



OUR POSITION

INTERIM REPORT FOR CONCORDIA MARITIME AB (publ)
1.1 - 30.6 2000

- **Result after financial net SEK 26.3 (3.3) million**
- **Healthy tanker market in second quarter**
- **Tanker market continues to be very healthy after end of period**
- **Product tanker STENA BARBADOS sold**
- **Continued safe and efficient ship operation**

The market situation for large tankers has not been better since the 1970s, a welcome development after several poor years. Concordia's resources are mostly invested in older, very well-maintained vessels which, in today's market, generate a high return on a limited amount of capital.

The first Stena V-MAX class tanker will be delivered in March, 2001, followed by newbuilding no. 2 three months later, both signed to three-year charters with the US oil company Sun. These vessels were ordered during a period of low prices with better opportunities for demanding good technical specifications than is possible today.

Sales and result

Consolidated sales amounted to SEK 497.4 (406.6) million. The profit after financial items, including the sale of a ship, was SEK 26.3 (3.3) million and the profit per share after tax was SEK 1.18 (0.34) and SEK 0.84 (0.36) after full conversion.

During the period, Concordia's large tankers were employed on the spot market while its other vessels were employed in timecharter. The year began with very low freight rates which have gradually improved and are now at their highest level since the Gulf War in 1991. The average freight rate for Concordia's VLCCs (Very Large Crude Carriers) was USD 10,300 per day in the first quarter and USD 20,500 per day in the second quarter.



VLCC

The average freight rate during the period was USD 15,400 (18,400) per day. During 2000, freight rates of USD 18,000 per day are required to cover the vessel's daily running costs and capital costs (break-even level).

ULCC

The average freight rate for Concordia's ULCCs (Ultra Large Crude Carrier) STENA KING and STENA QUEEN was USD 20,500 (27,200) per day. The break-even level for these vessels is USD 19,000 per day in 2000.

Other vessels

The self-discharging salt carriers KURE and CONVEYOR are chartered out on satisfactory contracts.

Sale of STENA BARBADOS

In June, the product tanker STENA BARBADOS was sold to the Swedish shipping company Wisby Tankers and will continue to sail under the Swedish flag with a Swedish crew. Concordia has chartered back the vessel for at least two years to continue operating for Texaco in the Caribbean. The profit on the sale amounted to SEK 25.5 million before tax. As a result of the sale, Concordia is now a dedicated large-tanker shipping company with 95% of its ship portfolio in this segment.

Dry-docking

There were no dry-dockings during the period. During the same period, last year, four VLCCs and one ULCC were drydocked. The next dry-docking planned is for the STENA KING during the autumn of 2000. The loss of income resulting from the dry-dockings is charged to the result for the year while allocations for shipyard costs are distributed evenly during the period between dry-dockings. The vessels are regularly dry-docked about once every third year.

Management and operation

The daily running costs of our vessels have been kept at a low level with continued high operational and technical quality of all the vessels. Hydrostatically balanced loading (HBL) will be utilised on all Concordia's VLCCs by the end of the year. Most of the large oil companies and all the major oil traders have approved Concordia's tankers for the transportation of oil in HBL. HBL is a protective system introduced by the UN agency The International Maritime Organisation (IMO) for vessels more than 25 years old and reduces the risk of oil spills caused by grounding and other hull damage. Concordia's other quality system, CAP, which, put simply, confirms that the hull strength of its tankers is 20% higher than the classification requirement, is appreciated by all major charterers.

Net worth and shareholder's equity

Concordia's fleet was appraised by three independent shipbrokers on 30-06-2000. The market value according to these valuations was USD 152.8 (155.8) million, which represents a surplus value of SEK 278.3 (223.8) million. On 30-11-1999, the fleet was



valued at USD 149.3 million. On 30-06-2000, net worth excluding deferred tax was estimated to be SEK 38.37 (36.59) per share, which corresponds to SEK 26.77 (25.76) after full conversion. On 31-12-1999, net worth per share was SEK 33.78 and SEK 24.17 after full conversion. Shareholders' equity per share after full conversion was SEK 20.96 (21.09). The SEK/USD exchange rate was 8.81 (8.46) on 30-06-2000.

The possible surplus value in the two newbuilding contracts signed in December, 1998, has not been taken into account, although newbuilding prices have since risen by about 15%.

Liquidity and financing

The Group's disposable liquid funds, including unutilised credit facilities, amounted to SEK 680.8 (822.6) million while the corresponding figure on 31-12-1999 was SEK 699.9 (128.1) million. The Group's existing fleet, together with the newbuildings under construction, is financed via a bank loan of USD 165 million raised during the spring of 1999.

Related company transactions - charter cooperation with Stena Bulk

The chartered VLCC STENA COMFORT was redelivered during the first quarter after which the joint charter business between Concordia and Stena Bulk consisted of a multi-year freight contract which is roughly equivalent to the employment of one VLCC. Cooperation with other departments at Stena, such as Marketing, Technology, Finance, Bunker and Insurance, remains unchanged. Concordia's subsidiary Universe Tankships, is responsible for technical and personnel ship management of the Stena-owned large tankers.

Investments

Investments during the period totalled SEK 38.8 (139.6) million. The major part of these investments is related to the VLCCs under construction.

Parent Company

The Parent Company's sales totalled SEK 13.7 (15.7) million. Intergroup invoicing accounted for SEK 1.5 (4.5) million of this amount. The result after financial items was SEK 19.5 (12.8) million. The result for the period includes the SEK 25.5 million profit on the sale of the STENA BARBADOS. The Parent Company's disposable liquid funds, including unutilised credit facilities, amounted to SEK 47.9 (13.2) million while the corresponding figure on 31-12-1999 was SEK 12.3 (6.7) million. There were no investments during the period.

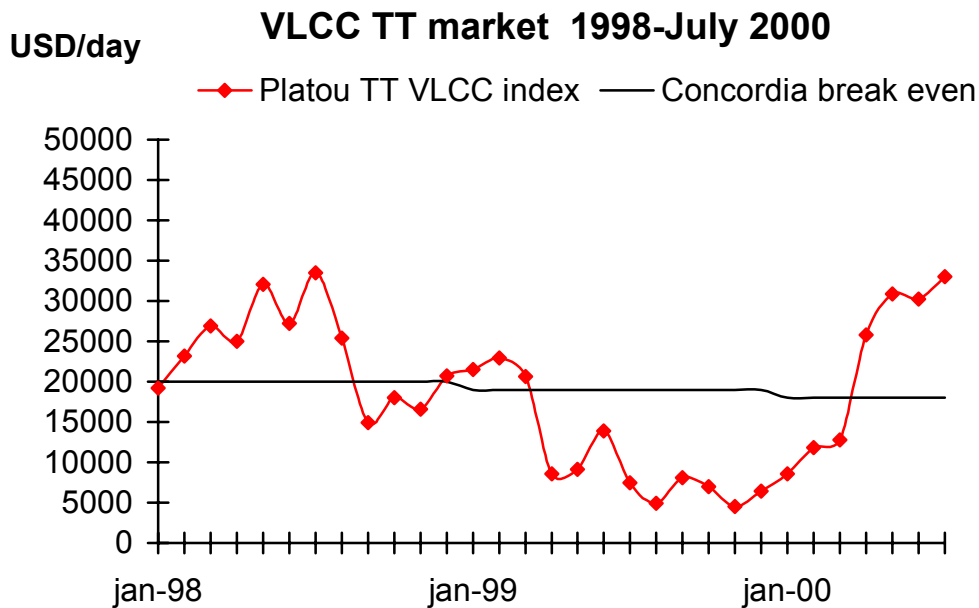
Market

The year began with very low freight rates in the large-tanker segment, but has since developed positively and the trend continues to be strong. In August, freight rates have been USD 40,000 per day for a Concordia Class VLCC and about USD 50,000 per day for a ULCC. This positive trend, from VLCC levels of about USD 7,000 per day at the beginning of the year, is primarily an effect of the need to replenish record-low oil stocks so as not to jeopardise refinery operation. This means that the demand for tanker tonnage also rises. OPEC has gradually raised oil production during the year.



The positive economic trend in the US in particular, but also in Europe and Asia, has at the same time generated increased global demand for crude oil. The major part of this oil has been transported by ULCCs and VLCCs from the Middle East.

Oil prices during the period were volatile and the price of North Sea oil, for example, varied between USD 22 and USD 32 per barrel. This also affected bunker prices, which were between USD 125 and USD 195 per ton. Compared with the first half of 1999, when bunker prices varied between USD 50 and USD 90 per barrel, fuel costs for turbine tankers have increased sharply, which has dampened the effect of rising freight rates.



During the period January-July, 21 new VLCCs were delivered and 24 were scrapped. This means that the supply of tonnage has remained more or less unchanged so far this year. Some 20 additional vessels will be delivered up until the end of the year.

VLCC	Delivered	Orderbook	Scrapped to date
2000	21(Jan-July)	20	24 (Jan-July)
2001		28	
2002		27	

The scrapping rate has fallen as a result of the high freight rates. Since the shipyards have a large backlog of orders, with a mix of many different vessel types, large tankers ordered today can only be delivered before 2003 in exceptional cases. Furthermore, between 2000 and 2002, about 100 vessels will be 25 years old which, for various reasons, will reduce capacity. As the oil companies are also tightening up their quality requirements, substandard tonnage will disappear, which could compensate for the impact of new vessels delivered.



This is a welcome development for Concordia, which has older vessels with top-grade quality certificates and newbuildings built to the highest safety class.

Sales to FPSO

With high oil prices, the rate of investment in the offshore industry increases. It becomes more profitable to extract oil from small oil deposits and the demand for floating storage/production units increases. Several oil companies have shown interest in Concordia's tankers for this purpose and our assessment is that at least one VLCC will be sold to the offshore sector in 2000.

Forecast for 2000

After the end of June, it has been possible to obtain favourable freight rates for Concordia's tankers and the fleet has employment until the end of September. Concordia expects the good freight market to continue for the rest of the year, particularly during the autumn. However, when the oil requirements for the winter season have been loaded, at the same time as the supply of tonnage increases when new tankers are delivered, there could be a quieter period towards the end of the year.

Based on fixtures done and an estimated freight rate for unfixed days of USD 28,000 for VLCCs and USD 40,000 for ULCCs, the full-year result before tax, including sales of ships, should be in the region of SEK 150 million. This would be equivalent to SEK 5.51 per share and SEK 3.13 after full conversion.

A change in the freight rates of USD 1,000 per day for the rest of the year would affect Concordia's profit by about SEK 7 million.

Reports

In addition to the presentation of the result for the full year, Concordia also publishes three interim reports. The result for the first nine months will be presented on 20 October.

Further information may be obtained from

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Historical and current reports, together with other information, can be found on our website www.concordia-maritime.se.

This report has been examined by the Company's accountants.

Gothenburg, 14 August, 2000

CONCORDIA MARITIME AB

Lars Carlsson

President



THE GROUP'S INCOME STATEMENT

(SEK million)	6 months 2000	6 months 1999	Whole year 1999
Average exchange rate SEK/USD	8.73	8.21	8.26
Net sales	497.4	406.6	773.6
Ship sales	25.5	-	-
Total income	522.9	406.6	773.6
Operating costs ships	-324.7	-228.9	-505.9
Other external costs	-19.2	-22.0	-43.1
Personnel costs	-80.0	-84.9	-167.5
Depreciation according to plan	-53.2	-50.3	-101.2
Total operating costs	-477.1	-386.1	-817.7
Operating result	45.8	20.5	-44.1
Other interest income and similar profit/loss items	1.1	4.1	13.3
Interest expenses and similar profit/loss items	-20.6	-21.3	-41.2
Financial net	-19.5	-17.2	-27.9
Result after financial items	26.3	3.3	-72.0
Tax on profit for the year	5.6	6.1	9.5
Net result for the year	32.0	9.4	-62.5



SUMMARY OF GROUP'S BALANCE SHEET

(SEK million)	30-06-2000	30-06-1999	31-12-1999
SEK/USD exchange rate on accounting date	8.81	8.46	8.53
Assets			
Fixed assets	1 703.5	1 574.0	1 702.4
Current assets	245.1	184.6	172.7
Cash and bank balances	44.7	111.7	16.2
Total assets	1 993.3	1 870.3	1 891.3
Equity and liabilities			
Equity	766.2	772.3	705.7
Provisions	49.6	18.8	31.3
Convertible debenture loan	237.7	237.7	237.7
Long-term liabilities	826.3	758.5	758.2
Current liabilities	113.5	83.0	158.4
Total equity and liabilities	1 993.3	1 870.3	1 891.3



SUMMARY OF GROUP'S CASH-FLOW ANALYSIS

(SEK million)	6 months 2000	6 months 1999	Whole year 1999
Cash flow from operating activities before changes in working capital	53.7	51.7	15.9
Change in working capital	-114.3	-24.3	61.8
Cash flow provided by operating activities	-60.7	27.4	77.7
Cash flow from investing activities	26.0	-138.6	-294.9
Cash flow from financing activities	60.8	96.9	116.3
Conversion difference	1.6	-7.4	-14.9
Cash flow for the year	27.7	-21.7	-115.8
Balance at beginning of year	16.2	128.1	128.1
Exchange rate difference, cash and bank balances	0.7	5.3	3.9
Balance at end of year	44.7	111.7	16.2



Five-year summary

	6 months 2000	1999	1998	1997	1996
Profit/loss and balance sheet items (SEK million)					
Net sales	497.4	773.6	1 102.9	1 114.5	734.9
Operating result	45.8	-44.1	201.8	236.2	90.6
Result after financial items	26.3	-72.0	114.0	156.3	11.4
Cash flow	79.3	15.9	205.8	246.4	91.4
Equity	766.2	705.7	735.0	613.6	358.5
Surplus values in ships	278.3	214.0	303.3	605.1	508.3
Total assets	1 993.3	1 891.3	1 751.0	1 932.5	1 574.9
Key ratios (%)					
Equity ratio	38	37	42	32	23
Adjusted equity ratio	46	44	51	48	42
Adjusted equity ration after full conversion	56	55	62	58	55
Return on total capital	5	-2	12	15	7
Return on capital employed	5	-2	13	17	7
Return on equity	9	-9	17	32	4
Per-share data * (SEK)					
Profit after tax	1.18	-2.30	4.38	6.23	0.57
Profit after tax after full conversion	0.84	-0.96	2.79	3.68	0.68
Cash flow	2.91	0.59	7.69	9.72	3.78
Cash flow after full conversion	1.83	0.68	4.64	5.52	2.30
Equity	28.14	25.92	27.00	23.35	14.66
Equity after full conversion	20.96	19.70	20.31	18.00	13.11
Net worth	38.37	33.78	38.14	46.37	35.48
Net worth after full conversion	26.77	24.17	26.64	30.64	23.73
Share price at year-end	14.20	11.80	11.50	23.50	17.80
Miscellaneous					
P/E ratio**)	6.03	neg.	2.62	3.77	31.27
P/E ratio after full conversion**)	8.44	neg.	4.12	6.39	26.04
Number of shareholders	5 019	5 268	6 305	5 923	5 406

Definitions: See Annual Report, 1999

*) Per-share data have been adjusted to reflect the bonus element included in the issue of the 1995 convertible debenture loan. No conversion has been made during the year.
Number of shares is 27,223,855. On full conversion, the number of shares is 47,894,136.

**) In the calculation of the P/E ratio, a full-year result based on the half year trend has been used