



Concordia Maritime is an international tanker shipping company, which owns two 313,000 dwt Stena V-MAX VLCCs delivered in 2001. These vessels are designed for maximum loading capacity in shallow waters. In addition to having mandatory double hulls, the vessels were built according to a new concept for safer oil transportation with double main engines in two completely separate engine rooms, double rudders and steering gear, two propellers and double control systems.

In 2003, six vessels, which will be built in accordance with the MAX concept, were ordered. These vessels, Stena P-MAX, are product tankers of about 49,900 dwt.

In 2004, two Panmax tankers of about 75,000 dwt, in which the company has a 50 per cent share, were ordered. The new vessels will be delivered over a 2-year period from December, 2005.

All the vessels are built to very high specifications as regards both customer satisfaction and lifespan. All the vessels on order will be built to ice class 1A or 1B specifications.

INNOVATION AND PERFORMANCE

Our mission is to generate a profit by providing our customers with safe, cost-effective tanker transportation based on innovation and performance

INTERIM REPORT FOR CONCORDIA MARITIME AB (publ) **1 January – 30 September, 2004**

- **An agreement has been signed to sell the two V-MAX tankers to the newly formed company Arlington Tankers Ltd. The consummation of the sale of the two vessels is conditioned on the completion by Arlington Tankers of its public offering and bank financing.**

The sale to Arlington Tankers is not taken into account in this interim report.

See also the enclosed press release.

- **Profit after tax SEK 114.0 (42.2) million – SEK 2.39 (0.88) per share**
- **SEK 44.8 (-14.4) million profit on the sale of ships (*Stena Constellation*) included**
- **Forecast for full year: SEK 170 million (SEK 3.56 per share) – same as earlier forecast**
- **Forecast profit per share after tax: SEK 3.28**
- **Full-year forecast includes additional capital gain of approx. SEK 45 million on the sale of ships (*Stena Congress*)**
- **Two Panmax tankers with ice class 1A ordered by Concordia, whose share in the vessels will be 50%. They will be employed on 10-year time charters with Fortum, the Finnish energy group**
- **10-year time charter contracts signed for two of the six P-MAX tankers on order**



SALES AND RESULT

January - September

Consolidated sales for the first nine months amounted to SEK 308.0 (549.8) million. The result after financial items was SEK 123.7 (35.0) million, which included a profit of SEK 44.8 (-14.4) million on the sale of ships. The result after tax was SEK 114.0 (42.2) million, which corresponds to a result per share after tax of SEK 2.39 (-0.88).

3rd quarter

Consolidated sales in the third quarter amounted to SEK 82.8 (100.7) million. The result after financial items was SEK 18.5 (-25.8) million. The result after tax was SEK 13.8 (-26.1) million, which corresponds to a result per share after tax of SEK 0.29 (-0.55).

Sales and result per operating segment

Sales and the result for the period refer in their entirety to the large tanker/VLCC segment. All the costs in the product tanker segment relate to the P-MAX tankers under construction and are included in the investments for the period.

THE FLEET

Panamax tankers with ice class 1A ordered

At the end of August, Concordia Maritime ordered two Panamax product tankers with Finnish/Swedish ice class 1A and has a 50% share in the joint venture which will own the two vessels.

At the same time, a 10-year time charter contract was signed for both vessels with the Finnish energy group Fortum, which plans to employ the vessels primarily in the transportation of refined products from the Baltic Sea to the North American market.

The tankers *Stena Polaris* and *Stena Poseidon* will be built at the Brodosplit shipyard in Croatia where six ice-strengthened Stena P-MAX product tankers are currently being built for Concordia Maritime.

The *Stena Polaris* and the *Stena Poseidon* will have a deadweight of 75,000 tons, a length of 228 m and a beam of 32 m. They have been specially designed for traffic in difficult ice conditions in the Baltic Sea and will have full double hulls, i.e. a double hull protecting not only the cargo tanks but also the fuel tanks and lube oil tanks.

The total contract price for the two vessels is approx. SEK 700 million and delivery will take place in 2006 and at the beginning of 2007.

10-year time-charter contracts signed for two P-MAX tankers

At the beginning of September, Concordia Maritime signed two 10-year time charter contracts for two Stena P-MAX tankers with Progetra S.A.

Progetra S.A. is a rapidly expanding logistics company, which cooperates closely with a number of Russian oil companies. Today, the company's business consists mainly of overland transportation and the operation of a number of oil terminals in Russia.

This deal means that Concordia has now secured employment for four of the six P-MAX tankers on order as 5-year time charter contracts for two vessels had previously been signed with the French oil company TOTAL.



V-MAX

The Group's two V-MAX VLCCs, the *Stena Vision* and the *Stena Victory*, continued to operate on the West Africa-US East Coast trade under the terms of their time charter contract with the US oil company Sunoco. This contract was renewed in May and runs until mid-2007.

Existing vessels				
	Type	Employment on delivery		Period
<i>Stena Vision</i>	V-MAX	Time-chartered	Sunoco	Q2, 2004 – Q2, 2007
<i>Stena Victory</i>	V-MAX	Time-chartered	Sunoco	Q2, 2004 – Q2, 2007
Vessels on order				
<i>Stena Paris</i>	P-MAX	Time-chartered	TOTAL	Q4, 2005 – Q4, 2010
<i>Stena Provence</i>	P-MAX	Time-chartered	TOTAL	Q1, 2006 – Q1, 2011
<i>Stena Primorsk</i>	P-MAX	Time-chartered	Progetra	Q3, 2006 – Q3, 2016
<i>Stena Progetra</i>	P-MAX	Time-chartered	Progetra	Q4, 2007 – Q4, 2017
<i>Stena Performance</i>	P-MAX	Open market		Q4, 2007
<i>Stena Progress</i>	P-MAX	Open market		Q1, 2008
<i>Stena Polaris</i> (50%)	Panamax 1A	Time-chartered	Fortum	Q4, 2006 – Q4, 2016
<i>Stena Poseidon</i> (50%)	Panamax 1A	Time-chartered	Fortum	Q1, 2007 – Q1, 2017

VLCC

The two remaining Concordia Class VLCCs were sold at the beginning of the year for conversion in the offshore industry. One of them, the *Stena Constellation*, was delivered to the buyer on 29 June. The second tanker, the *Stena Congress*, will be delivered to the buyer in the fourth quarter.

During the first half of the year, the average freight rate was USD 24,000 per day. During the third quarter, the average freight rate for the *Stena Congress* was USD 20,000 per day.

Management and operation

During the period, the fleet continued to be operated with a focus on safety and quality and the cost of ongoing ship operation remained at a low level.

TANKER MARKET

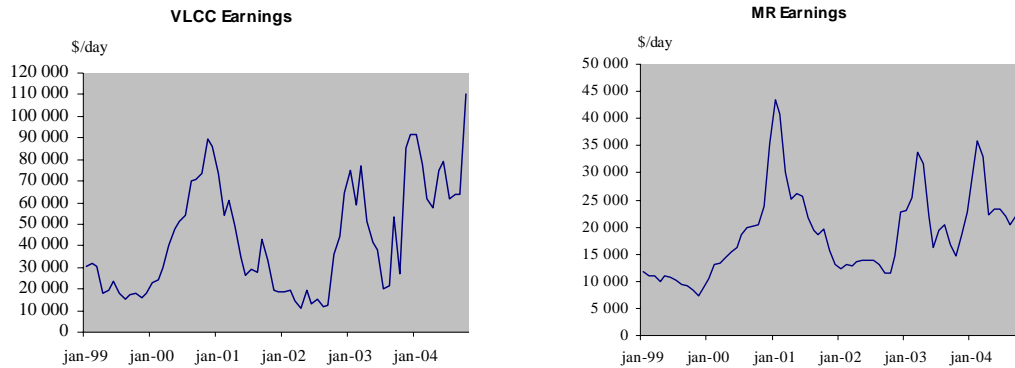
The tanker market continues to be very strong. Freight rates for modern large-tanker tonnage are currently over USD 100,000 per day.

The market for product tankers is improving, particularly for the transportation of fuel oil and similar products.



FREIGHT MARKET

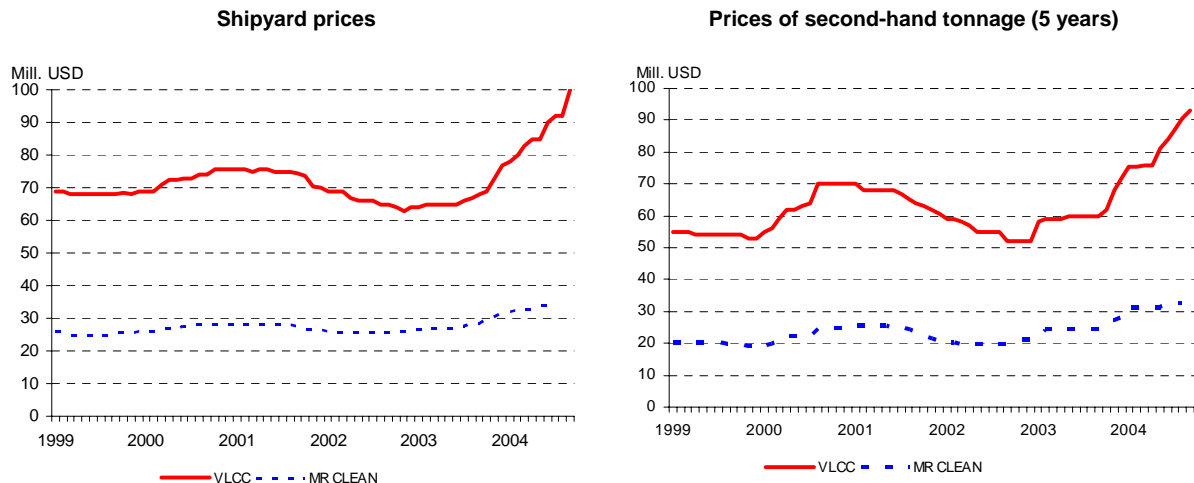
JANUARY, 1999 – OCTOBER, 2004



THE SHIPBUILDING AND SECOND-HAND MARKETS

Yard prices are at historically high levels. The yards' limited capacity over the next three years, in combination with high steel prices, is pushing up prices. In 2004, the price of tanker tonnage has risen 25-30%. Many yards are being hit by higher prices for input goods, particularly steel, for orders already signed.

Prices of second-hand tonnage have also been rising sharply as a result of the shipbuilding prices in combination with the strong freight market. In the last 12 months, the price of modern tanker tonnage has risen more than 40%.





EQUITY

Equity per share is SEK 23.68 (21.78). The SEK/USD exchange rate on 30-09-2004 was 7.36 (7.66). On 31-12-2003, equity per share was SEK 21.51 and the SEK/USD exchange rate was 7.28.

The decrease in value of the SEK in the SEK/USD exchange rate has increased equity by SEK 14 (-155) million, equivalent to SEK 0.29 (-3.26) per share.

LIQUIDITY AND FINANCING

In order to secure the borrowing requirements arising as a result of the investments in new tonnage, the old credit facility was replaced with new financing at the end of June. The new credit facility, which has a duration of about seven years, totals USD 250 million of which USD 100 million is already at the disposal of the Group, while USD 150 million will be made available as the P-MAX tankers are delivered.

The Group's disposable liquid funds, including unutilised credit facilities, amounted to SEK 611 (320) million on 30-09-2004. Disposable liquid funds on 31-12-2003 totalled SEK 320 million.

INVESTMENTS

Investments during the period amounted to SEK 69.9 million and consist of advance payments to the shipyard and project costs relating to the vessels on order.

Also included is SEK 2.0 million in capitalised interest.

RELATED COMPANY TRANSACTIONS

Concordia purchases services on a regular basis from the Stena Sphere. These payments cover the following services:

- Vessel charter
Payment is based on a commission of 1.25% on freight rates.
- Commission on the purchase and sale of vessels
Payment is based on a commission of 1% on purchases and sales.
- Operation of any jointly chartered vessels
Payment is based on a fixed price per month and vessel.
- Purchases of bunker oil
Payment is based on a commission of about 0.1% per ton purchased.
- Administration, marketing, insurance, technical follow-up and development of Concordia's fleet
Payment is based on a fixed price per month and vessel. In the case of technical consulting services for newbuilding projects, an hourly rate is charged on current account, which is then charged to the project.
- Office rent and office services for Concordia's personnel
A fixed price per year is charged.

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



PARENT COMPANY

The Parent Company's sales totalled SEK 8.8 (13.2) million. Intergroup invoicing accounted for SEK 7.3 (13.0) million of this amount. The result after financial items was SEK -7.4 (-1.1) million. The Parent Company's disposable liquid funds, including unutilised credit facilities, amounted to SEK 22.2 (20.2) million. There were no investments during the period.

FORECAST

Concordia's result is currently not affected by short-term upswings and downturns on the tanker market.

The Group's two V-MAX tankers are signed to time-charter contracts at fixed freight rates until mid-2007.

The remaining vessel in the so-called Concordia Class, the *Stena Congress*, will soon sail on her last voyage after which she will be delivered to the buyer at the end of November.

The forecast for the full year is SEK 170 million before tax (including the capital gain on ship sales), which is equivalent to SEK 3.56 per share. This is the same as the previous forecast. The forecast for the profit per share after tax is SEK 3.28.

The sale of the V-MAX tankers to Arlington Tankers is not taken into account in the forecast. If the sale is concluded, it is estimated that the capital gain will amount to about SEK 500 million.

ACCOUNTING PRINCIPLES AND METHODS OF CALCULATION

As of 1 January, the Company has applied the Swedish Financial Accounting Standards Council's recommendation no. 29 relating to remuneration to employees. This will have no significant effect on the consolidated income statement and balance sheets. In all other respects, the accounting principles and methods of calculation applied are the same as those applied in the Annual Report for 2003.

Preparations for the transition to International Financial Reporting Standards (IFRS)

As of 1 January 2005, all listed companies in the EU must comply with IFRS (previously IAS). A gradual adjustment has been in progress for a number of years in the form of implementation of the Swedish Financial Accounting Standards Council's recommendations, which are based on IFRS.

Work on preparing for the transition to IFRS is continuing and the Company's assessment is that the transition should not cause any problems.



REPORTS AND INFORMATION

This interim report has not been examined by the Company's accountants.

The result for the full year will be published on 17 February, 2005.

Historical and current reports, together with news and comments on the Company and the tanker markets, can be found on our web site www.concordia-maritime.se.

Göteborg, 21 October, 2004

CONCORDIA MARITIME AB (publ)

Hans Norén
President

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THE GROUP'S INCOME STATEMENT

(SEK million)	3rd quarter 2004	3rd quarter 2003	9 months 2004	9 months 2003	Whole year 2003
Average exchange rate SEK/USD	7,47	8,14	7,48	8,26	8,09
Net sales	82,8	100,7	308,0	549,8	649,7
Ship sales	0,1	-6,8	44,8	-14,4	-15,1
Total income	82,9	93,9	352,8	535,4	634,6
Operating costs, ships	-24,8	-63,3	-93,0	-295,6	-335,8
Other external costs	-6,6	-6,3	-25,8	-27,3	-36,7
Personnel costs	-12,9	-19,0	-43,8	-67,7	-84,6
Depreciation according to plan	-16,9	-27,7	-57,7	-91,8	-118,6
Total operating costs	-61,2	-116,3	-220,3	-482,4	-575,7
Operating result	21,7	-22,4	132,5	53,0	58,9
Interest income and similar profit/loss items	0,5	0,1	0,6	0,4	0,5
Interest expenses and similar profit/loss	-3,7	-3,5	-9,4	-18,4	-24,3
Financial net	-3,2	-3,4	-8,8	-18,0	-23,8
Result after financial net	18,5	-25,8	123,7	35,0	35,1
Tax	-4,7	-0,3	-9,7	7,2	42,0
Result after tax	13,8	-26,1	114,0	42,2	77,1

PER-SHARE DATA

(SEK)	3rd quarter 2004	3rd quarter 2003	9 months 2004	9 months 2003	Whole year 2003
Shares at end of period	47 729 798	47 729 798	47 729 798	47 729 798	47 729 798
Profit per share after tax SEK	0,29	-0,55	2,39	0,88	1,62
Equity per share SEK	23,68	21,78	23,68	21,78	21,51



SUMMARY OF GROUP'S BALANCE SHEET

(SEK million)	30 Sept 2004	30 Sept 2003	31 Dec 2003
SEK/USD exchange rate on accounting date	7,36	7,66	7,28
Assets			
Ships and equipment	1 131,5	1 312,7	1 224,4
Ships under construction	123,5	54,7	55,4
Financial assets	23,9	11,8	8,5
Total fixed assets	1 278,9	1 379,2	1 288,3
Current receivables	82,5	101,6	78,8
Cash and bank balances	27,5	20,5	40,3
Total current assets	110,0	122,1	119,1
Total assets	1 388,9	1 501,3	1 407,4
Equity and liabilities			
Equity	1 130,3	1 039,8	1 026,5
Provisions	18,4	46,0	13,7
Long-term liabilities	192,4	345,0	309,2
Current liabilities	47,8	70,5	58,0
Total equity and liabilities	1 388,9	1 501,3	1 407,4

SUMMARY OF GROUP'S CASH-FLOW ANALYSIS

(SEK million)	9 months 2004	9 months 2003	Whole year 2003
Operating activities			
Cash flow from operating activities before changes in working capital	131,5	148,4	172,0
Change in working capital	-12,9	64,4	77,0
Cash flow provided by operating activities	118,6	212,8	249,0
Investing activities			
Ship sales	99,5	275,4	262,7
Ships under construction	-69,9	-59,0	-61,6
Change in long-term liabilities	-15,4	-	4,1
Cash flow from investing activities	14,2	216,4	205,2
Financing activities			
Change in long-term loans	-122,1	-509,1	-515,0
Cash flow from financing activities	-122,1	-509,1	-515,0
Dividend	-23,9	-	-
Conversion differences	-0,3	-6,0	-1,2
Cash flow for period	-13,5	-85,9	-62,0
Balance at beginning of period (Note 1)	40,3	115,2	115,2
Exchange rate differences, cash and bank	0,7	-8,8	-12,9
Balance at end of period (Note 1)	27,5	20,5	40,3

Note 1. Balance consists of cash and bank balances

Note 2. Exchange rate differences relate to:

Balance at beginning of year	0,4
Cash flow for the year	0,3
	0,7



CHANGES IN EQUITY, GROUP

(SEK million)	Share capital	Restricted reserves	Non-restricted equity	TOTAL
CHANGES JAN-SEPT, 2004				
Opening balance on 01-01-2004	381,8	154,5	490,2	1 026,5
Exchange rate differences not shown in income statement	-	7,6	6,1	13,7
Dividend	-	-	-23,9	-23,9
Result for the period	-	-	114,0	114,0
Closing balance on 30-09-2004	381,8	162,1	586,4	1 130,3

CHANGES JAN-SEPT, 2003

Opening balance on 01-01-2003	381,8	293,9	477,3	1 153,0
Exchange rate differences not shown in income statement	-	-71,6	-83,8	-155,4
Result for the period	-	-	42,2	42,2
Closing balance on 30-09-2003	381,8	222,3	435,7	1 039,8

SIX-YEAR SUMMARY

(SEK million)	9 months					
	2004	2003	2002	2001	2000	1999
Profit/loss and balance-sheet items						
Net sales	308,0	649,7	768,6	1 334,6	1 327,6	773,6
Operating result	132,5	58,9	-98,2	292,5	246,0	-44,1
Result after financial items	123,7	35,1	-142,4	251,9	227,7	-72,0
Cash flow	190,2	153,7	40,0	392,1	337,2	15,9
Equity	1 130,3	1 026,5	1 153,0	1 593,2	1 211,6	721,5
Total assets	1 388,9	1 407,4	2 238,9	3 150,3	2 494,5	1 890,3
Key ratios (%)						
Equity ratio	81	73	51	51	48	38
Return on total capital	13	3	-4	11	12	-2
Return on capital employed	13	3	-4	12	14	-2
Return equity	14	7	-11	16	21	-8

Definitions: See Annual Report 2003

October 21, 2004

PRESS RELEASE FROM CONCORDIA MARITIME

SALE OF TWO V-MAX VESSELS TO ARLINGTON TANKERS LTD.

Concordia Maritime has entered into agreements to sell its two V-MAX vessels *Stena Vision* and *Stena Victory* to Arlington Tankers Ltd., a newly formed Bermuda company. Arlington Tankers is currently owned by Concordia Maritime and a company within the Stena group. The purchase price for the vessels will consist of cash and shares in Arlington Tankers.

Simultaneously with the sale of the V-MAX vessels Concordia will enter into agreements to time charter the two vessels for five years at fixed daily rates with options for Concordia for three one year extensions.

Arlington Tankers intends to pay the purchase price for the two Concordia vessels and four vessels it has agreed to purchase from the Stena group from the net proceeds of its initial public offering in the US market, bank borrowings and by issuing additional shares to Concordia and Stena. Arlington Tankers has applied to have its shares of Arlington Tankers listed on the New York Stock Exchange. The consummation of the sale of the two Concordia vessels and the other four vessels is conditioned on the completion by Arlington Tankers of its public offering and bank financing.

POTENTIAL GAIN ON SALE OF ASSETS IN CONCORDIA MARITIME

If the sale of the shares in Arlington Tankers is completed at the midpoint of the range set forth in the Arlington Tankers preliminary prospectus, the purchase price for the two V-MAX tankers will be MUS\$ 220, consisting of approximately MUS\$ 170 in cash and approximately MUS\$ 50 in shares in Arlington Tankers.

Upon completion of the sale, based on the price set forth above the gain on sale from the two vessels is estimated to be MSEK 500 based on today's USD/SEK exchange rate.

CONCORDIA'S SHAREHOLDING IN ARLINGTON TANKERS

After completion of the sale of the two vessels, Concordia Maritime is expected to hold approximately 2.7 million shares of the total 15.5 million shares in Arlington Tankers. If the underwriters exercise their over allotment option in the offering to purchase additional shares from Concordia, Concordia's holding would be reduced to 1.5 million shares. In such case, the cash received by Concordia would increase by a corresponding amount.

CONCORDIA'S TIME CHARTER BACK OF THE VESSELS AND OTHER COMMITMENTS

Time charter hire

For the period up until mid 2007, the two V-MAX vessels are time chartered to a subsidiary of the American oil company Sunoco. The revenues from this time charter will cover the time charter expenses.

As a result, Concordia Maritime is only exposed to the spot market for approximately 2.5 years, from mid 2007 until the end of 2009.

Concordia has options to extend the charter three additional one year terms.

Commitments related to the operation of the vessels

Stena owned Northern Marine located in Glasgow is currently handling the technical operation and crewing of the two V-MAX vessels and will continue to do so on behalf of the new owners.

Concordia has agreed to compensate Northern Marine for the vessels' operating expenses to the extent they exceed a predetermined amount. Concordia has also agreed to pay compensation to Northern Marine for every day under 355 days that the vessels are not available for trading due to technical problems. Off hire insurance is in place that will cover the cost for off hire with a deductible of 14 days off hire.

These agreements may lead to costs for Concordia Maritime.

BACKGROUND TO THE DEAL

The transaction makes it possible for Concordia Maritime to realize gains from the sale of two vessels in the VLCC segment of the tanker market. At the same time, the chartering arrangements with Arlington Tankers will provide Concordia the opportunity to maintain its long standing business relationship with Sunoco. In addition, the interest in Arlington Tankers will permit Concordia to maintain a small foothold in the large tanker market without the use of significant capital resources.

Göteborg den 21 oktober 2004

CONCORDIA MARITIME AB (publ)

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