



Concordia Maritime is an international large-tanker shipping company, which owns two new 314,000 dwt VLCCs delivered in 2001 and two VLCCs of about 270,000 dwt built in the mid-1970s. The new vessels, Stena V-MAX, in addition to having double hulls, were built according to a completely new tanker 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 June, this year, a further four 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 and will be delivered around the end of 2005 and beginning of 2006. All the vessels are built to very high specifications as regards both customer satisfaction and lifespan. The quality of the vessels and the management and manning organisations is documented by quality certificates from Det Norske Veritas and the American Bureau of Shipping.

INNOVATION AND PERFORMANCE

Our business concept is to generate profit by providing our customers with safe, cost-efficient tanker transportation based on innovation and performance

OUR POSITION

INTERIM REPORT FOR CONCORDIA MARITIME AB (publ) 1.1 - 30.9 2003

- **Result after financial net SEK 35.0 (-124.8) million – SEK 0.88 (-2.68) per share**
- **Cash flow from operations SEK 213.0 (-9.0) million**
- **Forecast for full year after financial net: SEK 25 million (SEK 0.52 per share) including ship sales to date. An operating loss is expected for the fourth quarter.**
- **Good level of disposable liquid funds and equity ratio of 70%**
- **Equity per share SEK 21.78. Share price SEK 13.30.**
- **Concordia building up world's most modern tanker fleet**

PRESIDENT'S VIEWS

The time for disposing of our old large-tanker fleet in 2003, with the historically favourable prices we were able to get and the tailor-made vessels ordered, with a good cargo capacity, high ice class and the highest safety, is fully in line with Concordia's planning. The freight markets may fluctuate considerably before the new vessels begin to be delivered in 2005, but



many factors indicate that just vessels with the highest safety and ice class could be favoured by leading charterers.

The operation of Concordia's two V-MAX tankers has been a success and there is reason to believe that these vessels will continue to perform well in their market for many years to come.

The change of generations at Concordia is expected to be completed within the next 2-5 months, when the last of the old vessels will be sold. Concordia will then have one of the world's most modern tanker fleets under construction.

SALES AND RESULT

January–September

Consolidated sales amounted to SEK 549.8 (565.0) million for the first nine months. The result after financial items was SEK 35.0 (-124.8) million, which included SEK -14.4 million from ship sales. The result after tax was SEK 42.2 (-126.1) million, which corresponds to a result per share after tax of SEK 0.88 (-2.68) after full conversion.

The Parent Company's sales totalled SEK 13.2 (14.1) million. Intergroup invoicing accounted for SEK 13.0 (13.9) million of this amount.

Third quarter

Sales during the third quarter totalled SEK 100.7 (162.3) million. The drop in sales is due to ship sales. The result after financial items was SEK -25.8 (-38.8) million, which included SEK -6.8 (0) million from ship sales. The result after tax was SEK -26.1 (-38.8) million, which corresponds to a result per share after tax of SEK -0.55 (-0.81).

Sales by geographical area

Sales are distributed geographically over the following markets (in %): UK 45 (19), US 33 (39), South Africa 8 (8), Saudi Arabia 6 (10) and others 8 (24). The distribution of net sales is based on the respective customer's domicile.

Large-tanker market

The sharp fluctuations in freight rates during the first half of the year continued during the third quarter. The reason for these rapid upturns and downturns is that there is more or less a balance between supply and demand when it comes to large-tanker transportation.

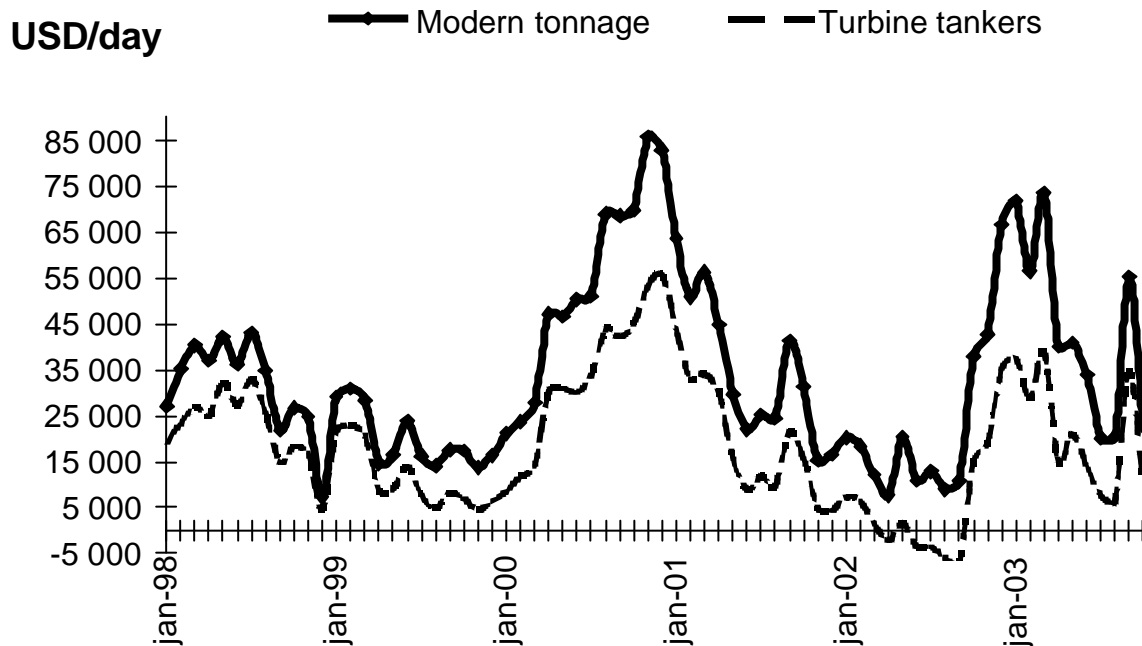
Crude oil stocks all over the world are low and the high price of oil is one factor inhibiting their replenishment.

So far this year, the trend in the demand for oil has, generally speaking, been underestimated. In combination with the low stock levels, this has resulted in short "rush-for-oil" periods which have contributed to the fluctuations on the market.



OPEC has successfully adjusted its quotas and has managed to keep oil prices within its price range of USD 22–28 per barrel by, for example, cutting back production levels now that Iraq has pushed its oil production up to about 1.3 million barrels per day.

FREIGHT MARKET FOR VLCCs JANUARY, 1998 – SEPTEMBER, 2003



Source: Platou

V-MAX

The Group's two V-MAX VLCCs, the *Stena Vision* and the *Stena Victory*, continue to operate efficiently and smoothly under the terms of their time-charter contracts, which expire in mid-2004.

VLCC

It is becoming increasingly difficult to find employment for older tonnage, particularly during periods when the freight market is weak. The freight rates during the third quarter for Concordia's two remaining older vessels were far below breakeven.

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.

Ship sales and disposition of our older tonnage

In the third quarter, Concordia Maritime sold a further VLCC built in the 1970s, the *Stena Concept*. The vessel was delivered to the buyer on 10 August.



This means that Concordia has only two older VLCCs remaining in its fleet and both these vessels have been committed to offshore projects subject to the customer's confirmation at the end of the year.

EQUITY

Equity per share is SEK 21.78 (26.11). The SEK/USD exchange rate on 30-09-2003 was 7.66 (9.28). On 31-12-2002, equity per share was SEK 24.16 and the SEK/USD exchange rate was 8.83.

The increase in value of the SEK in the SEK/USD exchange rate has thus reduced equity by SEK 157 million (SEK 3.29 per share).

LIQUIDITY AND FINANCING

The Group's disposable liquid funds, including unutilised credit facilities, amounted to SEK 320.3 (173.2) million on 30-09-2003 while the corresponding figure on 31-12-2002 was SEK 171.4 million. The Group's existing fleet is financed via a credit facility raised during the spring of 1999. This credit facility is amortised on an ongoing basis. SEK 331.7 million was utilised at the end of the period.

The Parent Company's disposable liquid funds amounted to SEK 20.2 (33.2) million, while the corresponding figure on 31-12-2002 was SEK 60.9 million.

INVESTMENTS

On 14 July, a newbuilding contract was signed for four medium-sized (MR Medium Range) STENA P-MAX product tankers. These vessels are expected to be delivered in 2005 and 2006 and represent a total investment of just over SEK 1,000 million.

During the period, the first part payment of SEK 55 million was made to the shipyard.

RELATED COMPANY TRANSACTIONS AND CHARTER COOPERATION WITH STENA BULK

The joint charter business between Concordia and Stena Bulk, where the results are shared equally, consists of a multi-year freight contract, which is roughly equivalent to the employment of one VLCC, and a modern double-hull VLCC (built in 1999), which was time-chartered in February, 2003, for a period of 11-13 months.

During the period, the joint charter business generated a result of SEK -7.7 (5.1) million.

In September, an agreement to redeliver at an earlier date was signed with the owner of the chartered vessel and, at the same time, the freight contract was transferred to this owner.

This means that the company currently has no charter cooperation with Stena Bulk.

Cooperation with other departments at Stena, such as Marketing, Technical, Finance, Bunker and Insurance, remains unchanged.



Concordia's wholly-owned subsidiary Universe Tankships provides ship management for two of Stena-owned vessels, the newly built C-MAX tankers *Stena Caribbean* and *Stena Calypso*, which are signed to long-term charters with ChevronTexaco.

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

FORECAST 2003

Freight market during the fourth quarter

The fundamentals of the world economy indicate a rising demand for oil. But given OPEC's ability to adjust its production level and thus control oil prices, it is unlikely that we will see the increase in OPEC's production needed for a strong large-tanker market. Consequently, the market will remain at its current relatively weak level, around USD 20-25,000 per day for modern large-tanker tonnage, until the end of the year.

Large-tanker fleet trend

The world ULCC and VLCC fleet currently consists of 430 vessels, just over half of which have double hulls. The backlog of orders at the shipyards is equivalent to about 17% of the existing fleet. So far this year, 43 vessels have been ordered. 28 vessels have been scrapped or sold to offshore projects while 30 vessels have been delivered.

	Scrapped/sold to offshore	New orders	Deliveries/ Order book
2002	40	13	40/-
2003 (30 Sept.)	28	43	30/8
2004			-/27
2005-			-/37

As a result of the weaker dollar and higher steel prices, newbuilding prices in practically all ship segments have risen more than 5% since July, this year, when Concordia signed the contracts for the P-MAX tankers.

Forecast for Concordia

With the above-mentioned market assessments and taking into account the very low freight rates generated by the two remaining older vessels, it is estimated that the fourth quarter will produce a loss of about SEK 10 million (SEK -0.21 per share) for Concordia. Our revised forecast for the full year, excluding future ship sales, is a profit of SEK 25 million (SEK 0.52 per share).



ACCOUNTING PRINCIPLES AND METHODS OF CALCULATION

The Swedish Financial Accounting Standards Council's recommendation RR 22 (Presentation of Financial Statements), which the company has followed as of 01-01-2003, has resulted in a reclassification of certain financial liabilities that fall due within 12 months, as shown below.

(SEK million)	Classification according to RR 22		Previous classification	
	30 September, 2003	31 December, 2002	30 September, 2003	31 December, 2002
<i>Liabilities</i>				
Long-term liabilities	345.0	940.3	345.0	880.3
Current liabilities	70.5	99.5	70.5	159.5
Comparative figures as of 30 September, 2002, are not affected.				

With the exception of the above-mentioned, the accounting principles applied are the same as those applied in the Annual Report for 2002. This interim report has been drawn up in accordance with the Swedish Financial Accounting Standards Council's recommendations and statements that came into force on 01-01-2003 or earlier.

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

REPORTS AND INFORMATION

The result for the full year will be published on 19 February, 2004.

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.

Further information may be obtained from:

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Gothenburg, 23 September, 2003

CONCORDIA MARITIME AB (publ)

Lars Carlsson
President



THE GROUP'S INCOME STATEMENT

(SEK million)	3 rd quarter 2003	3 rd quarter 2002	9 months 2003	9 months 2002	Whole year 2002
Average exchange rate SEK/USD	8.14	9.35	8.26	9.93	9.72
Net sales	100.7	162.3	549.8	565.0	768.6
Ship sales	-6.8	-	-14.4	-	11.1
Total income	93.9	162.3	535.4	565.0	779.7
Operating costs, ships	-63.3	-106.5	-295.6	-372.2	-494.5
Other external costs	-6.3	-6.2	-27.3	-31.9	-45.4
Personnel costs	-19.0	-35.5	-67.7	-124.5	-150.3
Depreciation according to plan	-27.7	-38.4	-91.8	-122.4	-187.7
Total operating costs	-116.3	-186.6	-482.4	-651.0	-877.9
Operating result	-22.4	-24.3	53.0	-86.0	-98.2
Interest income and similar profit/loss items	0.1	0.0	0.4	1.5	1.3
Interest expenses and similar profit/loss items	-3.5	-14.5	-18.4	-40.3	-45.5
Financial net	-3.4	-14.5	-18.0	-38.8	-44.2
Result after financial net	-25.8	-38.8	35.0	-124.8	-142.4
Tax	-0.3	0.0	7.2	-1.3	-6.5
Result after tax	-26.1	-38.8	42.2	-126.1	-148.9

PER-SHARE DATA

(SEK)	3 rd quarter 2003	3 rd quarter 2002	9 months 2003	9 months 2002	Whole year 2002
Shares at end of period	47,729,798	47,729,798	47,729,798	47,729,798	47,729,798
Average number of shares	47,729,798	47,729,798	47,729,798	47,148,808	47,294,055
Profit per share after tax	-0.55	-0.81	0.88	-2.68	-3.15
Equity per share	21.78	26.11	21.78	26.11	24.16



SUMMARY OF GROUP'S BALANCE SHEET

(SEK million)	30 Sept 2003	30 Sept 2002	31 Dec 2002
SEK/USD exchange rate on accounting date	7.66	9.28	8.83
Assets			
Ships and equipment	1,312.7	2,107.8	1,907.5
Ships under construction	54.7	0.0	0.0
Financial assets	11.8	11.7	12.6
Total fixed assets	1,379.2	2,119.5	1,920.1
Current receivables	101.6	209.7	203.6
Cash and bank balances	20.5	51.6	115.2
Total current assets	122.1	261.3	318.8
Total assets	1,501.3	2,380.8	2,238.9
Equity and liabilities			
Equity	1,039.8	1,246.1	1,153.0
Provisions	46.0	46.6	46.1
Long-term liabilities	345.0	962.7	940.3
Current liabilities	70.5	125.4	99.5
Total equity and liabilities	1,501.3	2,380.8	2,238.9

SUMMARY OF GROUP'S CASH-FLOW ANALYSIS

(SEK million)	9 months 2003	9 months 2002	Whole year 2002
Operating activities			
Cash flow from operating activities before changes in working capital	148.4	-3.7	28.9
Change in working capital	64.4	-5.3	-43.8
Cash flow provided by operating activities	212.8	-9.0	-14.9
Investing activities			
Ship sales	275.4	0.0	41.2
Advanced payment ships under construction	-59.0	0.0	0.0
Cash flow from investing activities	216.4	0.0	41.2
Cash flow from financing activities			
Change in long-term loans	-509.1	-143.8	-113.4
Dividend	0.0	-27.8	-27.8
Conversion differences	-6.0	-9.5	1.5
Cash flow for the year	-85.9	-190.1	-113.4
Balance at beginning of period (Note 1)	115.2	263.0	263.0
Exchange rate differences, cash and bank balances (Note 2)	-8.8	-21.3	-34.4
Balance at end of period (Note 1)	20.5	51.6	115.2
Note 1 Balance consists of cash and bank balances			
Note 2 Exchange rate differences related to:			
Balance at beginning of year	-14.8		
Cash flow for the year	6.0		
	-8.8		

CHANGES IN EQUITY, GROUP



(SEK million)	Share capital	Restricted reserves	Non-restricted equity	TOTAL
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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

CHANGES JAN-SEPT, 2002

Opening balance on 01-01-2002	371.3	319.6	902.3	1,593.2
Exchange rate differences not shown in income statement	-	-25.5	-182.2	-207.7
Result for the period	-	-	-126.1	-126.1
Conversions during the period	10.5	-	4.0	14.5
Dividend	-	-	-27.8	-27.8
Closing balance on 30-09-2002	381.8	294.1	570.2	1,246.1

SIX-YEAR SUMMARY

(SEK million)	9 months 2003	2002	2001	2000	1999	1998
Profit/loss and balance-sheet items						
Net sales	549.8	768.6	1,334.6	1,327.6	773.6	1,102.9
Operating result	53.0	-98.2	292.5	246.0	-44.1	201.8
Result after financial items	35.0	-142.4	251.9	227.7	-72.0	114.0
Cash flow	126.8	40.0	392.1	337.2	15.9	205.8
Equity	1,039.8	1,153.0	1,593.2	1,211.6	721.5	760.9
Total assets	1,501.3	2,238.9	3,150.3	2,494.5	1,890.3	1,751.0
Key ratios (%)						
Equity ratio	69	51	51	48	38	43
Return on total capital	4	-4	11	12	-2	12
Return on capital employed	4	-5	12	14	-2	13
Return on equity	5	-11	16	21	-8	17