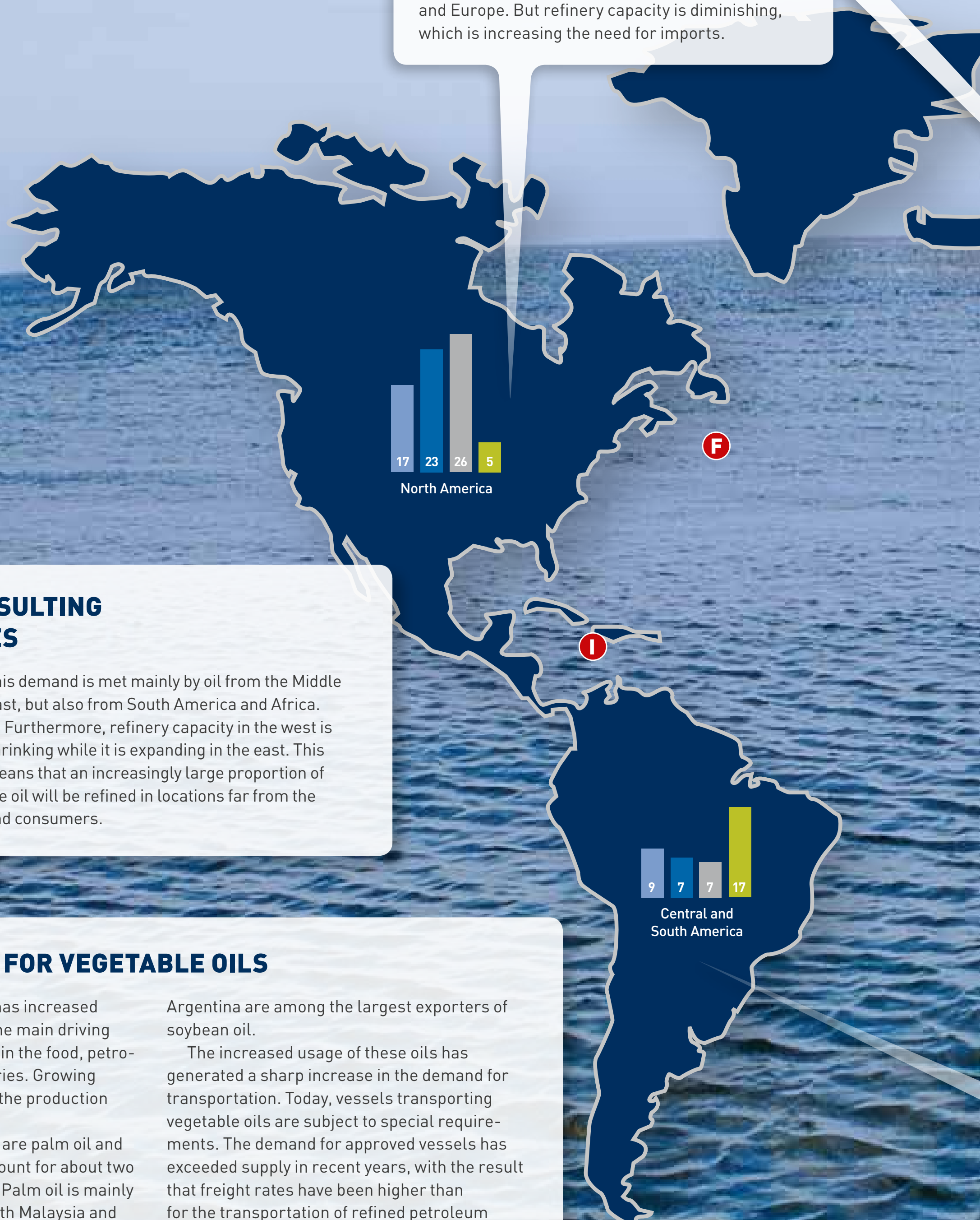
CONSUMPTION

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.

NORTH AMERICA AND EUROPE

THE NEED FOR IMPORTS IS INCREASING HERE

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.



CHANGED TRADING PATTERNS RESULTING IN LONGER TRANSPORT DISTANCES

The market for seaborne oil trade is undergoing a paradigm shift – from west to east. Asia's oil consumption has increased sharply in recent years and now exceeds production in the region by a wide margin. In North America and Europe, consumption remains high and here, too, the demand for imported oil is rising as extraction gradually decreases. This demand is met mainly by oil from the Middle East, but also from South America and Africa.

Furthermore, refinery capacity in the west is shrinking while it is expanding in the east. This means that an increasingly large proportion of the oil will be refined in locations far from the end consumers.

GROWING DEMAND FOR VEGETABLE OILS

The demand for vegetable oils has increased sharply in recent years. Here, the main driving forces include increased usage in the food, petrochemical and cosmetics industries. Growing volumes are also being used in the production of different types of biofuel.

The most common oils today are palm oil and soybean oil, which together account for about two thirds of the total consumption. Palm oil is mainly extracted in South East Asia, with Malaysia and Indonesia as large exporters. Brazil, the US and Argentina are among the largest exporters of soybean oil.

The increased usage of these oils has generated a sharp increase in the demand for transportation. Today, vessels transporting vegetable oils are subject to special requirements. The demand for approved vessels has exceeded supply in recent years, with the result that freight rates have been higher than for the transportation of refined petroleum products.

MIDDLE EAST

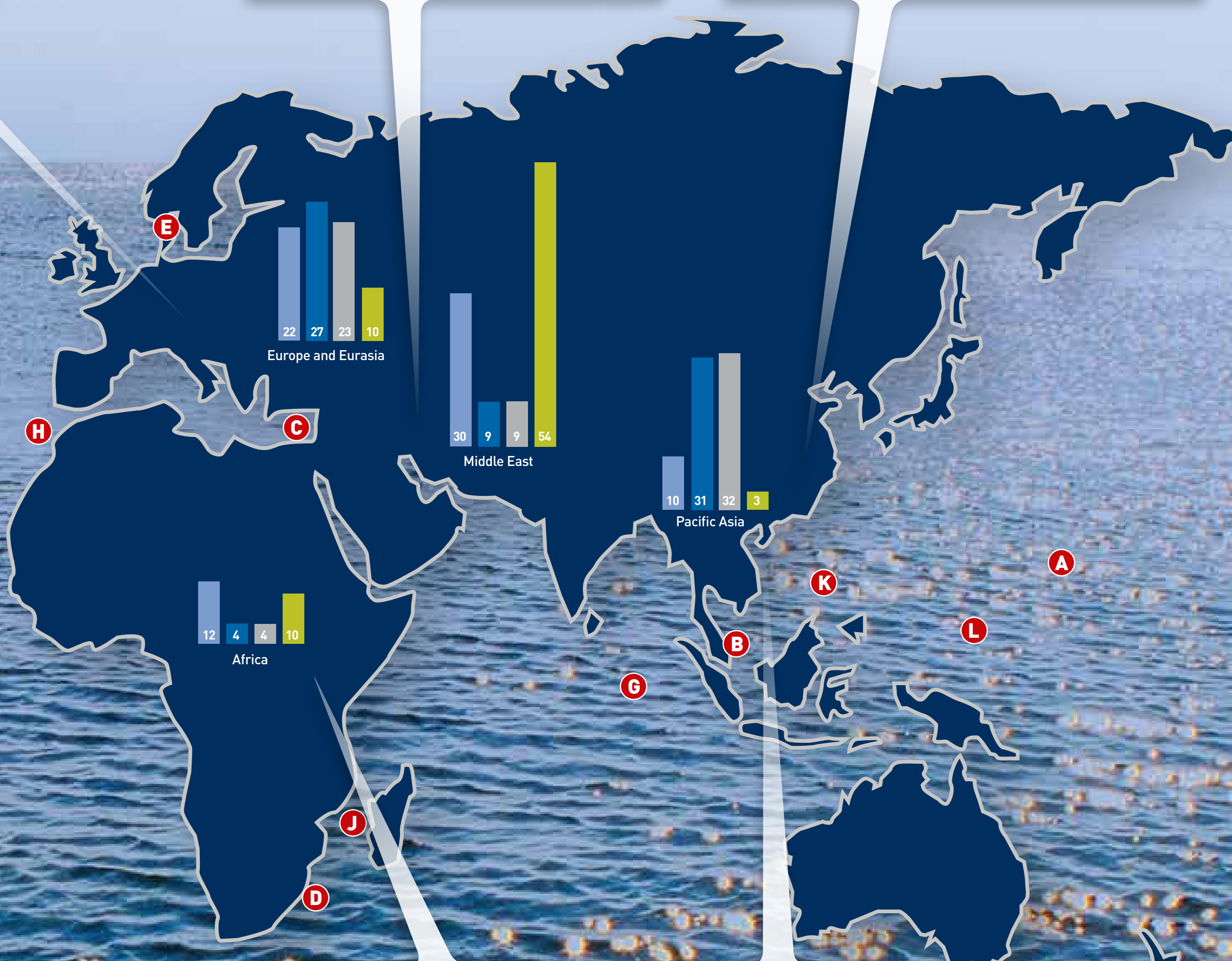
THE OIL IS HERE

More than half 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 9 percent of the total consumption.

ASIA

CONSUMPTION IS INCREASING HERE

Heavy growth combined with an increasingly widespread prosperity is resulting in a heavy increase in oil consumption. Pacific Asia now accounts for a third of global oil consumption.



AFRICA,
CENTRAL AND SOUTH AMERICA

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.

ASIA

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 to e.g. North America and Europe.

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

P-MAX

65,200 DWT
Ice Class 1A–1B

A ***Stena Paris***
Chartered to Total until 2012
Loaded diesel and fuel oil in South East Asia for discharge in the Pacific region. It is 28°C in the water and in the air. The vessel is sailing at 14 knots in a light breeze.

B ***Stena Provence***
Operated commercially by Stena Weco since July 2011
Loading palm oil in Kuantan, Malaysia for delivery in Naples, Rotterdam and Porvoo.

C ***Stena Primorsk***
Chartered to Argo until 2016
Loaded with heavy oil in the US, and will discharge part of its cargo in Limassol, Cyprus. It will then sail to Alexandria, Egypt, to discharge the rest of its cargo.

D ***Stena Performance***
Operated commercially by Stena Weco since July 2011
Loaded soybean oil in Rio Grande, Argentina, for delivery to Pyongtaek in South Korea. Today, she is on her way into Durban where she will load bunker fuel.

E ***Stena President***
Chartered to Argo Shipping until 2017
Loading fuel oil in Brofjorden for Stena Oil which will be lightered to bunker vessels in West Africa. First cargo for Stena Oil from Sweden to West Africa.

F ***Stena Perros***
Chartered to Total until 2012
En route from the Baltic to the US with a cargo of gasoline. Sailing at 13.5 knots in good weather.

G ***Stena Progress***
Chartered to Total until 2014
En route to Singapore to discharge gasoline condensate loaded in the United Arab Emirates. Sailing at 13.5 knots in a light breeze.

H ***Stena Polaris***
Chartered to ST Shipping until 2013
En route to the Mediterranean to discharge diesel loaded in the Caribbean. Sailing at 11.5 knots in a fresh head breeze. Just passing Gibraltar.

I ***Stena Penguin***
Chartered to ST Shipping until 2013
Loaded fuel oil in the US and discharged part of her cargo in the Caribbean. En route to the Dominican Republic. Sailing at 15.4 knots in a light breeze.

J ***Stena Premium***
Chartered to ST Shipping until 2014
Currently in the Indian Ocean, waiting to discharge fuel oil. This region suffers from heavy weather and delays are common.

PANAMAX

74,900 DWT
Ice Class 1A

K ***Stena Poseidon***
Chartered to Neste until 2017
On ballast voyage from Hong Kong to Singapore where she will load diesel for discharge in Buenos Aires.

L ***Palva***
Chartered to Neste until 2017
En route from Singapore to Tianjin, China with a cargo of gasoline. Sailing at 13.5 knots in a gale.

Extraction, %
Total extraction
82,095,000
barrels per day

Refining, %
Total refining
74,816,000
barrels per day

Consumption, %
Total consumption
87,382,000
barrels per day

Reserves, %
Total reserves
1,383,200
million barrels

Source:
BP Statistical Review
of World Energy 2011

THIS IS HOW WE WORK TO MAXIMISE INCOME

In the years immediately ahead, an increasingly large part of our fleet will be employed in the open market, which means that how we develop will, to a greater extent than previously, correlate with the market as a whole. This is a change that could result in both opportunities and risks. Ulf Bäcklund, Manager Tanker Chartering at Stena Weco, is one of the persons in charge of chartering the vessels.

What does a charterer do?

"The goal of all shipowners is to maximise the number of income days. My job is to find employment for the vessels – to find customers in need of transporting a certain type of cargo from point A to point B. We want to have a new cargo in the tanks as soon as possible after we have discharged a cargo."

How is that done?

"Before the vessel has reached the port, we have already started work on finding the next cargo. We market the vessel to brokers all over the world, but also directly to potential customers. When we have reached an agreement with the customer, a contract is signed and we undertake to arrive at the desired port of discharge at the date agreed on. The crew appreciates being informed about the next cargo as soon as possible so that they can plan for supplies and know where they can expect to be relieved next time."

What is the biggest challenge?

"Apart from finding the customer, it's partly getting the logistics around the voyage to function and partly optimising the flows. You always have to think several steps ahead – what happens when we reach point B? Is there any cargo there or would it be better to go to point C with empty tanks and find a cargo there? And what is happening in the world around us – what are our competitors doing and how will bad weather, storms, war and unrest affect the flows? There are many factors you have to consider."

TANKER MARKET TREND


CONCORDIA
MARITIME
CONCORDIA
MARITIME

1

THE TANKER MARKET TREND IN 2011

The imbalance on the tanker market, with a supply that exceeds demand by a wide margin, continued to affect the tanker market and the freight rates in 2011. The downturn was greatest in the large tanker segment although the product tanker segment continued to be weak.

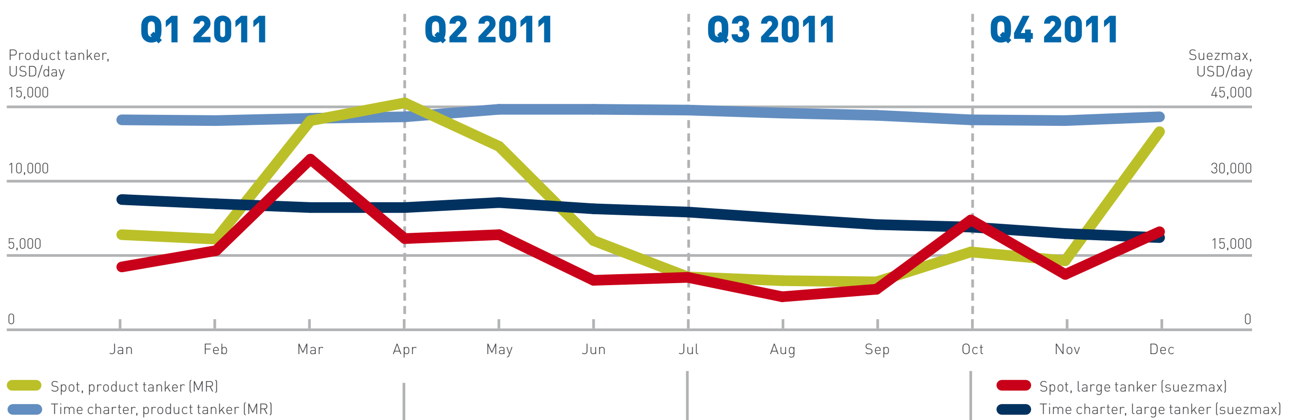
2011 was yet another weak year for tanker shipping. The average freight rate for an MR product tanker was approx. USD 13,000 per day, about 50 percent higher than in 2010. For VLCCs and suezmax tankers, the freight rates were at substantially lower levels than in 2010, around USD 5,000 and USD 15,000 per day, respectively, a downturn of 80 and 50 percent.

Income in relation to the trend

In recent years, we have had all or most of our fleet signed to long-term charters. This strategy means that we have been, and still are, relatively unaffected by the downturn in the market. At the end of 2011, all our owned vessels except for two were signed to long-term charters, which meant stable cash flows and a secure income level. The freight rates for our P-MAX and panamax tankers' time-charter contracts continued to be much higher than on the open market. On average, these contracts have generated just over USD 20,000 per day, which can be compared with about USD 13,000 per day on the open market.

The situation will remain more or less unchanged in 2012, although two vessels will be redelivered to us at the end of the year. This means that if no new long-term contracts are signed, our exposure to the open market will subsequently increase.

Here, it is worth emphasising the opportunities that can arise in a weaker market. Our strong balance sheet gives us financial freedom of action that could open the way for new business opportunities.



The spot rates averaged around USD 9,000 per day. At the end of the quarter, freight rates were around USD 15,000/day. In the time-charter market, 3-year contracts were signed at around USD 15,000/day at the end of the period.

The spot rates in the MR segment fell sharply to, on average, around USD 11,000/day. In the time-charter market, 3-year contracts were signed at around USD 15,000/day at the end of the period.

The freight rates dropped in the MR segment. The freight rates in the spot market averaged around USD 3,500/day. In the time-charter market, 3-year contracts were signed at around USD 14,500/day at the end of the period

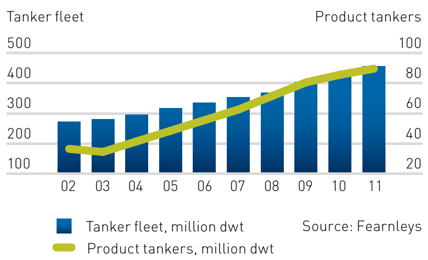
The freight rates in the MR segment rose sharply. The freight rates in the spot market averaged around USD 8,000/day. In the time-charter market, 3-year contracts were signed at around USD 14,500/day at the end of the period.

The comments above refer to the product tanker segment. The chart shows the average value per month on a strictly round trip basis.

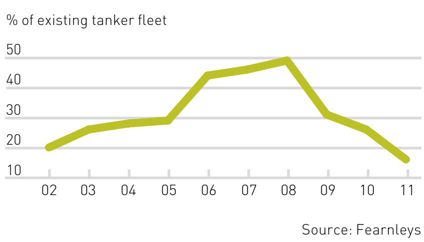
2 THE DRIVING FORCES BEHIND THE TREND

Although the demand for tanker transportation increased in 2011, it did not do so at the rate needed to satisfy the high growth of the fleet since 2005. This disparity, in combination with an uncertain world economy, contributed to a continuing imbalance between supply and demand.

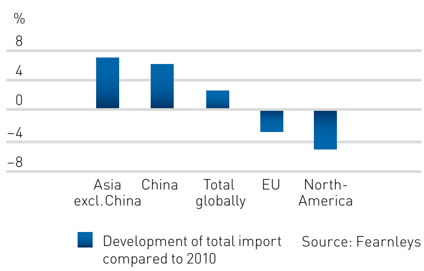
Trend of tanker fleet



Order book



Imports of oil in 2011



The fact that tanker shipping is not one market but several became even more obvious in 2011. The trend in the product tanker segment was, generally speaking, far more positive than in the rest of the tanker market. Changed trade patterns and ever fewer deliveries of newbuildings were among the foremost driving forces.

The demand for seaborne transport of oil varies to a large degree together with the demand for oil and petroleum products. Taken as a whole, the demand for oil rose 1.0 percent to 87.8 million barrels per day in 2011.

China and India important engines

The demand for oil is largely determined by how the world economy develops. After the extremely rapid and sharp downturn in 2009, the world economy has recovered over the last two years and, despite financial uncertainty, has expanded by an average of 4.5 percent per year. China and India have been important engines with a growth of 9.2 and 7.4 percent, respectively, in 2011. As was the case in 2010, growth was much more anaemic in Euroland and the US, 1.6 and 1.8 percent, respectively.

Growing fleet

The increased demand for transportation did not, however, keep in step with the increased supply of vessels. In 2011, the product tanker fleet grew (measured in deadweight tons) by about 4.0 percent.

Growth in most of the tanker segments has been strong in recent years. In the last ten years, the total tanker fleet has grown more than 65 percent. As a result of the large orders placed during the very strong tanker market in 2004–2008, growth in recent years has been extra strong.

283 new tankers, equivalent to 38 million deadweight tons, were delivered in 2011. Of these, 100 were product tankers totalling 5.4 million deadweight tons.

Limited impact of scrapping

In addition to deliveries, the size of the fleet is also affected by how many vessels are withdrawn from service or scrapped. This is guided to a large degree by three

factors: the age of the vessels, the economic climate in the freight market and new laws and regulations. In 2011, vessels equivalent to about 6.3 million deadweight tons were scrapped. In relation to the size of the fleet, relatively few vessels were scrapped, about 1.4 percent, which is why scrapping continued to have a limited impact on the growth of the fleet.

Shrinking order book

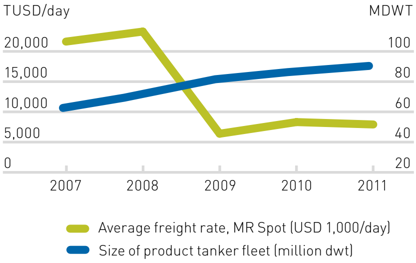
For the third consecutive year, the order book shrank, mostly due to continued deliveries of vessels, but also as a result of a limited number of new orders. A total of 74 (209) new vessels totalling 7.3 (35) million deadweight tons were ordered during the year. All in all, the order book, measured in deadweight tons, contracted 34 percent. This means that it comprised approx. 16 percent of the total tanker fleet at the end of the year.

In our principal segment, tankers for transporting refined oils, the order book was much smaller. Here, vessels in the order book accounted for approx. 9 percent of the existing product tanker fleet.

Unchanged prices

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 2011, a standard MR tanker was priced at about USD 36 million.

Freight rates compared with size of fleet



Source: Fearnleys

Shrinking order book

Million dwt	Product tankers	Suez-max	Tanker fleet, total
Order book 2010	13.2	22.8	111.7
Order book 2011	8.3	16.6	74.0
Trend, %	–36	–27	–34

Source: Clarkson


STENA PRIMORSK
LIVERPOOL

3 LOOKING AHEAD – THE TANKER MARKET TREND

The single most crucial factor for the development of the tanker market is how the balance between the supply of vessels and the demand for transportation will develop. Here, the forecasts differ relatively widely between the different market segments. In the product tanker segment, the balance is expected to improve, while the imbalance in the large tanker segment is expected to continue to be larger.

In addition to the balance between supply and demand, there are also a number of factors of a more structural nature, including changes in trade patterns and refinery capacity that also point to a more positive trend in the product tanker segment in the future.

Factors that affect the balance between supply and demand

Size of the fleet

The large number of available vessels is one of the greatest challenges facing tanker shipping. The forecast growth in the future differs depending on the market segment. It is expected to be largest in the VLCC and suezmax segment, but substantially lower in the product tanker segment. Here, growth in 2012 is expected to amount to a more moderate 3–4 percent.

It is worth noting that there is currently also an atmosphere of uncertainty concerning when the vessels in the order book will actually be delivered. 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 reason to believe that some of the orders will be postponed until a later date. How many of the vessels on order will actually be delivered and when remains to be seen.

The scrapping rate is expected to remain at a relatively low level. Today's tanker fleet is relatively young. Only about five percent of the vessels in the fleet were more than 20 years old at the end of 2011. Nor is IMO's decision to ban single-hulled vessels expected to have any significant impact. Most of the single-hulled vessels have already been phased out.

Trend of the world economy

It is difficult to judge the growth of the world economy in the future. For the period 2011–2015, the IMF forecasts an annual growth of between 3.3 and 4.9 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

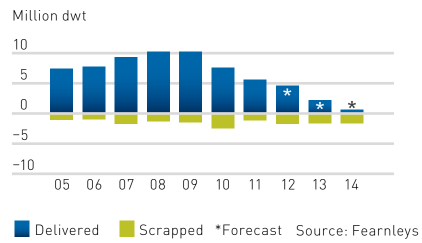
According to estimates made by the UN among others, the world population will increase about 35 percent by 2050, from just under than 7 billion today to about 9.3 billion. This, in combination with more of the population enjoying greater prosperity, is one of the main reasons why the demand for energy is expected to rise. 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.

Forecast growth in supply and demand (product tankers)

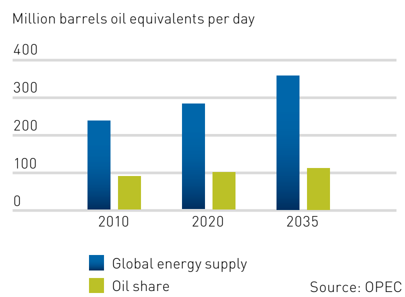
	2011E	2012E
Growth of fleet	4.1	3.7
Growth of demand	1.2	4.3

Source: Clarkson

Delivered and scrapped product tankers



Rising demand for energy and oil



Structural and temporary market changes

Longer transport distances, changed trading patterns

In the future, changed trading patterns could have major consequences for tanker shipping in general and product tanker shipping in particular. Currently, there is a large shift from west to east in progress as regards production, refining and consumption. Even though Chinese oil consumption is still just under half that of the US, China's growth rate has been very high. In the last ten years alone, oil consumption in China has almost doubled.

In the US and Europe, the growth rate as regards consumption is far lower. Here too, however, an increasingly large share of oil consumption in the future will have to be covered by increased imports as domestic production gradually diminishes. 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 greater demand for product tankers as a conceivable consequence.

The fact that refinery capacity is now increasing east of Suez and stagnating or decreasing west of Suez will benefit the product tanker market. Several refineries were shut down on the US East Coast and in the Caribbean in 2011 and at the beginning of 2012.

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 in a market that is already under pressure. This means that refined petroleum products will have to be transported increasingly long distances in order to reach the end consumers in North America and Europe.

War, instability and bad weather

War, political instability, bad weather and other factors of a geopolitical nature can cause large-scale disruptions and have major consequences when it comes to traffic flows. Examples in recent years are the revolution in Libya and 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 adjustments and 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, not least 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.

Increased production of shale oil

In the US, the extraction of oil from shale has increased sharply in recent years. This is, among other things, a consequence of the US goal of reducing the need to import oil from other countries. After refining, however, a relatively large share of this oil is exported, which, as volumes rise, could cause the demand for product tankers to increase still further.

WHAT DO THE EXPERTS SAY ABOUT …

… THE TREND IN 2011

How would you describe the trend in the tanker market in 2011? What were the foremost driving forces?

… THE TREND IN 2012–2013

What do you believe the trend will be in the product tanker market in 2012–2013? Challenges and opportunities?

Ole-Rikard Hammer
Head of Research. Platou

"2011 was a very weak year. On average, the freight rates fell 30–50 percent. The total fleet continued to grow, in fact even faster than the previous year. Our assessments point to growth of 6.4 percent.

It should be added that the demand for tonnage only increased 2.5 percent. The world economy weakened with the worsening debt crisis at the same time as trade in oil was affected by reduced Libyan exports."

"The smaller product tanker segments performed better than the large-tanker segment in 2011 and this will likely continue for the next 1–2 years. The product segment has a small order book, 12 percent of the fleet compared with 19 percent for the large-tanker segment.

The trend in moving refinery capacity from the West to Asia and the Middle East could offer new trading opportunities for product tankers in the future. In the short term, however, all the segments in the tanker market are suffering from weaker growth when it comes to the demand for oil."

Nicolai Hansteen
Chief Economist.
Pareto Shipping

"A continuation of a relatively weak global economy combined with a subdued demand for oil has characterised the product tanker segment in 2011. The on-going shift in terms of demand for refined oil products and refining capacity is creating new patterns of trade, however, which can lead to longer transport distances and increased ton-mile demand."

"The vessels that were delivered between 2008 and 2010 have now been absorbed by the market and growth in the fleet is expected to decline. This paves the way for an improved balance between supply and demand in future years."

Sverre Bjørn Svenning
Director of Fearnley
Consultants

"2011 turned out to be yet another disappointing year. Despite a growth in global oil demand, we saw that crude tanker demand increased by only a fraction of a percent. The four major importers, Japan, China, South Korea, and the USA, combined saw a decline in transportation work generated. The primary cause for this decline is found in the greatly reduced imports to the USA from the MEG.

The product tanker market fared much better, if not well, as the tonnage balance improved throughout the year. We saw a good increase in long-haul exports from South Asia into Europe and the Americas contributing positively to demand. At the same time we have witnessed refinery closures in both areas reducing crude oil demand but increasing products import."

"The order book to fleet ratio for product tankers has come down to a very low level and we believe that net MR tanker growth this year could end at 2.5%. Combined with very low contracting activity we see the supply side of this market as very promising going forward. On the demand side we see continued build-up in refining capacity in the Middle East and India and expect to see continued good growth in products exports from these areas and into the Atlantic generating good growth in product tanker demand. A challenge we see today is the entrance of very fuel efficient designs. This challenge is linked to the valuation of modern existing tonnage. If the new tanker designs keep what they promise we expect to see values of modern tankers fall substantially as their fuel costs will remain significantly higher than the new ships delivered."

RISK AND SENSITIVITY ANALYSIS

Like all commercial enterprises, our activities are associated with certain risks. The overall risks can be divided into four main categories – corporate risks, market-related risks, operational risks and financial risks.

Ten of our 12 owned vessels are currently signed to fixed charters. This contributes to reducing the financial risks otherwise associated with shipping.

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 in the case of e.g. technicians and employees responsible for customers and partners as well as 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 are also working 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. Especially in times of financial nervousness and instability, it is important for us to have vessels on order fully financed. One of our overall objectives is to always have 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 financial problems in the world market.

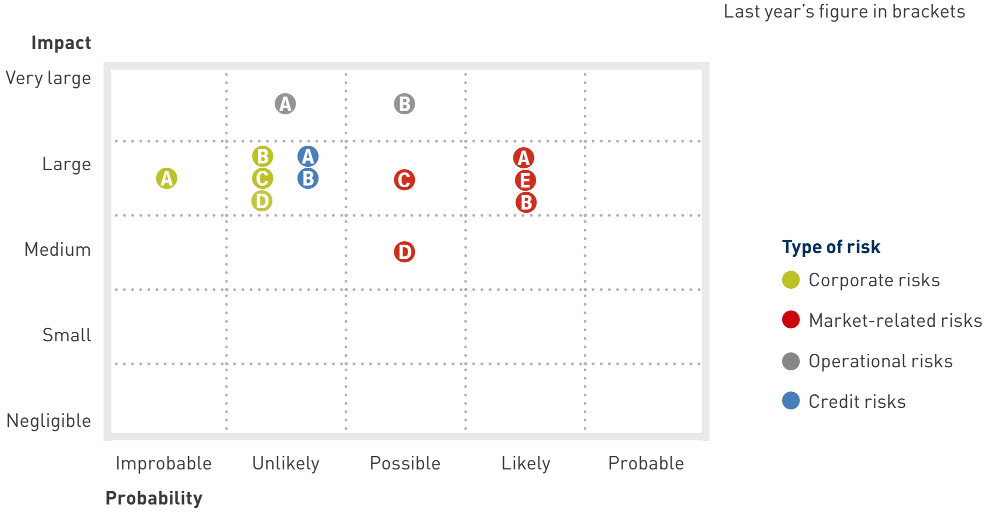
Stable cash flows, good liquidity and good relations with banks and other lenders are factors that can limit this risk.

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.

	Type of risk	Effect (1–5) Whole industry	Effect (1–5) CM	Probability (1–5) Whole industry	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** (2)	Stable cash flows as a result of good contract coverage. Good bank connections.
	D Financing risk	**4** (4)	**4** (4)	**4** (4)	**2** (2)	High liquidity, profitability and equity ratio, and good bank connections.
2. Market-related risks	A Economic trends	**4** (4)	**4** (4)	**5** (5)	**4** (3)	Good relationships with customers both in the time charter and spot market.
	B Freight rates	**5** (5)	**4** (4)	**5** (5)	**4** (3)	Operations currently in part based on contracts.
	C Oil price	**4** (4)	**4** (4)	**4** (4)	**3** (3)	The customer pays the cost of bunker oil when on time charter contracts.
	D Political risk	**3** (3)	**3** (3)	**3** (3)	**3** (3)	A market leader when it comes to safety and environmental work.
	E War/instability	**4** (4)	**4** (4)	**4** (4)	**4** (4)	Continuous business intelligence and internal security policy.
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** (3)	Continuous work on preventive measures.
4. Credit risks	A Counterparty risks – customer	**4** (4)	**4** (4)	**3** (3)	**2** (2)	Primarily financially stable customers.
	B Counterparty risks – shipyards and partners	**4** (4)	**4** (4)	**3** (3)	**2** (2)	Financially and operationally strong players. Bank guarantees and penalty clauses.

Last year's figure in brackets



The first prize in this year's photo competition was awarded Colin Wilson Junior. The image shows the deck onboard *Stena Provence* on the St. Lawrence river headed for Montreal.

A Economic trends

Shipping is a highly cyclical business. The demand for transportation of oil and 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. With 75 percent of the fleet currently signed to long-term charters throughout 2012, our exposure to changes in freight rates in the short term is limited for the coming year.

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 (including bunker oil). In the long term, changes in the price of oil affect freight rates, which, in turn, have an impact on the shipping company's revenue.

D Political risks

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

As regards international trade, the trend in recent years has been towards increased global free trade, and fewer restrictions of a commercial policy nature. The main risk of changes would appear to lie in the area of safety and the environment, where international and national laws, industry-related conventions, regulations and practice are continuously reviewed.

This trend is being driven from several directions, both political and by 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' market value.

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

In addition to the insurance policies above, 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 loss of life. 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 major 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 our 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.

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 2011

At the start of 2011, the share price of Concordia Maritime's Series B share was SEK 20.50 and at the end of the year SEK 12.95, a drop of 37 percent. In 2011, the total return on the shares, including the proposed dividend of SEK 1.00, was –32 percent.

At the end of 2011, share capital amounted to SEK 618 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 5,266 shareholders as of 31 December 2011, which is 3.8 percent fewer 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 5.9 percent of the share capital and 3.4 percent of the votes.

As of 31 December 2011, foreign ownership amounted to 15.7 percent of the share capital and 8.9 percent of the votes.

Total ownership by institutions amounted to 9.7 percent of the share capital and 5.5 percent of the votes. 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.

FINANCIAL COMMENT

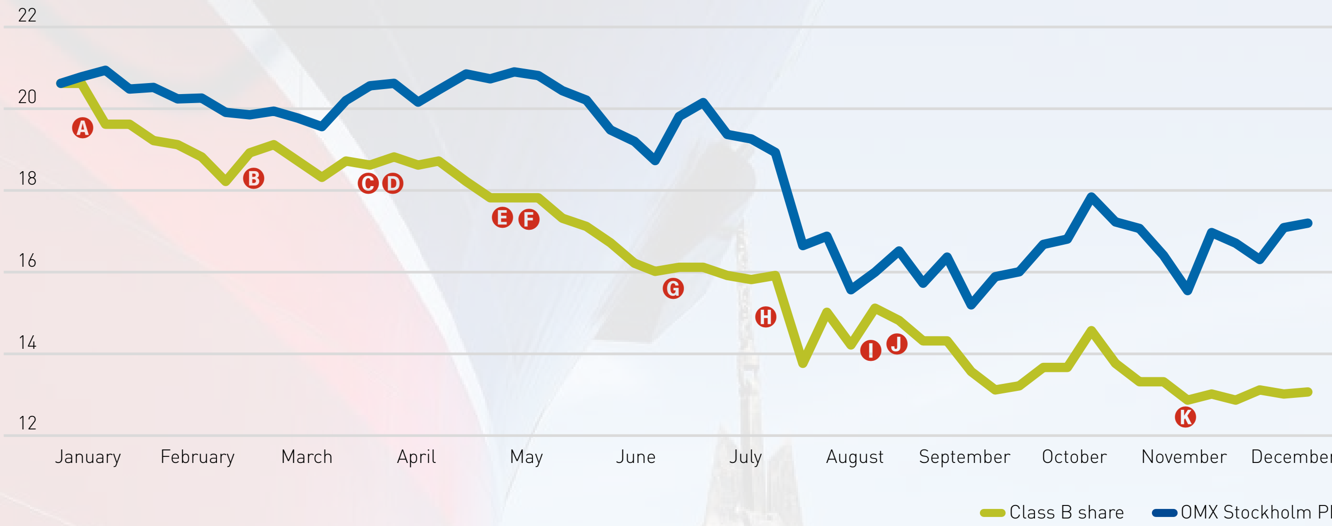
On last year's stock market, we saw how shipping shares lost a lot of their value. The value of our share fell 37 percent, a modest drop compared with the industry as a whole. This can largely be explained by a generally more positive view of our market segment (product tanker) than the market in general, our contract coverage and our relatively strong result trend.

In 2011, we maintained our financial position at the same time as we had good access to liquid funds. The return on share capital is not in line with our objective, but we are satisfied bearing in mind what the open market looks like. 2012 will be a challenge and we expect lower income and a lower result. Basically, we have a positive view of the product tanker market, but the global market's growth rate is a direct threat to our market.

Gothenburg, March 2012

Göran Hermansson, Chief Financial Officer

SHARE PRICE TREND



Press releases in 2011

A 14-01-2011
Concordia Maritime participates in charters of two Aframax tankers

B 22-02-2011
Final Accounts 1 January–31 December 2010

C 21-03-2011
Notice of the Annual General Meeting

D 22-03-2011
The Annual Report for 2010 is published on the website

E 28-04-2011
Interim Report 1 January–31 March 2011

F 2011-04-29
Press release from AGM

G 13-06-2011
Delivery of *Stena Premium*

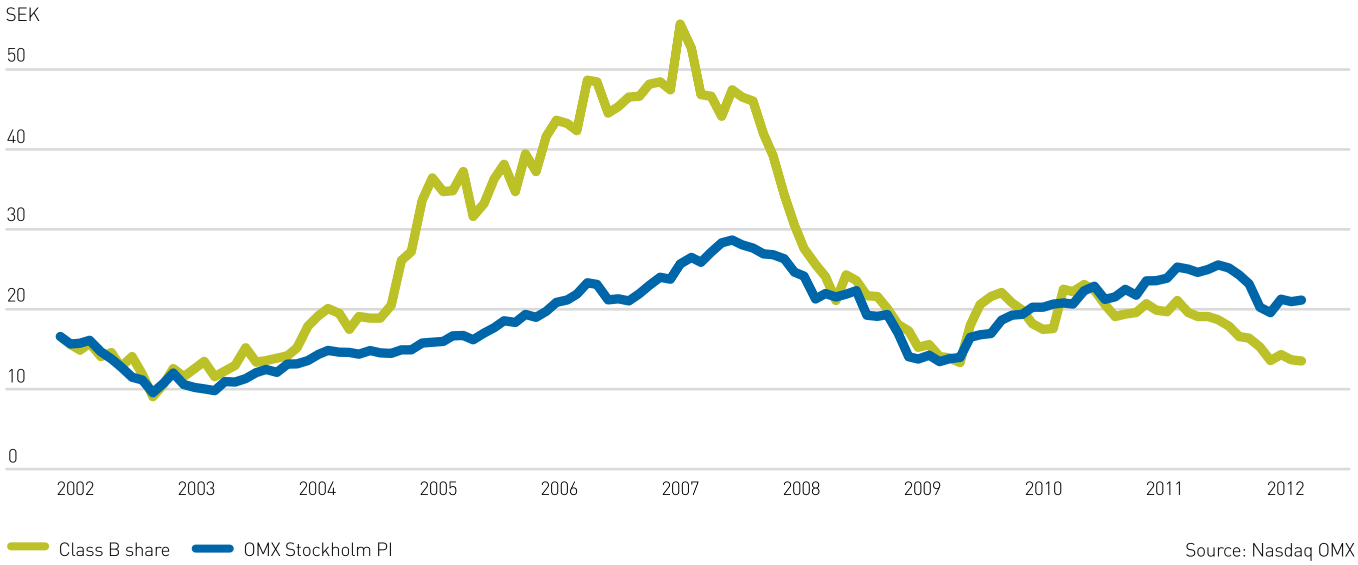
H 07-07-2011
Concordia Maritime launches App

I 09-08-2011
Concordia Maritime upgrading ships and changing fleet disposition

J 16-08-2011
Interim Report 1 January–30 June 2011

K 02-11-2011
Interim Report 1 January–30 September 2011

Concordia Maritime's share price, 2002–2011



Concordia Maritime's share price, 2002–2011

Year	Dividend per share	Dividend yield %
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	5.9
2010	1.00	4.9
2011	1.00 [1]	7.7

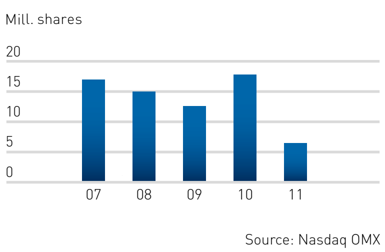
1) Proposed dividend.

Dividend policy

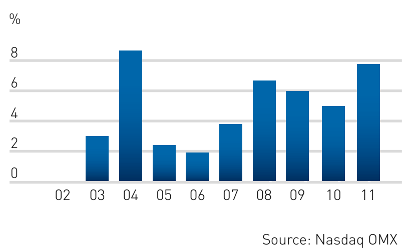
Concordia Maritime's long-term objective is to maximise the value of the shareholders' capital in the company through long-term growth in the value of the fleet and a good return on oil transport. This should provide the necessary conditions for a long-term, positive share price trend.

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.

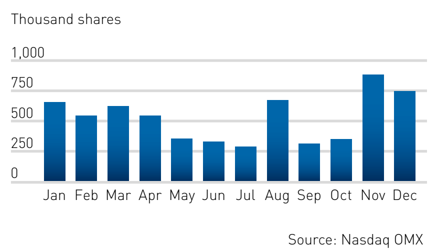
Share turnover, last five years



Dividend yield



Share turnover, 2011



Key figures for the share

	2011	2010	2009	2008	2007	2006	2005	2004	2003[1]	2002[1]
Dividend, SEK	1.00[2]	1.00	1.00	1.00	1.00	1.00	1.00	3.00	0.50	—
Dividend as % of net result after tax	56	60		50	76	92	83	19	31	—
Shares outstanding at year-end, millions	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73
Average number of shares outstanding, millions	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.07
Share price at year-end, SEK	12.95	20.50	17.00	15.00	27.00	55.00	43.00	34.80	17.50	11.00
Dividend yield, % [4]	7.7[3]	4.9	5.9	6.6	3.7	1.8	2.3	8.6	2.9	—
Total return, Concordia share, %	–32.0[3]	26.5	20.0	–40.7	–49.1	30.2	26.4	116.0	63.6	–31.2
P/E ratio including ship sales	7.3	12.2	neg	7.5	20.5	50.5	35.8	2.2	10.8	neg
P/E ratio excluding ship sales	7.3	12.2	neg	—	—	—	2,150.0	17.8	9	neg
Turnover of shares per year, millions	6.2	17.6	12.4	14.7	16.8	32.4	18.6	24.3	8.4	5.8
Rate of turnover, %	13	37	26	33	38	74	43	56	19	13
Market value at year-end, SEK million	618	978	811	716	1,288	2,625	2,052	1,661	835	525
Number of shareholders	5,266	5,470	5,006	4,834	4,963	5,942	6,209	6,081	5,431	5,542
Equity per share	37.24	35.94	37.47	41.21	34.08	34.09	37.10	33.87	21.51	24.16

1) Key figures for 2002–2003 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	15.7	8.9
Swedish owners	84.3	91.1
of which		
Institutions	9.7	5.5
Unit trusts	1.3	0.7
Private individuals	21.4	12.1
Others	52.0	72.7

Ownership concentration

	Capital %	Votes %
The 10 largest shareholders	71.8	83.9
The 25 largest shareholders	77.2	87.0
The 100 largest shareholders	83.2	90.4

The 10 largest shareholders

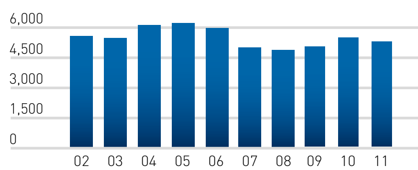
	Capital %	Votes %
Stena Sphere	52.0	72.7
Odin fonder	5.9	3.4
Fjärde AP-fonden	5.6	3.2
Stig Andersson	2.5	1.4
Avanza Pension Försäkring AB	1.5	0.8
Orkla fonder	1.2	0.7
DFA fonder (USA)	1.0	0.6
Apotekets pensionsstiftelse	0.8	0.5
Arnhult Rutger bolag	0.6	0.4
Traction AB	0.6	0.3

Shareholder structure

Shareholding	Owners	Shares	Capital %	Votes %
1–1,000	4,112	1,323,285	2.8	1.5
1,001–10,000	977	3,104,940	6.5	3.7
10,001–100,000	150	4,447,471	9.3	5.3
100,001–	27	38,854,102	81.4	89.5
Total	**5,266**	**47,729,798**	**100.0**	**100.0**

Shareholder trend 2002–2011

No. of shareholders



Source: Nasdaq OMX

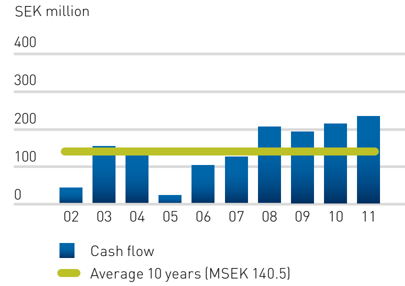
TEN-YEAR SUMMARY

	2011	2010	2009	2008	2007
Profit/loss items, SEK million					
Net sales	559.6	513.4	599.3	560.0	457.2
Operating costs	–452.0	–413.2	–531.5	–473.6	423.2
Operating result	107.6	100.2	67.8	86.4	34.0
whereof result from the sale of ships	—	—	—	—	—
EBITDA	242.6	219.5	160.8	162.6	91.5
Result after net financial items	76.3	76.9	–91.0	78.1	48.0
Net result after tax	84.8	80.4	–81.1	95.8	62.9
Cash flow from operating activities[1]	231.1	210.7	189.6	203.2	121.11
Investments	330.1	638.6	654.2	301.3	838.6
Balance sheet items, SEK million					
Ships	3,289.5	2,919.6	2,265.0	2,059.6	1,769.6
(Number of ships)	11	10	8	7	7
Ships under construction	143.0	262.0	619.0	536.3	158.3
(Number of ships)	1	2	3	4	4
Cash and cash equivalents	128.2	68.3	82.5	31.3	55.6
Short-term investments	113.6	84.0	37.1	283.6	397.1
Other assets	83.9	127.4	367.8	575.7	429.6
Interest-bearing liabilities	1,815.4	1,596.1	1,458.5	1,369.2	1,073.0
Other liabilities and provisions	165.2	149.3	124.6	150.3	110.7
Equity	1,777.6	1,715.4	1,788.3	1,967.0	1,626.5
Balance sheet total	3,758.2	3,460.8	3,371.4	3,486.5	2,810.2
Key ratios, %					
Equity ratio	47	50	53	56	58
Return on total capital	3	2	3	3	4
Return on capital employed	3	2	3	3	4
Return on equity	5	5	–4	5	3
Per-share data, SEK					
Net result after tax	1.78	1.68	–1.70	2.01	1.32
of which profit/loss from ship sales	—	—	—	—	—
Cash flow[1]	4.84	4.41	3.97	4.26	2.54
Equity	37.24	35.94	37.47	41.21	34.08
Equity net asset value	2.88	1.75	2.20	2.75	1.26
Share price at year-end	12.95	20.50	17.00	15.00	27.00
Dividend[2]	1.00	1.00	1.00	1.00	1.00
Dividend as % of net result after tax	56	60	n/a	50	76
Other					
P/E ratio including ship sales	7.3	12.2	neg	7.5	20.5
P/E ratio excluding ship sales	7.3	12.2	neg	—	—
Number of shareholders	5,266	5,470	5,006	4,834	4,963

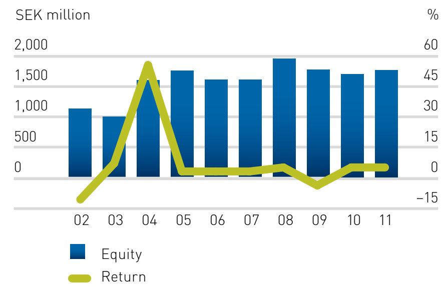
1) Ship sales not included
2) For the year 2011, the dividend proposed to the AGM 2012 is stated.
3) Comparative figures for 2002–2003 have not been recalculated in accordance with IFRS.

2006	2005	2004	2003[3]	2002[3]
381.2	254.0	354.0	649.7	768.6
376.5	312.0	271.2	575.7	877.9
4.7	–1.8	729.4	58.9	–98.2
—	56.2	646.6	–15.1	11.1
38.7	–1.3	795.5	177.5	89.5
52.5	42.7	740.2	35.1	–142.4
51.9	57.2	740.2	77.1	–148.9
100.0	20.4	136.2	150.5	40.0
767.2	492.8	86.3	61.6	—
1,048.7	304.2	32.5	1,223.9	1,907.0
4	1	1	4	6
222.3	384.7	128.0	55.4	—
7	6	7	6	—
30.2	280.4	1,123.4	40.3	115.2
517.6	559.1	130.7	—	—
413.7	368.9	313.4	87.8	216.7
506.2	0.0	0.0	300.7	926.6
99.3	126.4	111.2	80.2	159.3
1,627.0	1,770.9	1,616.8	1,026.5	1,153.0
2,232.5	1,897.3	1,728.0	1,407.4	2,238.9
73	93	94	73	51
4	5	47	3	–4
5	6	49	3	–4
3	3	56	7	–11
1.09	1.20	15.51	1.62	–3.12
—	1.18	13.55	–0.32	0.23
2.10	0.43	2.85	3.15	0.84
34.09	37.10	33.87	21.51	24.16
0.62	0.86	0.97	1.22	2.20
55.00	43.00	34.80	17.50	11.00
1.00	1.00	3.00	0.50	—
92	83	19	31	0
50.5	35.8	2.2	10.8	neg
—	2,150.0	17.8	9	neg
5,942	6,209	6,081	5,431	5,542

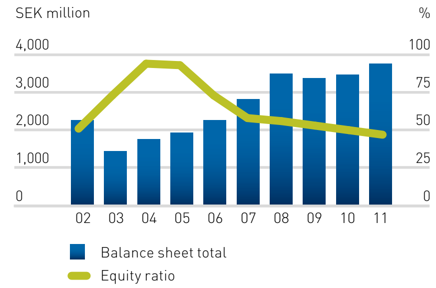
Cash flow from operating activities



Return on equity



Equity ratio



CONCORDIA MARITIME
PMAX

FINANCIAL INFORMATION

2011

Sextant

Sextant (lat. sextans "one sixth") is an instrument that is used at sea to determine a ship's position. It is used to determine the height over the horizon of the sun or other celestial object at a certain time of the day. Since the sun's height over the horizon at a specific time and day is always the same, the latitude can be found with the help of a table. Determining one's longitude requires several measurements, also at fixed times. The intersection between the results for latitude and longitude shows the ship's position.

As long ago as in the 13th century, Arab seafarers invented the precursor of the sextant, the so-called astrolabe, which was a circle-shaped protractor. Another precursor was the Jacob staff, which consisted of a pole or main staff marked with graduations for length and a cross-piece that slid up and down the main staff, which was used in the 16th and 17th century. The name sextant comes from the scale used, which has a length of 1/6 turn – 60°.

BOARD OF DIRECTORS' REPORT

The Board and President of Concordia Maritime AB (publ), corp. ID 556068-5819, hereby submit the annual report for the financial year 1 January–31 December 2011. The Parent Company, is Stena Sessan Rederi AB, which holds approximately 52 percent of the capital and 73 percent of the total voting rights. Its parent company is Stena Sessan AB.

Business summary

P-MAX

Ten wholly-owned P-MAX tankers were in service at the end of 2011. Eight of these are signed to charters of between three and ten years from the date of delivery. During the second quarter, *Stena Performance* was redelivered after her five-year time charter with Hess. The vessel is now employed on the open market.

In July, an agreement for early redelivery of *Stena Provence* was signed with Total. The vessel was employed on the open market from August. During the year, a number of ships completed their initial five-year dry docking. Three vessels were converted to IMO III, allowing them to engage in the transportation of vegetable oils.

Panamax

During the year, the two panamax tankers *Stena Poseidon* and *Palva*, owned in a joint venture with Neste Shipping, sailed through the Northeast Passage, which lies between Murmansk in Russia and the Pacific Ocean. These ships also completed their initial five-year dry docking during the year.

Aframax

For a short period, Concordia Maritime participated with Stena Bulk AB, on a 50–50 basis, in the charter of two aframax tankers with a high ice class (1A). The charter period was from mid-December 2010 until the end of 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 comprised 50 percent in the suezmax tanker *Yasa Scorpion,* which had been chartered together with Stena Bulk since May 2010. The contract ran until May 2011.

Newbuilding program

The tenth and last in the series of P-MAX tankers, *Stena Premium,* was delivered in June 2011. The suezmax tanker ordered in early 2010 is scheduled for delivery at the beginning of third quarter of 2012.

Other

The insurance case concerning the damage to *Stena Victory* in 2009 was concluded during the fourth quarter. The compensation received exceeded the expected amount, which made a positive contribution of USD 1.9 million to results and EBITDA.

Fleet value

At the end of 2011, the value of the fleet was approx. USD 75 million higher than its market value. Market value is defined as the average of three independent broker valuations based on immediate delivery to the open market. This means that the valuation does not take into account any existing time charters. In accordance with IFRS, the contract portfolio and expected future cash flows have been used to value the fleet. This method justifies the fleet's carrying amount, which is calculated on the basis of daily earnings of USD 19,000 on non-contracted days over the vessels' remaining economic life. Consequently, there was no impairment at the end of 2011.

Freight market trends

Product tanker market (MR)

Overall, the market for MR vessels remained weak in 2011. During the year, the average rates on the spot market were under USD 10,000 per day, which is in line with the previous year. In the time charter market, three-year contracts were signed at average levels of around USD 14,500 per day, which is slightly higher than the previous year.

Large tanker market (suezmax)

The trend in the suezmax segment was weak during the year, but more volatile than the MR segment. Freight rates as a whole averaged USD 16,000 per day, which is lower than the previous year. In the time charter market, three-year contracts were signed at average levels of around USD 20,000 per day, which is also lower than the previous year.

Shipbuilding market trends

The product tanker fleet continued to expand, with net growth for 2011 approx. 4 percent. In December 2011, the price of a standard MR tanker was approx. USD 36 million, while the price of a suezmax tanker was approx. USD 62 million.

Financial review

Results and financial position

Turnover in 2011 was SEK 559.6 (513.4) million. The result after financial items amounted to SEK 76.3 (76.9) million. The result after tax was SEK 84.8 (80.4) million, corresponding to a result per share of SEK 1.78 (1.68). The turnover and earnings trend is in line with the forecast.

Investments

The bond portfolio is classified as "available-for-sale" and as such is carried at market value in Other comprehensive income. Other holdings (primarily mutual funds) are measured at their market value and recognised in the income statement. The bond portfolio was increased during the fourth quarter and its value at the end of the year was USD 15.2 million. In addition to the holding in DDI Holding, the portfolio included bonds in Teekay Offshore, Rabobank and Norska Eksportfinans at the end of 2011. The intention is to further expand the portfolio during the first quarter of 2012 to approx. USD 20 million. The idea is to invest excess liquidity with a reasonable level of risk and return. Since the end of the year, bonds have been acquired in Golden Close Maritime, Kungsleden Fastigheter, Vimpelcom, Bonheur and Svensk Export Kredit. The holding in DDI Holding was redeemed in January 2012. Total short-term investments corresponded to SEK 113.6 (84.0) million.

Investments

Investments during 2011 amounted to SEK 330.1 (638.6) million and related to deliveries of ships, advance payments and project costs.

Liquidity and financial position

The Group's available liquidity, including unutilised credit facilities, amounted to SEK 625.4 (698.0) million. Interest-bearing liabilities increased during the period from SEK 1,596.1 million to SEK 1,815.4 million. Equity totalled SEK 1,777.6 (1,715.4) on the reporting date and the equity ratio was 47 (50) percent.

Remuneration policy for senior executives

Remuneration of the Chairman of the Board, Deputy Chairman and Board members is in accordance with the decision of the 2011 annual general meeting, which also corresponds to the proposed guidelines for 2012. There is no special remuneration for committee work. The AGM adopted the following remuneration policy for senior executives. Remuneration comprises a fixed salary, variable compensation, pension and other benefits. In order to attract and retain skilled personnel, Concordia Maritime endeavours to offer employees an attractive and competitive fixed salary. The top level depends on the scope and complexity of the position held and the individual's annual performance. Performance is specifically reflected in the variable compensation. The variable compensation is based on factors such as the Company's development and achievement of commercial, operational and financial goals. 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 is for a limited period. The Company's pension policy is to follow the practices of the local market in each country. In the case of the President, a premium corresponding to 35 percent of his pensionable salary and compensation at any given time is paid. Other senior executives in Sweden have a premium-based retirement benefit plan in addition to 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 involuntary termination of employment, the maximum severance pay is 24 months' basic salary. See also Note 4.

Information about risks and uncertainties

Concordia Maritime has taken out insurance policies customary to the industry to cover risks associated with the actual operation of the vessels. The vessels are insured against damage and loss at amounts representing the vessels' market value. Protection and Indemnity applies with no limitation of amount, except for responsibility for oil spills where the amount is limited to USD 1 billion. Vessels are also insured against Loss of Hire. In addition to the policies above, Concordia Maritime has also taken the customary insurance for operating in specific waters. Even with 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 not only have negative environmental consequences, but could also seriously damage the Concordia Maritime name. It is difficult to protect against this type of risk and it can only be done through extensive preventive work and complete transparency should an accident occur. Tanker shipping is a highly cyclical business. 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 economic situation. The effects of an economic recession are, in the short term, greatest in the spot market, although a long-term recession will also affect the future market. It is difficult to obtain protection against a long-term recession. Freight rates in tanker shipping may fluctuate sharply from time to time. A decline 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 collaborate closely with the Stena Sphere, which supplies chartering, operations, manning and newbuilding. Senior management considers this collaboration to be one of Concordia Maritime's absolute strengths over competitors, even though the relationship is associated with a certain risk, as key services are purchased from only one supplier. Concordia Maritime and the Stena Sphere are also interconnected brands to some 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 overall Company objectives. Safety and protection of the maritime environment must be an integral part of 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 were no new issues, bonus issues or similar issues during the year. Consequently the number of shares outstanding is unchanged. There are 4,000,000 A shares, each representing ten votes, and 43,729,798 B shares, each representing one vote. The Company is not aware of any agreements between shareholders relating to transfers, or any agreements that would take effect in the case of a possible takeover process.

Outlook

Our business is undergoing a change. Most of the vessels in the fleet are currently signed to charters, with relatively predictable earnings and cash flows. As the contracts expire and the vessels start to be employed on the open market instead, the market's overall development will have a greater impact on our earnings and cash flow. We currently operate two vessels on the open market and we are due to take redelivery of two more in the fourth quarter of 2012. Although we expect the market to strengthen during the year, we do not believe that freight rates will reach our average time charter rates, which are approx. USD 20,000 per day. About 75 percent of the fleet's total number of income days are still covered by contracts. However, given the fact that we have more vessels on the open market than in 2011, we expect a reduction in income and therefore a lower profit for 2012. We have refrained from making a forecast in absolute figures.

Corporate governance report

The corporate governance report has been drawn up as a document that is separate from the annual report. The report can be found on pages 80–89. Information about the key elements of the Group's system of internal control and risk management in connection with the preparation of the consolidated financial statements is contained in the corporate governance report.

Events after the reporting date

No significant events occurred after reporting date.

Parent Company

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

Proposed distribution of profit

The Board of Directors propose that the available profits of SEK 80.3 million be distributed as follows:

SEK millions	2011	2010	2009
Dividends (47,729,798 shares x SEK 1.00 per share)	47.7[1]	47.7	47.7
Carried forward	32.6	105.6	128.3
Total	**80.3**	**153.3**	**176.0**

1) Proposed dividend

More detailed disclosures about the Company's financial results and position can be found in the income statements, balance sheets and accompanying notes.

The Board's opinion about the proposed distribution

After distribution of the proposed dividend, the Group's equity ratio and liquidity are adequate, which means that all Group companies are able to meet their obligations in the short and long term. Consequently, the proposed dividend is considered justified in accordance with Chapter 17, Section 3, paragraphs 2 and 3, of the Swedish Companies Act.


STENA PRESIDENT

CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME

1 January–31 December, SEK millions	Note	2011	2010
Time charter income		541.5	513.4
Spot charter income		18.1	
Total income	2, 3, 9, 19	**559.6**	**513.4**
Operating costs for ships	19	–162.6	–155.4
Seagoing personnel costs	4	–114.5	–101.9
Other external costs	5	–27.4	–25.6
Personnel expenses	4	–12.5	–11.0
Depreciation	8	–135.0	–119.3
Total operating costs	9	**–452.0**	**–413.2**
Operating result	22	**107.6**	**100.2**
Finance income		8.3	14.9
Finance costs		–39.6	–38.2
Financial net	6	**–31.3**	**–23.3**
Result before tax		**76.3**	**76.9**
Tax	7	8.5	3.5
Result for the year attributable to owners of the parent company		**84.8**	**80.4**
Other comprehensive income	7		
Translation differences for the year		41.3	–112.0
Equity hedge, net of tax		–6.8	46.3
Change in fair value of available-for-sale financial assets		–0.6	4.8
Cash flow hedges, currency-related, net of tax		1.4	–3.3
Cash flow hedges, interest-related, net of tax		–10.2	–41.4
Total other comprehensive income for the year		**25.1**	**–105.6**
Comprehensive income for the year attributable to owners of the parent company		**109.9**	**–25.2**
Result per share, before/after dilution	14	**1.78**	**1.68**

CONSOLIDATED BALANCE SHEET

At 31 December, SEK millions	Note	2011	2010
ASSETS			
Non-current assets	9, 20		
Ships	3, 8	3,289.5	2,919.1
Ships under construction	8	143.0	262.0
Equipment	8	1.6	0.5
Non-current receivables	11	1.8	2.1
Total non-current assets		**3,435.9**	**3,183.7**
Other current receivables	11	41.3	99.2
Prepayments and accrued income	12	39.2	25.6
Short-term investments	10, 18	113.6	84.0
Cash and cash equivalents	13, 24	128.2	68.3
Total current assets		**322.3**	**277.1**
TOTAL ASSETS		**3,758.2**	**3,460.8**
Equity			
Share capital		381.8	381.8
Other paid-in capital		61.9	61.9
Reserves	14	41.2	16.1
Retained earnings, incl. result for the year		1,292.7	1,255.6
Total equity		**1,777.6**	**1,715.4**
LIABILITIES			
Non-current liabilities	9, 18		
Liabilities to credit institutions	15	1,802.4	1,581.3
Other non-current liabilities	16	1.7	2.0
Deferred tax liabilities	7	16.1	25.5
Total non-current liabilities		**1,820.2**	**1,608.8**
Current liabilities	9, 18		
Liabilities to credit institutions	15	13.0	14.7
Trade payables		0.6	0.6
Other liabilities	16	70.3	39.4
Accruals and deferred income	17	76.5	81.9
Total current liabilities		**160.4**	**136.6**
TOTAL EQUITY AND LIABILITIES		**3,758.2**	**3,460.8**

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

STATEMENT OF CHANGES IN EQUITY

SEK millions	Share capital	Other paid-in capital	Reserves[2] Translation reserve	Reserves[2] Fair value reserve	Reserves[2] Hedging reserve	Retained earnings[1]	Total equity
Opening equity, 1 Jan 2011	381.8	61.9	49.1	4.8	–37.8	1,255.6	1,715.4
Comprehensive income for the year							
Result for the year						84.8	84.8
Other comprehensive income for the year			34.5	–0.6	–8.8		25.1
Comprehensive income for the year			**34.5**	**–0.6**	**–8.8**	**84.8**	**109.9**
Transactions with owners of the parent company							
Dividends						–47.7	–47.7
Closing equity, 31 Dec 2011	**381.8**	**61.9**	**83.6**	**4.2**	**–46.6**	**1,292.7**	**1,777.6**

SEK millions	Share capital	Other paid-in capital	Reserves[2] Translation reserve	Reserves[2] Fair value reserve	Reserves[2] Hedging reserve	Retained earnings[1]	Total equity
Opening equity, 1 Jan 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**
Transactions with owners of the parent company							
Dividends						–47.7	–47.7
Closing equity, 31 Dec 2010	**381.8**	**61.9**	**49.1**	**4.8**	**–37.8**	**1,255.6**	**1,715.4**

1) Retained earnings, incl. result for the year.
2) See also Note 14.

CONSOLIDATED CASH FLOW STATEMENT

1 January–31 December, SEK millions	Note	2011	2010
	24		
Operating activities			
Result before tax		76.2	76.9
Adjustment for non-cash items		154.9	133.8
Cash flow from operating activities before changes in working capital		**231.1**	**210.7**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in receivables		53.7	129.8
Increase (+)/Decrease (–) in liabilities		11.8	1.5
Cash flow from operating activities		**296.6**	**342.0**
Investing activities			
Acquisition of tangible fixed assets		–330.1	–638.6
Disposal of non-current assets		5.4	
Acquisition of financial assets		–57.0	
Disposals of financial assets;		27.0	94.7
Cash flow from investing activities		**–354.7**	**–543.9**
Financing activities			
New loans		3,545.5	716.9
Amortisation of loans		–3,380.3	–482.1
Dividends paid to equity-holders of the parent company		–47.7	–47.7
Cash flow from financing activities		**117.5**	**187.1**
Cash flow for the year		59.4	–14.8
Cash and cash equivalents at beginning of year		68.3	82.5
Exchange differences		0.5	0.6
Cash and cash equivalents at end of year		**128.2**	**68.3**

INCOME STATEMENT – PARENT COMPANY

1 January–31 December, SEK millions	Note	2011	2010
Net sales	3	38.9	30.8
Gross profit		**38.9**	**30.8**
Operating costs for ships		–38.6	–29.7
Other external costs	5	–14.8	–15.1
Personnel expenses	4	–8.6	–7.7
Depreciation and amortisation	8		–0.1
Operating result	22	**–23.1**	**–21.8**
Result from financial items:			
Income from other securities and receivables held as non-current assets		2.1	3.0
Other interest and similar income		23.2	81.6
Interest and similar expense		–37.1	–29.0
Financial net		**–11.8**	**55.6**
Result after financial items	6	**–34.9**	**33.8**
Result before tax		**–34.9**	**33.8**
Tax	7	9.5	–8.8
Result for the year[1]		**–25.4**	**25.0**

1) Comprehensive income for the year corresponds to Result for the year

BALANCE SHEET – PARENT COMPANY

On 31 December, SEK millions	Note	2011	2010
ASSETS			
Non-current assets			
Tangible fixed assets	8	0.1	0.1
Investments in Group companies	23	745.8	745.8
Other non-current receivables	11	1.7	2.0
Deferred tax asset	7	33.3	23.8
Total financial assets		780.8	771.6
Total non-current assets		**780.9**	**771.7**
Current assets			
Current receivables			
Other receivables	11	0.7	59.2
Prepayments and accrued income	12	6.3	7.9
Total current receivables		7.0	67.1
Short-term investments			
Other short-term investments	18	26.0	40.9
Total short-term investments			
Cash and bank balances	24	1,454.1	1,226.2
Total current assets		**1,480.1**	**1,334.2**
TOTAL ASSETS		**2,268.0**	**2,105.9**
EQUITY AND LIABILITIES			
Equity	14		
Restricted equity			
Share capital		381.8	381.8
Statutory reserve		138.3	138.3
Unrestricted equity			
Retained earnings		105.7	128.3
Result for the year		–25.4	25.0
Total equity		**600.4**	**673.4**
Non-current liabilities	18		
Liabilities to credit institutions	15, 16	1,608.7	1,379.1
Other liabilities		1.7	2.0
Total non-current liabilities		**1,610.4**	**1,381.1**
Current liabilities	18		
Liabilities to credit institutions		22.4	29.5
Trade payables		0.5	0.6
Liabilities to Group companies		7.4	6.8
Other liabilities		19.6	6.6
Accruals and deferred income	17	7.3	7.9
Total current liabilities		**57.2**	**51.4**
TOTAL EQUITY AND LIABILITIES		**2,268.0**	**2,105.9**

PLEDGED ASSETS AND CONTINGENT LIABILITIES – PARENT COMPANY

On 31 December, SEK millions	Note	2011	2010
Contingent liabilities	21	68.7	33.6

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

	Restricted equity		Unrestricted equity		
SEK millions	Share capital	Statutory reserve	Retained earnings	Result for the year	Total equity
Opening equity, 1 Jan 2011	381.8	138.3	128.3	25.0	673.4
Result for previous year			25.0	–25.0	0.0
Result for the year				–25.4	–25.4
Dividends			–47.7		–47.7
Closing equity, 31 Dec 2011	**381.8**	**138.3**	**105.7**	**–25.4**	**600.4**

	Restricted equity		Unrestricted equity		
SEK millions	Share capital	Statutory reserve	Retained earnings	Result for the year	Total equity
Opening equity, 1 Jan 2010	381.8	138.3	32.5	143.5	696.1
Result for previous year			143.5	–143.5	0.0
Result for the year				25.0	25.0
Dividends			–47.7		–47.7
Closing equity, 31 Dec 2010	**381.8**	**138.3**	**128.3**	**25.0**	**673.4**

CASH FLOW STATEMENT – PARENT COMPANY

1 January–31 December, SEK millions	Note	2011	2010
	24		
Operating activities			
Result before tax		–34.9	33.8
Adjustment for non-cash items		118.4	–85.4
Cash flow from operating activities before changes in working capital		**83.5**	**–51.6**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in receivables		1.9	72.3
Increase (+)/Decrease (–) in liabilities		1.8	–48.8
Cash flow from operating activities		**87.2**	**–28.1**
Investing activities			
Disposal of financial assets		15.9	18.3
Cash flow from investing activities		**15.9**	**18.3**
Financing activities			
New loans		3,545.5	715.1
Amortisation of loans		–3,373.0	–467.9
Dividend paid		–47.7	–47.7
Cash flow from financing activities		**124.8**	**199.5**
Cash flow for the year		227.9	189.7
Cash and cash equivalents at beginning of year		1,226.2	1,036.5
Cash and cash equivalents at end of year		**1,454.1**	**1,226.2**

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

(a) Statement of compliance

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Commission for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary AccountingRules for Groups has been applied.

The Parent Company applies the same accounting policies as the Group, except in the cases described below in the section entitled "The Parent Company's Accounting Policies". Any differences are due to limitations in the ability to apply IFRS in the Parent Company as a result of the provisions of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, and in certain cases, for tax reasons.

The Board has authorised the Parent Company's annual financial statements and the consolidated annual financial statements for issue on 13 March 2012. The consolidated income statement and statement of financial position and the parent company's income statement and balance sheet will be presented for adoption at the annual general meeting to be held on 26 April 2012.

(b) Basis of preparation

The Parent Company's functional currency is Swedish krona, which is also the reporting currency for the Parent Company and for the Group. Consequently, the financial statements are presented in Swedish kronor. From a Group perspective, however, most transactions are in US dollars. All amounts, unless otherwise stated, are reported in SEK millions. Assets and liabilities are measured at historical cost, apart from certain financial assets and liabilities which are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments classified as financial assets at fair value through profit or loss and available-for-sale financial assets.

Preparation of financial statements in compliance with IFRS requires management to make critical judgements, accounting estimates and assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expense. Estimates and assumptions are based on historical experience and a number of other factors which are considered reasonable under the prevailing conditions. Results of these estimates and assumptions are used to determine the carrying amounts of assets and liabilities that are not otherwise evident from other sources. The actual outcome may differ from these estimates and assumptions. The accounting estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period of the change if the change only affects that period. Changes are recognised in the period of the change and future periods if the change affects both.

Estimates made by management during the application of IFRS which have a significant effect on the financial statements, and assumptions which may result in material adjustments to the following year's financial statements largely relate to the valuation of vessels. See note 27.

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

(c) New/amended accounting policies

(i) Amended in accounting policies

During the year new and amended IFRSs did not have any significant effect on the consolidated financial statements.

(ii) New IFRSs and interpretations not yet effective

A number of new and amended IFRSs are effective in the next annual financial period; these have not been applied in advance when preparing these financial statements. There are no plans for early application of new and amended standards which are effective in future annual periods. Listed below are the standards that may have an impact on the consolidated financial statements in the future. However, their effects have not yet been analysed.

IFRS 9 Financial Instruments is expected to supersede IAS 39 Financial Instruments: Recognition and Measurement and will be effective for annual periods commencing on or after 2015. IFRS 9 is being finalised in phases and the Group has not defined its position on whether IFRS 9 will be applied prior to 2015. However, before the standard can be applied, it has to be adopted by the EU, which has not yet occurred.

IFRS 11 Joint Arrangements. A new standard dealing with accounting for joint ventures and joint operations. The standard is effective for annual periods commencing on or after 1 January 2013. However, before the standard can be applied, it has to be adopted by the EU, which has not yet occurred.

Other new and amended standards not listed here are not expected to affect the Group.

(d) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, and for which discrete financial information is available. An operating segment's performance is monitored by the Company's chief operating decision maker, which is Group Management, in order to assess its performance and allocate resources to it. With effect from Q3 2010, Concordia Maritime's Group Management monitors the economic performance of the fleet as one unit. Consequently, the two previous segments Product tankers and Large tankers are now reported as one segment, Tankers. The segment information now coincides with the consolidated financial information.

(e) Classification

Non-current assets and liabilities are essentially amounts that are expected to be recovered or paid more than twelve months after the reporting date. Current assets and liabilities are essentially amounts that are expected to be recovered or paid within twelve months of the reporting date.

(f) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which Concordia Maritime AB (publ) has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. When assessing whether control exists, consideration is given to potential voting shares that can be immediately used or converted.

Subsidiaries are accounted for by applying the acquisition method. The acquisition is treated as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The cost of acquisition is determined by means of an acquisition analysis. The analysis determines the cost of the shares or business and the fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities. The difference between the cost of acquisition and the fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities is recognised as positive or negative goodwill. The results of operations of a subsidiary are included in the consolidated financial statements from the date of acquisition until the date on which control ceases.

(ii) Joint ventures

Joint ventures are, for reporting purposes, companies where the Group, under agreements with one or more parties, has joint control over the operating and financial management. In the consolidated accounts, investments in joint ventures are accounted for using proportionate consolidation. This means that the Group's ownership share of the income, expense, assets and liabilities of the jointly controlled entity is recognised in the consolidated financial statements. This is done by combining the joint venturer's share of the income, expense, assets and liabilities of the jointly controlled entity, on a line-by-line basis, with the corresponding items in the venturer's financial statements. Only equity earned after the acquisition is recognised in equity. Proportional consolidation is applied from the date on which control is obtained until the date on which it ceases.

(iii) Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expense, and unrealised gains or losses arising from intra-group transactions are eliminated in full when preparing the consolidated financial statements. Unrealised gains on transactions with joint ventures are eliminated to the extent that corresponds to the Group's interest in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

(g) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign currency monetary assets are translated into the functional currency using the exchange rates prevailing on the reporting date. Foreign exchange gains or losses resulting from the settlement of such transactions are recognised in the income statement. Non-monetary assets and liabilities recognised at historical cost are translated using the exchange rate prevailing at the date of the transaction.

(ii) Financial statements of foreign entities

Assets and liabilities of foreign entities, including goodwill and other fair value adjustments, are translated into Swedish krona using the exchange rate prevailing at the reporting date. Income and expenses in the income statements of foreign entities are translated into Swedish krona using average exchange rates. This average is an approximation of the cumulative effect of the rates prevailing at the transaction dates. Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve in equity.

(iii) Net investment in a foreign entity

Exchange differences arising on translation of a foreign net investment and the associated effects of hedges of net investments are recognised in other comprehensive income and accumulated in the translation reserve, which is a separate component of equity. On disposal of a foreign operation, the cumulative amount of the associated exchange, net of any hedging, is recognised in profit or loss when the gain or loss on disposal is recognised.

(h) Income

The Group's income consists primarily of spot charter and time charter income for vessels. Spot charter income is generated when the vessels are employed on the open market (also called the spot market), i.e. chartered voyage by voyage. Spot charter income is received and recognised when the individual voyage is completed. Spot charter income for voyages in progress at the reporting date is distributed between the current reporting period and the next reporting period based on the number of days of the voyage. If the net result (freight income less direct voyage costs) of the voyage is negative, the entire amount is allocated to the current reporting period. Time charter income is received when the vessels are leased for a fixed period, normally one 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 way as spot charter income. Profit-sharing contracts are accounted for based on settlement with the charterer. If the settlement period and the financial reporting period differ, the profit-sharing contract is recognised using management's judgements and estimates, which are based on market conditions and the charterer's actual earnings in the financial reporting period. Usual settlement periods for profit-sharing contracts are monthly, 90 days or 180 days.

(i) Operating expenses, finance income and costs

(i) Operating lease payments

Time-charter agreements are classified as operating leases. With time charters, the owner usually retains all the risks, such as accidents and idle time. The shipowner is normally responsible for operation and the crew. The lessee normally has no obligations when the time charter period is over. Payments under operating leases are recognised in the income statement in the same way as freight income above.

(ii) Finance income and costs

Finance income and costs comprise interest income on bank deposits, receivables and interest-bearing securities, interest expense on borrowings, dividend income, exchange differences, unrealised gains and losses on financial investments and derivatives used in financial activities.

Interest income on receivables and interest expense on liabilities are recognised using the effective interest method. The effective interest rate is the rate that discounts all future cash payments or receipts during the fixed-interest period to the initially recognised carrying amount of the financial asset or liability. Interest income and interest expense includes accrued amounts of transaction costs and any discounts, premiums or other differences between the original value of the asset or liability and the amount received or paid at maturity.

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

Note 1 contd.

(j) Financial instruments

Financial instruments recognised under assets in the balance sheet include cash and cash equivalents, trade receivables, shares and other equity instruments, loan receivables, bond receivables and derivatives. Liabilities include trade payables, loans and derivatives.

Financial instruments are initially recognised at cost, which corresponds to fair value plus transaction costs. However, financial assets in the category measured at fair value through profit or loss are recognised at fair value, net of transaction costs. Subsequent recognition is based on the classification below.

A financial asset or liability is recognised in the balance sheet when the Company becomes a party to the instrument's contractual terms. Trade receivables are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Liabilities are recognised when invoices are received.

A financial asset is derecognised when the rights to receive benefits have been realised, expired or the Company loses control over them. The same applies to a component of a financial asset. Financial liabilities are derecognised in the balance sheet when the contractual obligation has been discharged or extinguished in some other way. The same applies to a component of a financial liability.

Purchases and sales of financial assets are recognised on the trade date (the commitment date), apart from regular way transactions, which are recognised on the settlement date. The fair value of listed financial assets corresponds to the asset's bid price on the balance sheet date, subject to a deep and liquid market. In other cases, it corresponds to the fair value of discounted cash flows.

The fair value of unlisted financial assets is determined using valuation techniques such as recent transactions, prices of similar instruments and discounted cash flows. For further information, see note 18.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. For equity instruments classified as available-for-sale, a significant or prolonged decline in fair value below the instrument's cost is required before an impairment loss is recognised. If an available-for-sale financial asset is impaired, any previously accumulated impairment losses recognised in comprehensive income are transferred to the income statement. Factors considered include the economic situation and specific external circumstances. Impairment of equity instruments which is recognised in the income statement may not subsequently be reversed through the income statement.

IAS 39 classifies financial instruments by category. The classification depends on the purpose of the acquisition of the financial instrument. Management determines the classification on the original purchase date.

The categories (i-v) are as follows:

(i) Financial assets at fair value through profit or loss

This category consists of two sub-categories: financial assets held for trading and other financial assets the Company designated as financial assets at fair value (using the fair value option) on initial recognition. Financial assets in this category are measured at fair value, and changes in fair value are recognised in the income statement. 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 hedge accounting. Concordia Maritime does not have any financial assets classified in the second sub-group.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arise when companies provide money, goods and services directly to the beneficiary with no intention of trading the receivable. Receivables are recognised at original invoice amount less an allowance for uncollectible amounts. As the expected maturity is short, the value is recognised at a nominal amount without discounting.

Impairment losses on receivables are recognised in operating expenses. This category also includes acquired receivables. Assets in this category are measured at amortised cost. Amortised cost is calculated based on the effective interest method used at initial recognition.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets designated on initial recognition as available for sale, or any other instruments not classified in any of the other categories. Assets in this category are measured at fair value with the period's change in value recognised in other comprehensive income and accumulated as a fair value reserve.

(iv) Financial liabilities at fair value through profit or loss

This category consists of two sub-categories: financial liabilities held for trading and other financial liabilities which the Company allocated to this category (using the fair value option) on initial recognition. Financial liabilities in this category are measured at fair value, and changes in fair value are recognised in the income statement. Financial liabilities classified as held for trading are derivatives (standalone and embedded) do not qualify for hedge accounting.

(v) Other financial liabilities

Financial liabilities not classified as held for trading are measured at amortised cost. Amortised cost is calculated based on the effective interest method used at initial recognition. This means that premiums and discounts and direct issue costs are amortised over the term of the liability.

Derivatives designated as hedging instruments

All derivatives are carried at fair value in the balance sheet. Changes in value are recognised in the income statement in the case of fair value hedges. For cash flow hedges and hedges of net investments in foreign currencies, value changes are recognised in other comprehensive income and the cumulative effect in equity in the hedging reserve and translation reserve, until the hedged item is recognised in the income statement. Cash flow hedging is described in more detail below.

Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits with banks and similar institutions and short-term deposits with an original maturity of 3 months or less, which are subject to an insignificant risk of changes in value.

Financial investments

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

Financial investments consisting of shares are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

Interest-bearing securities that will not be held to maturity are classified as financial assets at fair value through profit or loss or available-for-sale financial assets.

Changes in the value of financial assets measured at fair value through profit or loss are recognised in net financial items.

Non-current and current receivables

Non-current and current receivables are receivables that arise when the Company provides money without the intention of trading the receivable. If the expected holding period is longer than one year, they are classified as non-current receivables, while if it is less than one year, they are classified as current receivables. These receivables come under the category loans and receivables.

Liabilities

Liabilities other than derivatives with negative fair values are classified as other financial liabilities, which means they are initially recognised at the amount received, net of transaction costs. Non-current liabilities have an expected maturity exceeding 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 nominal amounts with no discounting. For further information, see note 18.

(k) Derivatives and hedge accounting

Derivative instruments include forward contracts, options and swaps that are used to cover the risk of currency fluctuations and exposure to interest rate risks. Derivatives are also contractual terms that are embedded in other contracts. Embedded derivatives must be separated from the host contract and separately accounted for when their economic risks and characteristics are not closely related to those of the host contract. Changes in the value of standalone and embedded derivatives are recognised in profit or loss based on the purpose of ownership. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in the income statement on the same line as the hedged item. Even when hedge accounting is not applied, changes in the fair value of derivatives are recognised as income or expense in operating profit or loss or in net financial items based on the purpose for which the derivative instrument was acquired and whether its use relates to an operating item or a financial item. The ineffective portion is reported in the same way as changes in fair value of derivatives that do not qualify for hedge accounting.

If hedge accounting is not applied when using interest rate swaps, the interest coupon is recognised as interest expense, and other fair value changes are recognised as other finance income or other finance costs.

In order to meet the criteria for hedge accounting, required under IAS 39, the Group must formally designate the hedge relationship and show a clear link to the hedged item. The hedging instrument must be effective, and the Group must produce hedging documentation demonstrating how the hedging instrument's effectiveness will be measured. Gains and losses attributable to hedges are recognised in profit or loss at the same time as gains or losses attributable to the hedged items. If the criteria for hedge accounting are no longer met, the derivative instrument is recognised at fair value, with changes in value recognised through profit or loss in accordance with the principle described above.

Foreign currency receivables and liabilities

To hedge assets or liabilities against currency risk, instruments such as currency futures can be used. These transactions do not require hedge accounting as the hedged item and the hedging instrument are measured at fair value, with foreign exchange gains or losses recognised in the income statement. Changes in the fair value of non-financial assets and liabilities are recognised in operating profit or loss, while changes in the fair value of financial assets and liabilities are recognised in net finance income or expense.

Transaction exposure – cash flow hedges

Foreign currency risk associated with future forecast transactions is hedged by instruments such as foreign exchange forward contracts. Instruments hedging forecast cash flows are recognised at fair value in the balance sheet. Value changes are recognised directly in equity in the hedging reserve until the hedged cash flow affects profit or loss. The hedging instrument's accumulated value changes are then recycled to profit or loss in order to meet and match the profit or loss effects from the hedged transaction. Hedged cash flows may relate to firm commitments or forecast transactions.

When the hedged future cash flow refers to a transaction that is capitalised, in the balance sheet, the hedging reserve is reversed when the hedged item is recognised in the balance sheet. If the hedged item is a non-financial asset or a non-financial liability, the reversal of 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 reversed in stages and recognised in the income statement as the hedged item affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the company revokes the designation of the hedging relationship before the hedged transaction occurs, and the forecast transaction is still expected to occur, the recognised cumulative gain or loss remains in the hedging reserve in equity and recognised in the same way as above when the transaction occurs.

If the hedged transaction is no longer expected to occur, the cumulative gains or losses are immediately reversed and recognised in the income statement in accordance with the principles for derivatives described above.

Group's interest rate hedging – cash flow hedges

Interest rate swaps and similar instruments are used to hedge interest rates. The instrument is measured at fair value in the balance sheet. In the income statement the interest coupon portion is carried as interest income (asset) or interest expense (liability) and other changes in the value of the instrument are recognised in other comprehensive income and included in the hedging reserve as long as the criteria for hedge accounting and effectiveness are met.

Net investments

Investments in foreign subsidiaries (net assets including goodwill) have been partially hedged by means of forward contracts. If the hedge is an effective hedge, the change in value of the forward contracts is reported in other comprehensive income and the cumulative changes are reported as a separate component of equity (translation reserve). On the reporting date, these are recognised at fair value. In the Parent Company, the recognised exchange differences are eliminated in the consolidated financial statements against the translated net assets of the subsidiary, which are recognised in other comprehensive income. If the hedge is not an effective hedge, the ineffective portion is recognised in the income statement.

Note 1 contd.

(l) Tangible fixed assets

(i) Owned assets

Tangible fixed assets are recognised as an asset in the balance sheet when it is probable that future economic benefits associated with the asset will flow to the Company and the cost can be measured reliably.

Tangible fixed assets are recognised at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Examples of directly attributable costs are delivery and handling costs, installation, title expenses, consulting services and legal fees. Borrowing costs are not included in the cost of a self-constructed asset. Accounting policies for impairment are described below.

The cost of a self-constructed asset includes costs of materials, employee benefits expenses and, if applicable, other construction costs directly attributable to the asset.

Parts of tangible fixed assets with different useful lives are treated as separate components of tangible fixed assets.

The carrying amount of a tangible fixed asset is removed from the balance sheet in connection with retirement or disposal, or when no future financial benefits are expected from the use or the retirement/disposal of the asset. The gain or loss arising from the disposal of a tangible fixed asset is the difference between the selling price and the asset's carrying amount less direct costs to sell. Gains and losses are reported under other operating income/expense.

(ii) Subsequent costs and periodic maintenance

The maintenance portion of the ship's cost of acquisition is separated on delivery and depreciated separately. Subsequent costs associated with periodic maintenance are included in the carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. The depreciation cost of periodic maintenance is recognised in the income statement under 'Operating costs, ships' and not as depreciation. This distinction is made to clarify the results of ship operation. In Note 8, the depreciation cost of periodic maintenance is reported on a separate line. All other subsequent costs are recognised as an expense in the period in which they are incurred. 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 redelivery of the vessel.

In order for subsequent costs to qualify for inclusion in the carrying amount, they must relate to the replacement of identified components or parts thereof. If this is the case, these costs are capitalised. Costs relating to the construction of new components are also included in the carrying amount. The carrying amount (residual value) of a replaced component or part thereof is derecognised at the time of replacement. Repairs are recognised as an expense in the financial period in which they are incurred.

(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 necessarily takes a significant length of time to prepare for its intended use. 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 expenses are based on external borrowing.

(iv) Depreciation

Depreciation takes place over the estimated useful life down to the residual value of zero. The Group applies component depreciation, which means depreciation is based on the estimated useful lives of components. Estimated useful lives:

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

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

(m) Impairment

The Group's reported assets are assessed semi-annually to determine if there is any indication of impairment. IAS 36 is applied for impairment of non-financial assets. Financial assets are accounted for under IAS 39. The carrying amount of assets listed as exceptions is estimated within the scope of the relevant standard. The carrying amounts of the Group's assets are reviewed semi-annually for impairment. If there is any indication of impairment, the asset's recoverable amount (i.e. the higher of net realisable value and value in use) is calculated. An impairment loss is recognised when the recoverable amount of an asset or a cash-generating unit (group of units) is less than its carrying amount. An impairment loss is recognised as an expense in net income for the year. When impairment has been identified for a cash-generating unit (group of units), the impairment loss is proportionately allocated to the assets in the unit. In measuring value in use, cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risks specific to the asset. The Group treats the entire fleet as a cash-generating unit. Testing is based on an average value from three ship brokers and on discounted cash flows. Any assumptions in the case of a cash flow calculation are described in the note on tangible fixed assets.

Impairment of assets accounted for under IAS 36 is reversed if there is an indication that the impairment no longer exists and there has been a change in the assumptions on which the calculation of recoverable amount was based. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation where applicable, had no impairment loss been recognised.

(n) Share capital

Dividends

Dividends are recognised as a liability when the dividend has been adopted by the annual general meeting.

(o) Employee benefits

Defined contribution plans

All pension plans in the Group are classified as defined contribution plans. The obligation for each period is the amount the Company is required to 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 a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, provisions are estimated by discounting expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(q) Taxes

Income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement, unless the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity.

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the current year, and is calculated using tax rates enacted or substantially enacted by the reporting date, and any adjustments relating to prior periods. Deferred tax is accounted for using the balance-sheet liability method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit or loss. A deferred tax liability is recognised for temporary differences associated with investments in subsidiaries and associates except to the extent that it is probable that the temporary difference will not reverse in the foreseeable future. The measurement of deferred tax is based on the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities and assets are measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets on temporary differences and deferred tax assets arising from the carryforward of unused tax losses are only recognised to the extent that it is probable that they can be utilised. The carrying amounts of deferred tax assets are reviewed and reduced to the extent that it is no longer probable that the deferred tax asset can be utilised.

(r) Contingent liabilities

A contingent liability is recognised when a possible obligation arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation.

Accounting policies – Parent company

The Parent Company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all the IFRS and IFRIC interpretations endorsed by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act and taking into account the relationship between tax expense (income) and accounting profit. The recommendation also specifies exceptions and additions to the standards issued by the IASB and IFRIC. Differences between the Group's and the Parent Company's accounting policies are described below.

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

Subsidiaries

Investments in subsidiaries are recognised in the Parent Company using the cost model.

Revenue

Sales of goods and rendering of services

In the Parent Company, the rendering of services is recognised on completion. Until then, work in progress for third parties is recognised at the lower of cost and net realisable value at the reporting date.

Dividends

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

Tangible fixed assets

Owned assets

Like the Group, the Parent Company recognises tangible fixed assets at cost less accumulated depreciation and impairment losses, although the Parent also reports appreciation in value.

Taxes

Untaxed reserves are recognised inclusive of deferred tax liability in the parent company. In the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity.

Financial guarantees

The Parent Company's financial guarantees consist mainly of sureties in favour of subsidiaries. Financial guarantees mean that the Company has an obligation to reimburse 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 an exemption from the provisions of IAS 39 permitted by the Swedish Financial Accounting Standards Council. The exemption applies to financial guarantees provided for subsidiaries. The Parent Company reports financial guarantees as a provision in the balance sheet when the Company has an obligation, and an outflow of resources is likely to be required to settle the obligation.

Group contributions

The Company recognises Group contributions in the income statement.

Financial instruments

The Parent Company applies the same principles as the Group, apart from hedging.

2 Operating segment reporting

EBITDA per quarter

USD millions	Q4 2011	Q4 2010	Q3 2011	Q3 2010	Q2 2011	Q2 2010	Q1 2011	Q1 2010	Full year 2011	Full year 2010
P-MAX (time charter)	8.8	8.6	11.2	8.1	8.3	7.6	8.8	6.9	37.1	31.2
P-MAX (spot)	–0.8		–0.5						–1.3	
Panamax	0.8	1.2	1.2	0.7	1.4	1.2	1.2	1.3	4.6	4.4
Aframax		0.1			0.0		0.0		0.0	0.1
Suezmax		–0.2		0.1	0.0	0.1	0.0		0.0	0.0
Admin. and other	0.2	–1.4	–1.0	–1.5	–1.2	–1.2	–1.1	–1.1	–3.1	–5.2
Total	**9.0**	**8.3**	**10.9**	**7.4**	**8.5**	**7.7**	**8.9**	**7.1**	**37.3**	**30.5**

0% of accumulated sales is attributable to profit sharing. The company reports depreciation of regular maintenance as an operating cost. This amounts to SEK 18.8 million for 2011. One-time payment of USD 2.3 million for the redelivery of *Stena Provence* is included in P-MAX (time charter) for Q3 2011. One-time payment of USD 1.9 million in insurance case relating to V-MAX tanker is included in Admin. and other for Q4 2011.

3 Geographical distribution

Geographical areas

Income is distributed based on customer location, while fixed assets (ships) are allocated based on the vessel's flag.

	Total	
Group, SEK millions	2011	2010
Income		
France	183.5	194.3
Switzerland	139.6	64.5
Panama	102.5	114.1
Finland	46.5	49.8
Other	87.5	90.7
Total income	**559.6**	**513.4**

The Parent Company's income is attributable to spot charter income. No sales are conducted in Sweden.

	Total	
Group, SEK millions	2011	2010
Non-current assets		
Bermuda	2,796.6	2,419.8
Finland	269.4	275.6
UK	223.5	223.7
Total non-current assets (ships)	**3,289.5**	**2,919.1**

4 Employees and personnel expenses

Employee benefits expenses

Group, SEK millions	2011	2010
Salaries and other benefits	117.4	88.8
Pension costs, defined contribution plans	1.9	1.6
Social security contributions	2.7	2.8
	122.0	**93.2**

Average number of employees

Parent	2011	Of which male	2010	Of which male
Sweden	3	100%	2	100%
Parent total	**3**	**100%**	**2**	**100%**
Subsidiaries				
Switzerland	2	0%	3	33%
Bermuda	1	0%	1	0%
Seagoing personnel	374	100%	353	100%
Subsidiaries total	**377**	**99%**	**4**	**25%**
Group total	**380**	**99%**	**359**	**99%**

Gender distribution in Company Management

Parent	2011 Proportion female	2010 Proportion female
Board of Directors	0%	0%
Other senior executives	0%	0%
Group		
Board of Directors	0%	0%
Other senior executives	40%	40%

Salaries, employee benefits and social security contributions

	2011		2010	
Parent, SEK millions	Salaries and benefits	Social security contributions	Salaries and benefits	Social security contributions
Parent	6.4	3.6	5.3	3.6
(of which pension costs)		1.2		1.1

SEK 1,247 million (1,134) thousand of the Parent Company's costs relate to the Group's Board, the President and management.

Salaries and other employee benefits (Board, CEO, Senior Executives and other employees) by country

	2011		2010	
Group, SEK millions	Board, President and Management	Other employees	Board, President and Management	Other employees
Parent: Sweden	6.7		5.6	
Subsidiaries: Switzerland	2.0	0.6	1.9	0.5
Subsidiaries: Bermuda	0.9		1.2	
Seagoing personnel		106.2		79.2
Group total	**9.6**	**106.8**	**8.7**	**79.7**
(Including remuneration)	(2.2)		(2.2)	

The Board, President and Management Group comprise 12 (12) individuals.

Defined contribution plans

The Group has defined contribution pension plans for its employees in Sweden. These are financed by the companie. Foreign subsidiaries have defined contribution pension plans which are financed partly by the subsidiaries and partly by employee contributions. Payment into these plans is on an ongoing basis in accordance with each plan's rules.

	Group		Parent	
SEK millions	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Costs for defined contribution plans	1.9	1.6	1.2	1.1

Senior executives' remuneration and benefits (Parent)

	2011					2010				
Remuneration and other benefits during the year, SEK	Basic salary/ directors' fees	Variable remu-neration	Other benefits	Pension costs	Total	Basic salary/ directors' fees	Variable remu-neration	Other benefits	Pension cost	Total
Chairman of the Board	400				400	350				350
Deputy Chairman	400				400	350				350
Directors (4 individuals at SEK 225 thousand)	900				900	900				900
President	2,861	218	151	1,006	4,236	2,790	212	150	942	4,094
Other senior executives (two in 2011, one in 2010)	1,221	140	107	241	1,709	827	70	82	192	1,171
Total	**5,782**	**358**	**258**	**1,247**	**7,645**	**5,217**	**282**	**232**	**1,134**	**6,865**

See also the Corporate Governance section and Directors' Report for information about the Board, President and senior executives' compensation, benefits and contracts.

5 Auditors' fees and remuneration

	Group		Parent	
SEK millions	2011	2010	2011	2010
KPMG				
Audit services	1.0	1.4	0.6	0.6
Tax advisory services	0.1	0.5	0.1	0.2
Other services	0.3	0.3	0.3	0.3
	1.4	**2.2**	**1.0**	**1.1**

Audit services comprise examination of the annual financial statements, accounting records and administration of the Board and President, other procedures required to be carried out by the Company's auditors and advice or other assistance arising from observations made during the performance of such services.

6 Financial net

Group, SEK millions	2011	2010
Interest income from available-for-sale financial assets	7.8	8.4
Dividends from available-for-sale financial assets	0.5	0.7
Result from disposal of available-for-sale financial assets		0.7
Changes arising from remeasurement of financial assets at fair value		1.5
Currency trading		3.6
Finance income	**8.3**	**14.9**
Interest expense on bank loans (including effect of swaps)	36.1	37.9
Other finance costs	1.9	0.3
Result from disposal of available-for-sale financial assets	1.6	
Finance costs	**39.6**	**38.2**
Financial net	**–31.3**	**–23.3**

	Result from other securities and receivables		Interest and similar income	
Parent, SEK millions	2011	2010	2011	2010
Interest income, other			22.8	14.7
Dividends from financial assets at fair value			0.4	0.7
Result from disposal of available-for-sale financial assets	0.7	0.7		
Changes arising from remeasurement of financial assets at fair value	1.4	2.3		
Exchange differences				8.8
Currency trading				57.4
Finance income	**2.1**	**3.0**	**23.2**	**81.6**

	Interest and similar expense	
Parent, SEK millions	2011	2010
Interest expense on bank loans (including effect of swaps)	21.4	28.7
Changes in value arising from remeasurement of financial assets	0.3	
Exchange differences	14.9	
Other finance costs	0.5	0.3
Finance costs	**37.1**	**29.0**
Financial net	**–11.8**	**55.6**

7 Taxes

Recognised in the income statement

Group, SEK millions	2011	2010
Current tax expense(–)/tax income(+)		
Deferred tax assets/liabilities from temporary differences	16.9	7.9
Deferred tax expense in tax loss carryforward capitalised during year	–8.4	–4.4
Total recognised tax expense for Group	**8.5**	**3.5**

Parent, SEK millions	2011	2010
Deferred tax assets/liabilities from temporary differences	20.2	–14.2
Deferred tax income/expense in tax loss carryforward capitalised during year	–10.7	5.4
Total recognised tax expense for Parent	**9.5**	**–8.8**

Reconciliation of effective tax

Group, SEK millions	2011, %	2011	2010, %	2010
Result before tax		76.3		76.9
Tax according to parent's enacted tax rate	26	20.1	26	20.2
Effect of different tax rates for foreign subsidiaries	–37	–28.0	–32	–24.4
Non-deductible expenses	–1	–0.6	0	0.3
Non-taxable income			1	0.4
Recognised effective tax	**–11**	**–8.5**	**–5**	**–3.5**

Parent, SEK millions	2011, %	2011	2010, %	2010
Result before tax		–34.9		33.8
Tax according to parent's enacted tax rate	26	–9.2	26	8.9
Non-deductible expenses	1	–0.3	1	0.3
Other non-taxable income			–1	0.4
Recognised effective tax	**25**	**–9.5**	**26**	**8.8**

Tax items recognised in Other comprehensive income

Group, SEK millions	2011	2010
Tax attributable to exchange differences in translation reserve	1.9	–16.4
Tax attributable to fair value reserve for available-for-sale financial assets	0.1	–0.5
Tax attributable to hedging reserve, cash flow hedges	–0.4	1.1
Total tax recognised in other comprehensive income	**1.6**	**–15.8**

Note 7 contd.

Deferred tax assets and liabilities recognised in the balance sheet

Deferred tax assets and liabilities are as follows:

Group, SEK millions	Deferred tax asset 2011	Deferred tax asset 2010	Deferred tax liability 2011	Deferred tax liability 2010
Provisions			9.9	9.7
Tax loss carryforwards	34.1	41.3		
Temporary differences, tangible fixed assets (excess depreciation)			44.0	41.7
Other temporary differences	3.7			15.4
Tax assets/liabilities	**37.8**	**41.3**	**53.9**	**66.8**
Offsetting	–37.8	–41.3	–37.8	–41.3
Total tax assets/liabilities, net	**0.0**	**0.0**	**16.1**	**25.5**

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

Parent, SEK millions	Deferred tax asset/ liability 2011	2010
Tax loss carryforwards	29.7	39.2
Other temporary differences	3.6	–15.4
Tax assets/liabilities, net	**33.3**	**23.8**

The Parent Company's change from year to year is reported as deferred tax.

The Group's tax loss carryforwards are as follows:

SEK millions	2011	2010
Sweden	129.8	157.1
Total	**129.8**	**157.1**

All the loss carryforwards have no expiry date.

8 Tangible fixed assets

Group, SEK millions	Ships	Ships under con-struction	Equipment	Total
Cost				
Opening balance 1 January 2011	3,294.6	262.0	1.2	3,557.8
Purchases	68.4	268.5	1.5	338.4
Reclassification to Ships	386.5	–386.5		
Sale/Scrapping	–22.3			–22.3
Exchange differences	92.8	–1.0		91.8
Closing balance 31 December 2011	**3,820.0**	**143.0**	**2.7**	**3,965.7**
Opening balance 1 January 2010	2,542.4	619.0	1.1	3,162.5
Purchases	27.3	611.2	0.1	638.6
Reclassification to Ships	953.8	–953.8		
Sale/Scrapping	–12.0			–12.0
Exchange differences	–216.9	–14.3		–231.2
Closing balance 31 December 2010	**3,294.6**	**262.0**	**1.2**	**3,557.8**

Group, SEK millions	Ships	Ships under con-struction	Equipment	Total
Depreciation and impairment				
Opening balance 1 January 2011	375.5		0.7	376.2
Depreciation for the year	134.9		0.4	135.3
Depreciation for the year, periodic maintenance	18.8			18.8
Sale/Scrapping	–15.5			–15.5
Exchange differences	16.8			16.8
Closing balance 31 December 2011	**530.5**		**1.1**	**531.6**
Opening balance 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 differences	–25.6			–25.6
Closing balance 31 December 2010	**375.5**		**0.7**	**376.2**
Carrying amounts				
1 January 2011	2,919.1	262.0	0.5	3,181.6
31 December 2011	**3,289.5**	**143.0**	**1.6**	**3,434.1**
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**

Note 8 contd.

Borrowing costs

Group 2011, SEK millions	Ships under construction	Total
Borrowing costs included in the asset's cost during the reporting period	3.5	**3.5**
Average interest rate for determining the borrowing costs included in the cost of acquisition, %	1.2	

Group 2010, SEK millions	Ships under construction	Total
Borrowing costs included in the asset's 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, %	1.1	

Parent, SEK millions	Equipment	Total
Cost of acquisition		
Opening balance 1 January 2011	0.6	0.6
Purchases		
Closing balance 31 December 2011	**0.6**	**0.6**
Opening balance 1 January 2010	0.5	0.5
Sale/Scrapping	0.1	0.1
Closing balance 31 December 2010	**0.6**	**0.6**
Depreciation		
Opening balance 1 January 2011	0.5	0.5
Closing balance 31 December 2011	**0.5**	**0.5**
Opening balance 1 January 2010		
Depreciation for the year	0.5	0.5
Closing balance 31 December 2010	**0.5**	**0.5**
Carrying amounts		
1 January 2011	0.1	0.1
31 December 2011	**0.1**	**0.1**
1 January 2010	0.0	0.0
31 December 2010	**0.1**	**0.1**

Collateral

On December 31 2011, vessels with a carrying amount of SEK 3,289.5 (2,919.1) million had been pledged as collateral for the available bank facility.

Fleet value

Market value is defined as the average of three independent broker valuations based on immediate delivery to the open market. This means that the valuation does not take into account any existing time charters. In accordance with IFRS, the contract portfolio and expected future cash flows have been used to value the fleet. This method justifies the fleet's carrying amount. This is calculated on the basis of daily earnings of USD 19,000 on non-contracted days over the vessels' remaining economic life. Consequently there was no impairment at the end of 2011.

9 Investments in joint ventures

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 consolidated financial statements include the following items which constitute the Group's share of the joint-venture companies' assets, liabilities, income and expenses.

Group, SEK millions	2011	2010
Income	44.6	49.8
Expenses	–31.6	–35.3
Result	**13.0**	**14.5**
Non-current assets	269.4	275.6
Current assets	63.1	48.0
Total assets	**332.5**	**323.6**
Non-current liabilities	193.7	202.2
Current liabilities	21.2	19.8
Total liabilities	**214.9**	**222.0**
Net assets/net liabilities	**117.6**	**101.6**

10 Financial investments

Group, SEK millions	31/12/2011	31/12/2010
Short-term investments that are current assets		
Available-for-sale financial assets		
Bonds	104.8	61.7
Financial assets held for trading		
Other holdings	8.8	22.3
	113.6	**84.0**

11 Non-current and current receivables

Group, SEK millions	31/12/2011	31/12/2010
Non-current receivables that are non-current assets		
Endowment insurance for pension obligations	1.8	2.1
	1.8	**2.1**
Current receivables that are current assets		
Other current receivables	41.3	40.4
Derivatives for which hedge accounting is applied		58.8
	41.3	**99.2**

Parent, SEK millions	31/12/2011	31/12/2010
Non-current receivables		
Endowment insurance for pension obligations	1.7	2.0
	1.7	**2.0**
Current receivables		
Other receivables	0.7	0.4
Derivatives measured at fair value through profit or loss		58.8
	0.7	**59.2**
Non-current receivables		
Accumulated cost at beginning of year	2.0	3.6
Payments	–0.3	–1.6
Closing balance, 31 December	**1.7**	**2.0**

12 Prepayments and accrued income

	Group		Parent	
SEK millions	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Other prepayments	29.6	22.9	5.2	6.9
Accrued finance income	9.6	2.7	1.1	1.0
	39.2	**25.6**	**6.3**	**7.9**

13 Cash and cash equivalents

Group, SEK millions	31/12/2011	31/12/2010
The following components are included in cash and cash equivalents:		
Cash and bank balances	128.2	68.3
Total reported in balance sheet	**128.2**	**68.3**
Total reported in cash flow statement	**128.2**	**68.3**

14 Equity and Result per share

The Company has not conducted transactions that affect the number of shares issued going forward. See the layout below. Consequently, no dilution occurred. The calculation is based on the average number of shares outstanding. There are no outstanding financial instruments that can provide a future dilutive effect.

Result per share

SEK	2011	2010
Result per share	1.78	1.68

Summary of issued shares

Number	2011	2010
A shares	4,000,000	4,000,000
B shares	43,729,798	43,729,798
Total	**47,729,798**	**47,729,798**

Dividend

After the reporting date, the Board proposed the following dividend. The dividend is subject to approval by the AGM on 26 April 2012.

SEK millions	2011	2010
SEK 1.00 (1.00) per share	47.7	47.7

Equity – reconciliation of reserves for the Group

SEK millions	Translation reserve	Fair value reserve	Hedging reserve
Opening carrying amount, 1 Jan 2010	114.8	0.0	6.9
Translation differences for the year	–112.0		
Gain/loss on hedging of currency risk in foreign operations	62.7		
Changes in fair value of available-for-sale financial assets		5.3	
Changes in fair value of cash flow hedges			–45.8
Tax attributable to components of other comprehensive income	–16.4	–0.5	1.1
Closing balance 31/12/2010	**49.1**	**4.8**	**–37.8**
Translation differences for the year	41.3		
Gain/loss on hedging of currency risk in foreign operations	–8.7		
Changes in fair value of available-for-sale financial assets		–0.6	
Changes in fair value of cash flow hedges			–8.9
Changes in fair value of cash flow hedges transferred to cost of hedged item			0.4
Tax attributable to components of other comprehensive income	1.9		–0.3
Closing balance 31/12/2011	**83.6**	**4.2**	**–46.6**

Note 14 contd.

Translation reserve
Includes all exchange 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 available-for-sale financial assets until the asset is derecognised in the balance sheet.

Hedging reserve
Includes the effective portion of the accumulated net change in the fair value of a cash flow hedging instrument.

15 Interest-bearing liabilities

Group, SEK millions	31/12/2011	31/12/2010
Bank loans (revolving credit facility)	1,802.4	1,581.3
Total non-current liabilities	**1,802.4**	**1,581.3**

Group, SEK millions	31/12/2011	31/12/2010
Bank loans (revolving credit facility)	13.0	12.1
Overdraft facilities		2.6
Total current liabilities	**13.0**	**14.7**

Parent, SEK millions	31/12/2011	31/12/2010
Bank loans (revolving credit facility)	1,608.7	1,379.1
Total non-current liabilities	**1,608.7**	**1,379.1**

The Group has a credit agreement totalling USD 336.4 million. At the end of the year, USD 264.0 million of the amount had been utilised. The agreement is subject to the fulfilment of certain financial ratios which are customary in this industry. More information about the Company's exposure to interest rate risk and currency risk can be found in note 18.

16 Other liabilities

Group/Parent Company, SEK millions	31/12/2011	31/12/2010
Other non-current liabilities		
Pension obligations (covered by endowment insurance)	1.7	2.0
	1.7	**2.0**

Group, SEK millions	31/12/2011	31/12/2010
Other current liabilities		
Liabilities to other related parties	0.7	
Other current liabilities	7.0	2.5
Derivatives	62.6	36.9
	70.3	**39.4**

17 Accruals and deferred income

	Group		Parent	
SEK millions	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Accrued voyage costs, ships	39.0	23.9		
Accrued personnel expenses	4.7	1.0	0.9	0.8
Other accruals	14.2	25.2	6.4	5.4
Accrued interest expense	0.3	3.6		1.7
Deferred income	18.3	28.2		
	76.5	**81.9**	**7.3**	**7.9**

18 Financial risks and financial policies

In the course of its operations, the Group is exposed to different types of financial risks. Financial risk is the risk of fluctuations in the Company's earnings and cash flows as a result of changes in exchange rates, interest rates and refinancing and credit risks. The Group's financial policy for financial risk management was formulated by the Board and provides a framework of guidelines and rules in the form of a risk mandate and limits for financial activities. Responsibility for the Group's financial transactions and risks are managed centrally by the Parent Company's finance department. The overall aim of the finance function is to provide cost-effective financing and minimise negative effects of market fluctuations on the Group's financial performance. The Group's financial targets are growth of 10%, return on total equity of 12% and an equity/assets ratio of 50% over a business cycle.

Liquidity risk
Liquidity risk (also called funding risk) is the risk that funding cannot be obtained at all, or only at a significantly higher cost. Under the financial policy, there must always be sufficient cash and guaranteed credit to cover the next six months. The Group has secured funding corresponding to approx. 80% of the total investment amount for the ten P-MAX tankers. Approx. 80% funding has also been secured for the two panamax tankers built in a joint venture. The Group has secured funding equivalent to approx. 70% of the total investment amount for the ordered suezmax tanker. The secured funding, together with the available financial assets, means the Group will have a relatively low debt/equity ratio when the investment in the new fleet is completed in 2012.

Note 18 contd.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk may consist of changes in fair value, price risk, or changes in cash flow, cash flow risk. Fixed-rate periods have a significant effect on interest rate risk. Long fixed-interest periods primarily affect cash flow risk, while shorter periods affect price risk.

The central finance function is responsible for identifying and managing the Group's interest rate exposure. No hedging has been carried out for the Group's interest-bearing securities (corporate bonds). The finance department continually monitors the interest rate market and provides recommendations to the Board on any necessary interest rate hedging. On 31 December 2011, the Group had entered into interest rate swaps corresponding to USD 140 million or approx. 40% of the available credit facilities. The valuation of these contracts of SEK –47.6 (–37.4) million, including tax, has been recognised as a component of equity under the heading Hedging reserve. See also the section on Currency risk in operating activities below.

Effective interest rate and maturity structure

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

Group, SEK millions	Interest rate, %	Fixed-interest period	Effective interest, %	Currency	Nominal amount in original currency	31/12/2011	31/12/2010
Corporate bond portfolio	7.8	Fixed for the term	7.8			104.8	61.7
Revolving credit facility		Variable 3 months	2.5	USD	234,000	–1,608.7	–1,379.1
Bank loans		Variable 3 months	0.9	USD	30,062	–206.7	–214.3

	2011						2010					
Group, SEK millions	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
Corporate bond portfolio	104.8	55.6	33.6			15.0	61.7		61.7			
Revolving credit facility	–1,608.7					–1,608.7	–1,379.1					–1,379.1
Bank loans	–206.7	–13.0	–13.0	–13.0	–13.0	–154.7	–214.3	–12.2	–12.7	–13.3	–14.1	–162.0
Overdraft facilities							–2.6	–2.6				

Credit risk

Credit risk associated with financial activities

Financial risk management involves exposure to credit risks. These are mainly counterparty risks associated with receivables from banks and other counterparties arising from the purchase of derivative instruments. The financial policy contains a special counterparty regulation specifying that derivatives and similar instruments are only used against a selection of banks. For credit risk associated with other financial assets, such as corporate bonds, the Group invests primarily in its own sector and industry, i.e. the one it understands, which is considered to reduce the risk significantly.

Credit risk associated with trade receivables

Credit risk is the risk that customers will cause a financial loss for the Group by failing to discharge their obligations, i.e., the risk of non-payment of trade receivables. Most of the Group's clients have good or very good credit ratings. Bank guarantees or other forms of security are required for customers with a low credit rating or insufficient credit history. There was no significant concentration of credit risk exposure at the reporting date. The maximum exposure to credit risk can be seen in the carrying amount of each financial asset in the balance sheet.

Credit risk associated with investments

The Group's investments in ships mean that advances are paid regularly to the shipyard during construction. Bank guarantees are issued to secure repayment of the advances in the event that the counterparty is unable to discharge its commitments.

Currency risk

Translation and transaction exposure

The Group is exposed to various types of currency risk as described below. The currency risks are fully hedged as they relate to financial assets or liabilities in currencies other than SEK and USD. According to the policy, standardised derivatives may be used. Hedge accounting is applied in financial statements, see Note 1.

Currency risk in equity (translation exposure)

Exchange differences arising on translation of subsidiaries are recognised in the translation reserve. A strong US dollar will increase Concordia Maritime's equity and net value and vice versa. Exchange rate difference arising on translation of foreign subsidiaries to Swedish krona are recognised in translation reserve in other comprehensive income. The exchange rate was 6.73 at 31 December 2010 and 6.87 on 31 December 2011. The positive effect on equity of a stronger dollar has been met out of the Parent Company's equity hedging and the net effect is SEK 34.5 (–65.7) million, corresponding to SEK 0.72 per share (–1.37).

The accumulated exchange differences, including the effects of hedging, which are recognised in the translation reserve, amount to SEK 83, 6 (49.1) million, corresponding to SEK 1.75 (1.03) per share. It is estimated that a change in the dollar rate of SEK 0.10 will affect Concordia Maritime's equity by approx. SEK 17 million, or SEK 0.35 per share.

Currency risk in operating activities (transaction exposure)

The Group's entire income is in US dollars. The Group's costs are also dominated by the US dollar, apart for some administrative expenses in Swedish krona and Swiss francs. Consequently, exchange rate variations do not affect either cash flow or earnings significantly. Exchange differences in operations amounted to MSEK 0.0 (0.0). No hedging against exchange rate fluctuations in operating activities was conducted.

Certain shipyard payments were in Euros. These were hedged against USD at the inception of the contract in 2006. In total, EUR 0.0 (4.5) million was hedged against the USD. On 31 December 2011, a total of SEK 0.0 (–0.4) million had been recognised in the hedging reserve in equity (see also the section on cash flow hedges in Note 1).

In the fourth quarter, the Company hedged NOK financial investments into USD in order to make them currency-neutral. The forward exchange contracts are recognised in the Hedging reserve through OCI. At the end of the fourth quarter, the value of these contracts was SEK 1.0 (0.0) million.

Financial exposure – outstanding derivatives

The Group's borrowing is in the investment currency USD and is therefore not subject to currency exposure. That is not the case for the Parent Company.

Sensitivity analysis

The Group aims to reduce short-term fluctuations in its results by means of interest rate and currency risk management. However, in a long-term perspective, lasting changes in exchange rates and interest rates may have an effect on consolidated results.

It is estimated that a general increase of 1 percent in the SEK-USD rate would reduce the Group's result before tax by approx. SEK 0.8 (0.8) million for the year ending 31 December 2011. Changes in the value of forward exchange contracts are included in this calculation.

Similarly, a general increase of 1 percent in the US LIBOR rate would reduce the Group's result before tax by SEK 15.2 (14.8) million on December 31, 2011, also taking into account the effect of swaps. The Company believes that impaired liquidity in financial investments would not materially affect its financial position.

Financial assets and liabilities – categories and fair values

Group 2011, SEK millions	Financial assets held for trading	Derivatives used in hedge accounting	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Other liabilities	Total carrying amount	Total fair value
Financial investments				104.8			104.8	104.8
Non-current receivables			1.8				1.8	1.8
Other receivables								
Short-term investments	8.8						8.8	8.8
Total	**8.8**		**1.8**	**104.8**			**115.4**	**115.4**
Non-current interest-bearing liabilities						1,802.4	1,802.4	1,802.4
Other non-current liabilities						1.7	1.7	1.7
Current interest-bearing liabilities						13.0	13.0	13.0
Trade and other payables		62.6				0.6	63.2	63.2
Total		**62.6**				**1,817.7**	**1,880.3**	**1,880.3**
Unrecognised gains/ losses							**0.0**	**0.0**

Group 2010, SEK millions	Financial assets held for trading	Derivatives used in hedge accounting	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Other liabilities	Total carrying amount	Total fair value
Financial investments				61.7			61.7	61.7
Non-current 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 and other payables		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**

Note 18 contd.

Parent 2011, SEK millions	Financial assets held for trading	Available-for-sale financial assets	Derivatives measured at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Other liabilities	Total carrying amount	Total fair value
Non-current receivables				1.7			1.7	1.7
Financial investments		17.2					17.2	17.2
Other receivables								
Short-term investments	8.8						8.8	8.8
Total	**8.8**	**17.2**		**1.7**			**27.7**	**27.7**
Non-current interest-bearing liabilities						1,608.7	1,608.7	1,608.7
Current interest-bearing liabilities						22.4	22.4	22.4
Other non-current liabilities						1.7	1.7	1.7
Trade and other payables			18.4			0.5	18.9	18.9
Total			**18.4**			**1,633.3**	**1,651.7**	**1,651.7**
Unrecognised gains/losses							**0.0**	**0.0**

Parent 2010, SEK millions	Financial assets held for trading	Available-for-sale financial assets	Derivatives measured at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Other liabilities	Total carrying amount	Total fair value
Non-current 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 and other payables			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**

Calculation of fair value

The following description summarises the methods and assumptions used to determine the fair values of the financial instruments in the table above. In the fair value hierarchy, securities held for trading are measured in accordance with level 1 inputs, which are quoted prices in active markets. Derivatives used for hedging are measured in accordance with level 2 inputs, which are observable market data not included in level 1.

Securities

Assets in this category are carried at fair value. As a general rule, listed holdings are measured at the closing-date share price. When a financial asset is derecognised, in the balance sheet, the cumulative gain or loss previously recognised in equity is reclassified from equity to profit or loss.

The Company's bond portfolio consists of listed securities and is measured at the closing-date price. The portfolio is classified as "available-for-sale" and is recognised at its market value in OCI.

Derivative instruments

Forward contracts are measured either at the current market price using quoted market prices or by discounting the forward price and deducting the current spot rate. Outstanding foreign exchange forward contracts at 31/12/2011 in relation to USD are EUR 0.0 (4.5) million, NOK 29.3 (0.0), while for the Swedish krona they are USD 125.0 (125.0) million. Interest rate swaps are measured at market value 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 carrying amount is considered to reflect the fair value.

Interest-bearing liabilities

The fair value of non-derivative financial liabilities is measured based on future cash flows of principal and interest discounted at the present market rate at the reporting date.

19 Operating leases

The Group's agreements regarding 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.

Leases where the Company is the lessee (chartering in)

Non-cancellable lease payments:

	Group	
SEK millions	2011	2010
Within one year		24.6
		24.6

The Group has 50% participation in the time chartering of three vessels. All the contracts expired in 2011. The vessels are now employed on the open market.

	Group	
SEK millions	2011	2010
Time charter costs	38.6	29.5
Freight income from leased vessels	38.3	30.2

Leases where the Company is the lessee (chartering out)

Non-cancellable lease payments:

	Group	
SEK millions	2011	2010
Within one year	479.5	504.5
One to five years (2013–2016)	893.2	1,263.9
After five years	49.0	188.4
	1,421.7	**1,956.8**

The above calculation was made using the fixed daily rate specified in the time charter contracts, which means that any profit-sharing clauses are not taken into account. The time charter agreements are in US dollars and are translated using the closing rate.

20 Investment commitments

Group

Commitments under contracts relating to investments in vessels amount to SEK 286.5 (602.1) million for 2012. Commitments in 2013 and thereafter amount to SEK 0.0 (317.7) million. These are translated based on the average SEK/USD exchange rate for 2011, which was 6.4969.

21 Pledged assets and contingent liabilities

	Group		Parent	
Group, SEK millions	2011	2010	2011	2010
Pledged assets				
For own liabilities and provisions				
Ship mortgages	3,289.5	2,919.1		
Shares in subsidiaries (in consolidated equity)	2,978.9	2,643.8		
Total pledged assets	**6,268.4**	**5,562.9**		
Contingent liabilities				
Parent Company guarantees for subsidiaries' overdraft facilities			68.7	33.6
Total contingent liabilities			**68.7**	**33.6**

The rights associated with certain insurance, construction and time charter contracts have been pledged in favour of the banks providing the lines of credit. It has not been possible to define the specific amounts of these rights. The Parent Company has also provided a guarantee for a subsidiary, which relates to vessel financing. The loan can only be drawn on delivery of the vessel, and was not available at the reporting date. Consequently, the value of the guarantee cannot be defined.

22 Related parties

Relationships with related parties

The Parent Company has a related party relationship with its subsidiaries (see note 23). Key management personnel are considered to be related parties, see Note 4.

Related party transactions

Related party relationship Group, SEK millions	Year	Purchase of services from related parties	Due to related parties on 31 December	Due from related parties on 31 December
Other related parties (see below)	2011	32.4	0.7	
Other related parties (see below)	2010	36.5		0.4

Related party relationship Parent, SEK millions	Year	Purchase of services from related parties	Due to related parties on 31 December	Due from related parties on 31 December
Subsidiaries	2011		7.5	
Subsidiaries	2010		6.8	
Other related parties	2011	2.4	0.7	
Other related parties	2010	2.4		0.4

Concordia Maritime has a small internal organisation, and purchases services from the related-party companies in the Stena Sphere, which include Stena Bulk. The latter company conducts tanker business which competes with Concordia Maritime in some respects. Accordingly, there is an agreement, entered into many years ago, which regulates the relationship between the two companies with respect to new business. Under the terms of this agreement, Concordia Maritime has the right to opt for 0, 50 or 100 percent participation in each new transaction.

At the beginning of April 2011, Stena Bulk started a 50–50 joint venture together with the Danish company Weco, resulting in a newly established company, Stena Weco. Stena Weco specialises mainly in the transportation of vegetable oils. Under a new agreement with Stena Bulk, Concordia Maritime is entitled to the financial result arising from vessels that may from time to time be chartered in by Stena Weco for a period of more than one year, which are conducted, should Concordia Maritime decide to participate in such charters. Other business generated by Stena Weco is not available to Concordia Maritime.

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

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

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

23 Group companies

Significant subsidiary holdings

	Subsidiary's registered office, country	Ownership share, % 2011	Ownership share, % 2010
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

Note 23 contd.

	Subsidiary's reg'd office, country	Ownership share, % 2011	2010
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	100

Parent, SEK millions	2011	2010
Accumulated cost	745.8	745.8
Closing balance, 31 December	**745.8**	**745.8**

Parent Company's direct holdings of shares in subsidiaries

Subsidiary/Corp. ID/Reg'd office	Number of shares	Holding, %	31/12/2011 Carrying amount	31/12/2010 Carrying 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

Group, SEK millions	31/12/2011	31/12/2010
The following components are included in cash and cash equivalents:		
Cash and cash equivalents (+balance on overdraft facility)	128.2	68.3
Total reported in balance sheet	**128.2**	**68.3**
Total reported in cash flow statement	**128.2**	**68.3**

Parent, SEK millions	31/12/2011	31/12/2010
The following components are included in cash and cash equivalents:		
Cash and cash equivalents (+balance on overdraft facility)	1,454.1	1,226.2
Total reported in balance sheet	**1,454.1**	**1,226.2**
Total reported in cash flow statement	**1,454.1**	**1,226.2**

Interest paid and dividend received

	Group		Parent	
SEK millions	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Dividend received	0.5	0.7	0.4	0.7
Interest received	7.8	12.0	22.7	14.7
Interest paid	–35.5	–37.9	–21.9	-28.7
	–27.2	**–25.2**	**1.2**	**–13.3**

Non-cash items

	Group		Parent	
SEK millions	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Depreciation	135.3	119.3	0.0	0.1
Depreciation, periodic maintenance	18.8	10.6		
Unrealised exchange differences			49.6	–83.2
Changes in value of financial instruments		–1.5	69.5	–2.3
Capital gain on sale of financial assets	1.6	–0.7	–0.7	–0.7
Other	–0.8	6.1		0.7
	154.9	**133.8**	**118.4**	**–85.4**

25 The Parent Company

Concordia Maritime AB (publ) is a limited company incorporated in Sweden, with its registered office in Gothenburg. The Company's shares are listed on Nasdaq OMX Stockholm. The address of the head office is SE-405 19, Gothenburg.

The 2011 consolidated financial statements comprise the Parent Company and its subsidiaries, which together form the Group. The Group also includes holdings in venture companies.

Stena Sessan Rederi AB owns approx. 52% of the equity and approx. 73% of the total voting power in Concordia Maritime AB. Stena Sessan Rederi AB in turn is owned by Stena Sessan AB, (Corp. ID 556112-6920, registered office Gothenburg).

26 Events after the reporting date

No significant events occurred after reporting date.

27 Significant accounting estimates

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and other factors, including expectations about future events which are considered reasonable in the present circumstances. The Board and management make estimates and assumptions about the future when preparing the financial statements. These result in accounting estimates, which, by definition, rarely correspond with the actual outcome. Estimates and assumptions which involve considerable risk of material adjustments to the carrying amounts of assets and liabilities during the next financial period are described below.

Vessels

It is Concordia Maritime's estimation that the vessels have a useful life of 25 years. In addition, any scrap value at the end of the period is considered erased due to charges associated with the scrapping. Consequently, the residual value is deemed to be zero.

Impairment testing of vessels is conducted twice a year, and more frequently if there is an indication that vessel values are impaired. See also Notes 1 and 8.

Deferred taxes

When preparing financial statements, Concordia Maritime calculates the income tax for each area of taxation in which the Group operates, as well as deferred taxes arising from temporary differences. Deferred tax assets primarily attributable to tax loss carryforwards and temporary differences are recognised if the tax assets are likely to be recovered from future taxable income. Changes in assumptions about projected future taxable income and changes in tax rates may result in significant differences in the measurement of deferred taxes.

Declaration by the Board

The Board and President herewith confirm that the Parent Company's annual financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with international financial reporting standards as defined in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards The Parent Company and consolidated annual financial statements provide a true and fair view of the financial performance and position of the Parent Company and the Group. The Board of Directors' report for the Parent Company and Group provides a true and fair overview of the development of the operations, financial position and performance of the Parent Company and Group, and describes material risks and uncertainties faced by the Parent Company and Group companies.

Gothenburg, 13 March 2012

Dan Sten Olsson
Chairman

C. Mikael von Mentzer
Deputy Chairman

Stefan Brocker
Board Member

Bert Åke Eriksson
Board Member

Jens Ole Hansen
Employee Representative

Mats Jansson
Board Member

Jörgen Lorén
Employee Representative

Morten Chr. Mo
Board Member

Hans Norén
President

My audit report was submitted on 13 March 2012

Johan Kratz
Authorized Public Accountant

AUDIT REPORT

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

Report on the Parent Company's annual financial statements and consolidated annual financial statements

I have audited the annual accounts and consolidated accounts of Concordia Maritime AB (publ) for the year 2011. The annual accounts and consolidated accounts are included in the printed version of this document on pages 46–78.

Responsibility of Board of Directors and President

The Board and the President are responsible for preparing annual accounts which provide a true and fair view in accordance with the Swedish Annual Accounts Act, and consolidated accounts which give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from materialmisstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these annual accounts and consolidated accounts based on my audit. I conducted my audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company at 31 December 2011 and its financial performance and cash flows for the year then ended. In my opinion, the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group at 31 December 2011 and its financial performance and cash flows in accordance with International Financial Reporting Standards as adopted by the EU. The Board of Directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

I therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the income statement, statement of comprehensive income and balance sheet for the Group.

Report on other legal and regulatory requirements

In addition to my audit of the annual accounts and consolidated accounts, I have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and President of Concordia Maritime AB (publ) for the year 2011.

Responsibility of Board of Directors and President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

My responsibility is express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on my audit. I conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my opinion concerning the Board's proposed appropriations of the company's profit or loss, I examined the Board's reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for my opinion concerning discharge from liability, in addition to my audit of the annual accounts and consolidated accounts, I examined significant decisions, actions taken and circumstances of the company in order to determine whether any memberof the Board of Directors or the President is liable to the company. I have also conducted examinations to establish whether any member of the Board or the President has in any other way acted in contravention of the Swedish Companies Act, the Annual Accounts Act, or the Company's Articles of Association.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinions

I recommend to the annual general meeting of shareholders that the profit be appropriated in accordance with the proposal in the Board of Directors' report and that the members of the Board and the President be discharged from liability for the financial year.

Gothenburg, 13 March 2012

Johan Kratz
Authorised Public Accountant

GOVERNANCE OF COMPANIES AND OPERATIONS

Concordia Maritime applies the Swedish Corporate Governance Code. This Corporate Governance Report has been prepared as part of the application of the Code. In addition to the description of corporate governance, there is also a summary description of how the operational control of day-to-day activities is carried out. The report has been reviewed by auditors and there are no derogations from the code.

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 partly owned subsidiaries.

The registered office is in Gothenburg. The address of the Group's head office is Concordia Maritime AB, SE-405 19 Gothenburg, Sweden.

The governance of Concordia Maritime is based on the Swedish Companies Act and Nasdaq OMX Stockholm's regulations, including the Swedish Corporate Governance Code ("the Code") and other applicable Swedish and foreign laws and regulations. The Code is available at www.bolagsstyrning.se.

We apply to the Swedish Corporate Governance Code and the Annual Accounts Act. This Corporate Governance Report has been prepared as part of the application of the Code.

Certain information required under section 6, Chapter 6, of the Swedish Annual Accounts Act can be found in the Board of Directors' Report.

Information provided at www.concordiamaritime.com includes:

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

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the annual general meeting of Concordia Maritime AB (publ). Corp. ID 556068-5819

The Board is responsible for the 2011 Corporate Governance Report on pages 80–89, and for ensuring that it is prepared in accordance with the Annual Accounts Act.

I have read the corporate governance report and based on this reading and my knowledge of the Company and Group, I believe that I have sufficient grounds for my opinion expressed below. This means that my statutory review of the Corporate Governance Report has another focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden.

In my view, a corporate governance report has been prepared and all the statutory information it contains is consistent with the annual accounts and consolidated accounts.

Gothenburg, 13 March 2012

Johan Kratz,
Authorised Public Accountant

CONCORDIA MARITIME

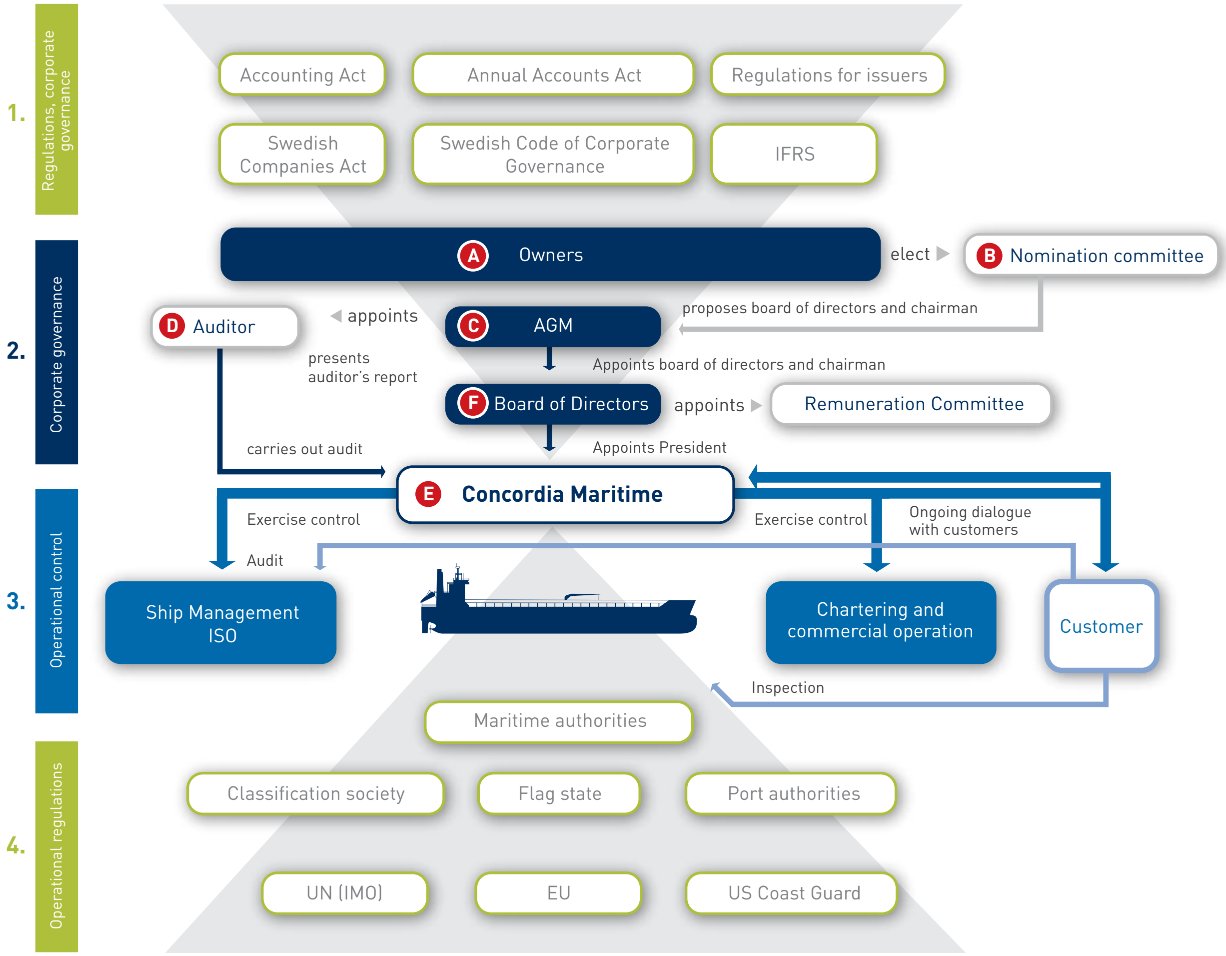
Dear shareholders!

Good corporate governance is about clarity in the areas of responsibility and accountability, transparency in decision-making processes and openness, enabling the owners to understand and follow the development of the Company. Concordia Maritime has for some years shown strong commitment in describing the Company's governance mechanisms. The ambition in drawing up this Corporate Governance section was to make the description as relevant, comprehensible and clear as possible.

Gothenburg, March 2012

Dan Sten Olsson
Chairman of the Board

PRINCIPLES OF CORPORATE GOVERNANCE



The corporate governance and control of our operations can be described from several 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, Nasdaq OMX Stockholm's listing agreement, rules for issuers and the Swedish Corporate Governance Code.

2. From an ownership perspective, business operations are governed by a Board of directors elected by the shareholders. The Board formulates the frameworks for the operations, appoints the President and exercises control over the Company's management. The Board has the services of a shareholder-elected auditor, whose job is to provide audit reports on the annual accounts and consolidated accounts for Concordia Maritime AB (publ) and administration of the Company by the Board and President.

3. The day-to-day operations are ultimately controlled by the customers' demands for efficiency and reliability. We have chosen a strategy that involves collaboration with a number of subcontractors in areas which include commercial operation and ship management.

This collaboration is regulated by both binding agreements and 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, the business activities are subject to and governed by a number of industry-specific regulations. The most important of these are the UN, EU and US regulations related to shipping and trade in oil and petroleum products, and 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 of the business down to ship level.

A VOTING RIGHTS

The share capital consists of class A shares and class B shares. All shares carry equal entitlement to a share of the company's assets, earnings and dividends. The par value is SEK 8 per share. Class A shares carry ten votes per share and class B shares one vote per share. On the end of the year, all Series A shares were controlled by the Stena Sphere. On 31 December 2011, share capital amounted to SEK 381.8 million, divided between 47.73 million shares, of which 43.73 million were B shares. Total number of votes amounts to 83.73 million.

B NOMINATION PROCESS

The nomination process for the election of Board members includes appointing a nomination committee consisting of three members. The members shall comprise the Deputy Chairman and one representative from each of the two largest shareholders (in terms of voting power), should they wish to serve on the committee.

The composition of the nomination committee is based on shareholder statistics as at the last banking day of August in the year prior to the meeting. The names of representatives on the nomination committee and the shareholders they represent shall be announced on the website immediately after their appointment, but no later than six months before the annual general meeting.

If the structure of major shareholders should change during the nomination process, the composition of the nomination committee may be changed to reflect this.

Shareholders wishing to submit proposals to the nomination committee do so via arsstamma@concordiamaritime.com.

The guidelines issued to the largest owners regarding their choice of representatives state that the individual in question must have knowledge and experience relevant to Concordia Maritime. The rules on the independence of board members contained in the Swedish Corporate Governance Code are observed.

The nomination committee's tasks include submitting proposals to the next AGM concerning the following areas:

- Chairman of the meeting
- Board members
- Chairman of the Board
- Remuneration of each Board member
- Remuneration for committee work
- Nomination committee for the following year

The nomination committee's proposals and a report on its own work shall be published no later than the date of the notice convening the meeting. Shareholders are given the opportunity to submit nomination proposals to the nomination committee.

C SHAREHOLDERS' MEETING

The general meeting of shareholders is the highest decision-making body at Concordia Maritime. Participation in decision-making, requires the shareholder's presence at the meeting, either in person or through a proxy. In addition, shareholders must be registered in their own name in the share register by a specified date prior to the meeting and must provide notice of participation in the manner prescribed.

Resolutions at the meeting are normally adopted on the basis of a simple majority. However, for certain matters, the Swedish Companies Act stipulates that resolutions must be approved by a larger proportion of the votes cast and shares represented at the meeting.

The Annual General Meeting is held in the Gothenburg region in the second quarter of each year. The meeting decides on matters concerning adoption of the annual report, dividends, remuneration of the Board and auditors, election of Board members and, when necessary, auditors, guidelines on remuneration of Group management as well as other important business. Individual shareholders wishing to have business considered at the AGM can normally request this, in good time before the meeting, via arsstamma@concordiamaritime.com.

An extraordinary general meeting may be held if the Board considers this necessary or if the Company's auditors or shareholders owning at least 10 percent of the shares so request.

D AUDITOR

The auditor provides an audit report on the annual accounts and consolidated accounts for Concordia Maritime AB (publ), the administration of the Board and the President and the annual accounts for other subsidiaries.

The audit is conducted in accordance with the Swedish Companies Act and International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC). The auditing of annual financial statements for legal entities outside Sweden is conducted in accordance with laws and other regulations in each country and in accordance with IFAC's generally accepted auditing standards on providing audit reports for legal entities.

An auditor is proposed by the nomination committee and elected by the AGM for a period of one year. At the 2011 AGM Johan Kratz, KPMG, was elected as the Company's external auditor until the 2012 AGM.

The auditor's fees are charged on a current account basis. In 2011, KPMG received fees totalling SEK 1.4 million.

E GROUP

Management and corporate structure

The Group comprises the Parent Company Concordia Maritime AB (publ) and a number of Group companies, which ultimately report to the President. The Parent Company's own organisation is small and consists solely of senior management. Other functions are purchased. At the end of 2011, the total number of employees in the Group was 380, 6 of whom were shore-based.

President and Group management

In addition to the President, Group management consists of the CFO, the technical manager and general managers of the subsidiaries. The President is appointed by and receives instructions from the Board.

The President is responsible for the day-to-day management of the Company in accordance with the Board's guidelines and instructions. The President also produces information and decision-support material prior to Board meetings and attends the meetings in a reporting capacity.

The President is also responsible for communication and quality assurance of contact with the Company's cooperation partners.

Remuneration of Group management

We endeavour to offer total remuneration that is both fair and competitive. All employees receive remuneration in the form of fixed salary and the opportunity to earn a bonus. Guidelines on remuneration of Group management are adopted by the annual general meeting.

Remuneration of the President is thereafter determined by the remuneration committee. Remuneration of other senior 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 BOARD

Tasks of the Board

The Board's main task is to manage the Group's affairs in a manner that creates the optimum conditions for a good long-term return on capital. The Board's work is mainly regulated by 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 on matters concerning the Group's overall objectives, strategic direction and major policies, as well as important issues related to financing, investments, acquisitions and disposals. The Board monitors and deals with follow-up and control of the activities of the Group, the Group's communication and organisational matters, including evaluation of operational management. The Board's responsibility includes appointing and, where appropriate, dismissing the Company's President. The Board also has overall responsibility for establishing effective systems for internal control and risk management.

Rules of procedure and Board meetings

Every year, the Board adopts rules of procedure for its work. These rules of procedure are revised as needed. The rules of procedure contain a description of the Chairman's special role and tasks, and the areas of responsibility for the committees appointed by the Board. According to the rules of procedure, the Chairman shall ensure that the Board's work is carried out efficiently and that the Board performs its tasks. The Chairman shall also organise and distribute the Board's work, ensure that the Board's decisions are implemented effectively and that the Board makes an annual evaluation of its own work. The rules of procedure also contain detailed instructions to the President and other corporate functions about which matters require the Board's approval. In particular, the instructions specify the maximum amounts that different decision-making bodies within the Group are authorised to approve with regard to credit, investments and other expenditure.

The rules of procedure stipulate that the statutory Board meeting shall be held immediately after the AGM. Decisions at this meeting include the election of the Deputy Chairman and who shall have signatory power for Concordia Maritime. In addition to the statutory meeting, the Board normally holds six regular meetings during the year. Four of these meetings are held in conjunction with the publication of the Group's annual and interim reports. The meetings are usually held in Gothenburg. Additional meetings, including conference calls, are held as required.

Quality assurance in financial reporting

Concordia Maritime is a company with a limited number of customers and a limited number of employees. The Company does not have a specific function for internal controls as there are relatively few transactions on an annual basis. The small number of transactions also makes financial reporting in the Company relatively easy to verify.

The President is ultimately responsible for ensuring the satisfactory functioning of internal controls . However, day-to-day work is delegated to the business administration and finance function.

The rules of procedure established by the Board each year include detailed instructions on which financial reports and other financial information is to be submitted to the Board. In addition to interim and annual reports, other financial information relating to the Company and its areas of activity is also examined and evaluated on an ongoing basis.

Control environment

The core of the internal control over financial reporting is based on the Group's directives, guidelines and instructions, and on the 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 the 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 that is established in the Group and in which managers and employees operate. We work actively on communication and education with regard to the values described in an internal joint document which binds together all business areas and is an important part of the common culture.

Risk assessment

Risks associated with financial reporting are evaluated and monitored by the Board as a whole. There is no separate audit committee; instead, audit matters are dealt with by the entire Board. Prior to examining interim and annual reports, Board members have access to relevant documentation well in advance of publication and the Board meeting preceding publication. The reports are then discussed in detail at the Board meeting. In the days before publication, the CFO also reserves special time to deal with any questions that may arise from the Board.

The Board also reviews the most important accounting principles applied in the Group with respect to financial reporting, as well as significant changes to these principles. The external auditors report to the Board as necessary and at least once a year.

Financial reporting and disclosures

Concordia Maritime's procedures and systems for external communication are aimed at providing the market with relevant, reliable, accurate and timely information on the Group's development and financial position. We have an information policy that meets the requirements for a listed company. Financial information is provided regularly in the form of:

- Interim reports
- Annual reports
- Press releases on news that could affect the share price
- Presentations and conference calls for financial analysts, investors and media
- High availability to all stakeholders via telephone etc.
- Meetings with financial analysts and investors
- All reports and press releases are published on the Company website www.concordiamaritime.com

Evaluation of the Board's work

Under the leadership of the Deputy Chairman, the Board conducts an annual evaluation of its work. The evaluation covers working methods, the working climate, the direction of the Board's work and access to and the need for special competence on the Board. The evaluation is used as an aid in developing the work of the Board and also acts as support for the nomination committee's work.

Remuneration committee

The Board has a remuneration committee, the main task of which is to propose principles for remuneration of members of Group management. The committee makes proposals on remuneration guidelines relating to:

- Targets and rationale for calculating variable pay
- The relationship between fixed and variable pay
- Changes in fixed or variable pay
- Criteria for evaluation of variable pay, 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 Deputy Chairman of the Board. The Committee met on two occasions in 2011.

CORPORATE GOVERNANCE IN 2011

THE WORK OF THE BOARD DURING THE YEAR

The Board held six ordinary meetings and one telephone meeting during the year. All meetings except one were held in the Gothenburg area. At ordinary Board meetings, the President gives an account of the Group's results and financial position, including the prospects for the following quarters. The Board meetings also deal with investments, the establishment of new operations, and acquisitions and disposals. The company's auditor attended the meeting in February 2011, at which the year-end accounts for 2011 were approved. All the meetings during the year followed an approved agenda. The agenda and documentation for each agenda item were sent to Board members before the meetings. Karl-Magnus Sjölin, the CFO at Stena Sessan, was the secretary at all the Board meetings. Significant matters during the year included strategy, market assessments and financial risks.

Independence

The board is considered to be in compliance with the Stock Exchange's regulations and the Code's requirements regarding independence. Prior to the 2011 annual general meeting, all meeting-elected Board members apart from the Chairman Dan Sten Olsson and Bert Åke Eriksson have been assessed by the nomination committee as independent of both the major owners of the Company and its executive management.

BOARD MEETINGS 2011

4 FEBRUARY
Conference call
Business proposal, equity hedge

22 FEBRUARY
Year-end report

8 APRIL
Business proposal, JV agreement

28 APRIL
Interim report

Statutory Board meeting

ANNUAL GENERAL MEETING

The Annual General Meeting was held on 28 April 2011. The meeting was attended by 91 shareholders, in person or through a proxy, representing 77.0 percent of the votes. All meeting-elected Board members were present. Also present were the Company's auditor and members of the nomination committee. The meeting's main decisions were as follows:

- Adoption of the Board's proposal for payment of a dividend of SEK 1.00 per share for 2010.
- Re-election of the Board members Dan Sten Olsson, C. Mikael von Mentzer, Mats Jansson, Morten Chr. Mo, Bert Åke Eriksson and Stefan Brocker. (Jörgen Lorén, Employee representative, Jens Ole Hansen, Employee representative, and Göran Dahlman, Deputy).
- Re-election of the Chairman of the Board Dan Sten Olsson.
- Payment of annual fees to the Board (excluding travel expenses) of SEK 1,700,000, distributed as follows: SEK 400,000 each to the Chairman and Deputy Chairman and SEK 225,000 to each of the other Board members who are not employees of the Group. The meeting also adopted auditors' remuneration for reasonable costs, to be paid against invoice based on actual time spent on carrying out their assignments.
- Principles for remuneration and terms of employment for the President and other senior executives.
- Procedures for the appointment of the nomination committee and its work.

Dan Sten Olsson is not considered to be independent of Concordia Maritime's major shareholder, as he is, among other things, the principal owner of Stena Sessan Rederi AB, which owns approx. 52 percent of the capital and 73 percent of the total voting power. Bert Åke Eriksson is the President of Stena Sessan Rederi AB and consequently is not considered to be independent of the principal owner.

NOMINATION COMMITTEE

The nomination committee for the period up to the 2012 meeting consisted of C. Mikael von Mentzer (Deputy Chairman, Concordia Maritime), Karl-Magnus Sjölin (Stena Sessan AB) and Arne Lööw (Fjärde AP-fonden). The committee represented 75.9 percent of the shareholders' votes. The composition of the nomination committee was announced on Concordia Maritime's website on 30 September 2011. In 2011, the nomination committee had one meeting and a number of contacts over the telephone.

16 AUGUST
Interim report for first six months

1–2 NOVEMBER
Interim report
Strategy meeting

16 DECEMBER
Budget

OPERATIONAL CONTROL IN 2011

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

From a control perspective, our main task is to monitor and evaluate whether the contracts entered into are performed as agreed.

There is close, virtually daily, contact with Stena Bulk, Stena Weco and NMM, and a formal report is made every quarter. At the end of each year, a larger-scale follow-up and evaluation of the collaboration is carried out.

Chartering and operations

The collaboration with Stena Bulk and Stena Weco with regard to chartering and operations is based on an agreement between the companies which is followed up and evaluated annually. Read more about the agreement in Note 22.

Stena Bulk and Stena Weco are responsible for the day-to-day operation of the vessels, maintaining contact with customers, and acting as an intermediary in connection with different types of controls and inspections. Reporting is formalised and the most important elements are regular reports on income, the outcome of profit-sharing clauses and cost control.

A YEAR WITH STENA PENGUIN

MARCH
Report from Fleet and Commercial Manager

25 MARCH
Flag State Control, Freeport, Bahamas

26 MARCH
Vetting, ConocoPhillips, Freeport, Bahamas

11 APRIL
Port State Control, Texas City, USA

JUNE
Report from Fleet and Commercial Manager

The owner's own inspections
On behalf of Concordia Maritime, NMM carries out quarterly inspections on board the vessels.

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

Classification Society inspections
The Classification Society's inspections are conducted annually or following repairs/modifications. Additionally, a more comprehensive inspection is carried out every fifth year when the ship is dry-docked. Special emphasis is given to examining e.g. materials in the hull and machinery, maintenance procedures and quality level of the work done at the shipyard.

Manning, management and regular maintenance
The collaboration with NMM encompasses services related to manning, management and regular maintenance. NMM is also responsible for contacts with the classification societies in the context of their inspections.

This collaboration is also followed up and evaluated on an annual basis. The evaluation includes monitoring of the budget and the fulfilment of defined goals.

Control and inspection of vessels
Shipping in general and tanker shipping in particular are associated with an extensive system of regulations. In addition to the owner's own inspections, several inspections are carried out annually by various stakeholders: customers, classification societies, ports and flag states. These inspections are largely similar to each other; the vessels undergo operational, technical, mechanical and safety inspections. Some of the inspections are planned, while others are carried out without prior notice. Results are reported to the authorities concerned, the owner and, in some cases, also to the customer.

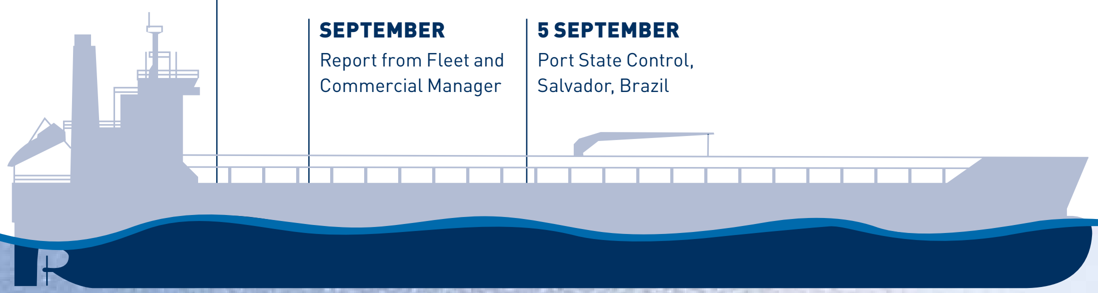
22 AUGUST
Port State Control, Buenos Aires, Argentina

23 AUGUST
Vetting, Chevron, Buenos Aires, Argentina

SEPTEMBER
Report from Fleet and Commercial Manager

5 SEPTEMBER
Port State Control, Salvador, Brazil

DECEMBER
Report from Fleet and Commercial Manager



Vetting – the customer's own inspection
Vetting is carried out by the customer or inspectors designated 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. 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 corrected and new vetting has been carried out. The system allows oil companies to continuously check whether the vessels satisfy their internal criteria, without having to inspect the vessels themselves.

Port State Control
Port State Control is the inspection of foreign ships calling at a nation's ports. The purpose of inspections is to verify that the ships comply with requirements, that the crew has the right competence, and that international regulations (SOLAS, MARPOL and STCW) are adhered to.

BOARD

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 attendance and remuneration

1) Independent is defined as independent of the company, its management and major shareholders.

2) Remuneration of the Board is decided by the AGM and is paid to Board members who are not employees of Concordia Maritime.

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

	Independence[1]	Remuneration committee	Total fees, SEK[2]	Attendance, %
Dan Sten Olsson	Not independent	●	400,000	88
C Mikael von Mentzer	Independent	●	400,000	88
Stefan Brocker	Independent		225,000	75
Bert Åke Eriksson	Not independent		225,000	88
Mats Jansson	Independent		225,000	100
Morten Chr Mo	Independent		225,000	88
Jörgen Lorén Employee rep.	Independent		25,000	100
Jens Ole Hansen Employee rep.	Independent		25,000	88
Göran Dahlman Employee rep. Deputy	Independent		25,000	75

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

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

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

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

Other current assignments: Chairman of the Swedish Maritime Officers' Association. Club chairman of SFBF Stena Line. Employee representative on the Boards of 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 Stena Group since 1989. Board member since 1996. Nationality Swedish.

Background: Götaverken, Bilspedition, SEKO Sjöfolk.

Other current assignments: Club Chairman SEKO Sjöfolk, Board member SEKO Sjöfolk, ordinary Board member Torslanda Kulturhus AB. Deputy Board member 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 and 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, Petrogrand AB and Chinsay AB.

Shares held in Concordia Maritime: 0

Jens Ole Hansen
Born 1951. Employees' representative. Company management training, LO-skolan. Employed by 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 on the Boards of Stena Rederi AB and Stena Line Scandinavia AB.

Shares held in Concordia Maritime: 0

Stefan Brocker
Born 1966. Lawyer. Partner and CEO, Mannheimer Swartling Advokatbyrå AB. Board member since 2007. Nationality Swedish.

Other current assignments: Honorary Consul of Greece 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 and Leif Høegh & Co AS, President Stemoco Shipping AS and Lorentzen & Stemoco AS.

Other current assignments: Chairman of Bitutank AS Oslo. Board member of CellVision AS and Bass Pte Ltd Malaysia.

Shares held in Concordia Maritime: 0

AUDITOR

Johan Kratz
Authorised Public Accountant KPMG. Appointed in 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.
M.Sc. in International Accounting and Control.
Employed since 2005 (at Stena since 2001).

External assignments: Member of the Financial Committee of the Swedish Shipowners' Association

Shares held in Concordia Maritime: 0

Barbara Oeuvray
Born 1966. General Manager, Concordia Maritime AG. Swiss Certified Finance and Accounting Specialist.
Employed since 2005 (at Stena since 1989).

External assignments: Board member of Arvak Ltd

Shares held in Concordia Maritime: 10,000

Torbjörn Rapp
Born 1962. Technical Manager.
Employed since 2004.

Shares held in Concordia Maritime: 10,000

N. Angelique Burgess
Born 1965. General Manager, Concordia Maritime (Bermuda) Ltd.
B.Sc., 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, Gothenburg, Sweden, at 2.00 p.m. on 26 April 2012. The interim report for the first quarter will be also be presented at the meeting.

Participation
Shareholders wishing to attend the AGM must be registered in Euroclear AB's share register as at 20 April 2012, and must notify the Company at the following address:

Concordia Maritime AB
SE-405 19 Gothenburg, Sweden

or by telephone + 46 31-85 50 19
e-mail: arsstamma@concordiamaritime.com
or via the website: www.concordiamaritime.com
by 20 April 2012.

Dividend
The Board proposes a dividend of SEK 1.00 per share. The proposed record date for dividends is 2 May 2012. If the Annual General Meeting adopts the proposal, the dividend will be paid out by Euroclear AB on 7 May 2012.

Nominee-registered shares
To be eligible to participate in the Annual General Meeting, shareholders who have registered their shares in the name of a nominee through a bank's trust department or an individual broker must temporarily register the shares in their own name with Euroclear AB. Shareholders who wish to re-register shares must inform the nominee well in advance of 20 April 2012.

Reporting dates
The annual report for 2011 is sent to all registered shareholders. The interim report for the first three months will be published on 26 April 2012, the report for the first six months on 16 August 2012 and the report for the first nine months on 7 November 2012.

DEFINITIONS

Equity ratio Equity as a percentage of total assets.

Return on total capital Result after financial net plus finance costs as a percentage of average total assets.

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

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

Cash flow from operating activities Result after financial net 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 divided by earnings per share after tax.

ADDRESSES

Concordia Maritime AB (publ)
SE-405 19 Gothenburg
Tel +46 31-85 50 00
Corp. ID 556068-5819
Reg'd office Gothenburg

Concordia Maritime AG
Bahnhofplatz
CH-6300 Zug
Switzerland
Tel +41 41 728 81 21

Concordia Maritime (Bermuda) Ltd
Belvedere Building
69 Pitts Bay Road
Pembroke HM08 Bermuda

Hans Norén
President
Tel +46 31 85 51 01
or +46 704 85 51 01
hans.noren@
concordiamaritime.com

Göran Hermansson
CFO
Tel +46 31 85 50 46
or +46 704 85 50 46
goran.hermansson@
concordiamaritime.com

www.concordiamaritime.com

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You can find more information here

We want everybody who is interested in tanker shipping in general and Concordia Maritime in particular to easily be able follow us and keep up to date about what is happening in our world. This is why we put a lot of effort into describing what we do and how we do it. For those of you who are interested in shipping, there are a number of different and exciting ways of following our activities.

Our website provides answers to any question you might have about our business in an easy to understand and interesting way. Our ambition is to be as comprehensive and transparent as we possibly can in order to disseminate knowledge about us and our industry.

Our new app offers a completely new way of following our activities. The app contains information about our fleet, the share, financial reports, press and contact information and much more. Download the app free of charge via Apple's App Store or Google Play.

Other important channels for communicating with our stakeholders and shareholders are, of course, the AGM, capital market days and various industry meetings.

Google Play

Apple App Store

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