



OUR POSITION

INTERIM REPORT FOR CONCORDIA MARITIME AB (publ) 1.1 - 30.6 2002

- **Result after financial net SEK -86.0 (141.7) million**
- **Large-tanker market still very weak**
- **Freight rates for Group's VLCCs and ULCCs below breakeven**
- ***Stena Vision* and *Stena Victory* – V-MAX tankers' time-charter contracts generate good profits and cash flow**
- **Positive cash flow provided by operating activities**
- **Forecast for 2002 unchanged: SEK -125 million**
- **Concordia wins first prize for best annual report in journal *Aktiespararen***

CONCORDIA'S BUSINESS ACTIVITIES

Business concept

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

Tonnage

We are currently at a stage where our older quality vessels are gradually being sold for conversion into offshore structures for offshore storage and processing of oil. At the same time, Concordia took delivery last year of two of the world's most advanced large tankers with a concept based on double safety functions and large cargo capacity. Concordia is continuing to develop and refine this concept.

SALES AND RESULT

Consolidated sales amounted to SEK 402.7 (657.6) million for the first six months. The result after financial items was SEK -86.0 million (141.7). The result per share after tax was SEK -1.86 (2.97) and SEK -1.83 (2.75) after full conversion.

Sales are distributed geographically over the following markets (in %): US 43 (41), UK 21 (11), Saudi Arabia 19 (25), India 5 (0), South Africa 4 (9), China 3 (0), Japan 2 (6) and others 3 (8). The distribution of net sales is based on the respective customer's domicile.

The Parent Company's sales totalled SEK 9.6 (1.3) million. Intergroup invoicing accounted for SEK 9.5 (1.2) million of this amount.

Large-tanker market

The freight market for large-tanker tonnage continued to be very weak during the second quarter. OPEC continued to limit its production with the aim of maintaining the price level



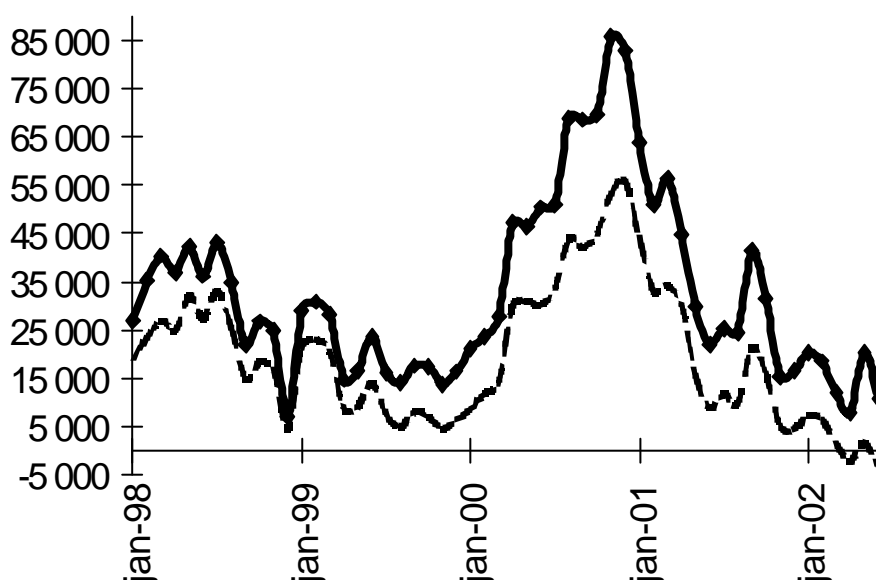
and has lost market shares to oil producers outside OPEC. This, in combination with the weak world economy, has resulted in lower demand for oil transportation from the Middle East and is the cause of the weak tanker market.

The total available transport capacity in the VLCC segment remained unchanged during the period. Additional capacity in the form of newbuildings was compensated by older vessels being scrapped.

In the weak market, there has been resistance to older tonnage with charterers choosing mainly modern double-hulled tonnage.

FREIGHT MARKET FOR VLCCs, JANUARY, 1998 – JUNE, 2001

USD/day – Modern tonnage – – Turbine tankers



Source: Platou

V-MAX

The Group's two V-MAX VLCCs, the *Stena Vision* and the *Stena Victory*, continue to operate efficiently and smoothly on the West Africa–US East Coast trade. They are signed to profitable time-charter contracts, which expire in mid-2004.

VLCC and ULCC

During the 6-month period, the freight rate for the Group's four VLCCs was approx. USD 6,500 (33,500) per day, including waiting days. This hardly covers daily running costs and does not contribute to depreciation and financing costs. Breakeven is approx. USD 17,000 per day. During the second quarter, the freight rate was only approx. USD 4,000 (33,500) per day.

On 29 May, Concordia signed an agreement to sell the Group's two ULCCs. This was announced in a press release issued on the same day.

The *Stena King* was delivered to her new owner on 24 June and the *Stena Queen* is expected to be delivered at the beginning of September.



The freight rate for these two vessels during the 6-month period was about USD 9,000 per day and includes insurance indemnity for loss of revenue (so-called loss of hire insurance) as a result of the *Stena King's* collision at the end of March.

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.

EQUITY

Equity per share after full conversion is SEK 26.66 (32.29). The SEK/USD exchange rate on 30-06-2002 was 9.16 (10.84).

LIQUIDITY AND FINANCING

The Group's disposable liquid funds, including unutilised credit facilities, amounted to SEK 189.4 (254.8) million on 30-06-2002 while the corresponding figure on 31-12-2001 was SEK 381.4 (724.5) million. The Group's existing fleet is financed via a credit facility of originally USD 165 million raised during the spring of 1999. This credit facility is amortised on an ongoing basis and amounted to USD 112 (148) million at the end of the period. The corresponding amount on 31-12-2001 was USD 137 million.

The Parent Company's disposable liquid funds amounted to SEK 12.7 (8.9) million, while the corresponding figure on 31-12-2001 was SEK 7.0 (10.9) million.

Convertible debenture loan

The loan, which had run since April, 1995, and carried 7% interest, fell due on 30 April, 2002.

Only SEK 1.9 million remained of the original loan amount of SEK 275.4 million. A total of SEK 273.5 million has thus been added to the company in the form of equity since 1995 as a result of conversion.

INVESTMENTS

No investments were made during the period.

RELATED COMPANY TRANSACTIONS AND CHARTER COOPERATION WITH STENA BULK

The joint charter business between Concordia and Stena Bulk consists of a multi-year freight contract, which is roughly equivalent to the employment of one VLCC. During the period, the freight contract generated a surplus of SEK 5.1 million for Concordia.

Concordia's four VLCCs and Stena's VLCC *Stena Conductor* were operated in a pool where the profit was divided equally per vessel until the middle of May, when the *Stena Conductor* was withdrawn from the pool following her sale.

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



Concordia's wholly-owned subsidiary Universe Tankships provides ship management for one of Stena's large tankers. Stena's subsidiary Northern Marine Management was responsible for the management of the *Stena King* and *Stena Queen* until they were sold.

FORECAST 2002

In the interim report for the first three months of the year, a result of SEK -85 million was forecast for the first six months of the year. The actual result was in line with this forecast. The forecast for the full year was a result of SEK -125 million, based on a gradually improving market. This forecast remains unchanged.

The forecast is based on the assumption of a normal increase in demand for the winter season, an improving world economy and that the subsequent higher demand is largely met by an increase in OPEC's oil production.

Deliveries of newbuildings will increase transport capacity to some degree since older tonnage is not expected to be scrapped at the same rate.

The third quarter is expected to continue to be weak while the anticipated improvement in the freight market could generate a fourth quarter result of about ± 0 .

The average freight rate for unfixed days is expected to be about USD 12,000 per day for VLCCs (turbine tankers) and rising to around USD 15,000 per day at the end of the year (equivalent to about USD 30,000 per day for modern tonnage).

A change in freight rates for unfixed days of USD $\pm 1,000$ per day would affect the annual result by about SEK ± 8 million.

ACCOUNTING PRINCIPLES AND METHODS OF CALCULATION

The Swedish Financial Accounting Standards Council's recommendation RR16 (Provisions, etc.), which the company has followed since on 01-01-2002, has resulted in a change of accounting principle relating to the periodic maintenance (docking costs) of the vessels. Previously, allocations were made for estimated future docking costs. As of 01-01-2002, the actual costs at the time of docking are included as a prepaid expense in the balance sheet and distributed evenly until the next time the vessel in question is docked according to plan. The change in principle will not affect either the result or equity, although it does affect certain items in the balance sheet, as shown below.

	New accounting principle		Previous accounting principle	
	Jun 30 2002	Dec 31 2001	Jun 30 2002	Dec 31 2001
SEK million				
BALANCE SHEET				
<i>Assets</i>				
Ships	2 118	2 544	2 216	2 675
Prepaid docking costs	55	100	0	0
<i>Liabilities</i>				
Allocations for future docking costs	0	0	43	31



The comparative figures for 2001 have been recomputed in accordance with the new principles, while the figures for 1997–2000 have not been recomputed since the change does not affect the company's equity and the adjustment in the balance sheet does not materially affect comparisons between the years.

The ULCCs sold will continue to be shown as fixed assets in the balance sheet. Seller credit in conjunction with the sale has been secured by means of ship mortgages and promissory notes.

With the exception of the above-mentioned, the accounting principles applied are the same as those applied in the Annual Report for 2001.

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations and statements that came into force on 01-01-2002 or earlier.

This interim report has been reviewed by the Company's accountants.

REPORTS AND INFORMATION

In the Swedish journal Aktiespararen's competition for the Best Annual Report, Concordia won first prize with the maximum number of points. This is Concordia's fifth win in competition with 340 other listed companies.

Reports

The interim report for the first nine months of 2002 will be published on 23 October and the result for the full year will be presented on 18 February, 2003.

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

Further information may be obtained from:

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CONCORDIA MARITIME AB (publ)

Lars Carlsson
President



THE GROUP'S INCOME STATEMENT

	2 nd quarter	2 nd quarter	6 months	6 months	Whole year
(SEK million)	2002	2001	2002	2001	2001
Average exchange rate SEK/USD	9.99	10.61	10.22	10.09	10.33
Net sales	198.3	278.1	402.7	657.6	1 334.8
Ship sales	-	-	-	-	1.5
Total income	198.3	278.1	402.7	657.6	1 336.3
Operating costs, ships	-136.8	-144.8	-265.7	-347.6	-651.8
Other external costs	-11.5	-14.1	-25.7	-27.9	-54.7
Personnel costs	-42.2	-43.1	-89.0	-81.7	-175.4
Depreciation according to plan	-34.2	-32.2	-84.0	-56.4	-161.9
Total operating costs	-224.7	-234.2	-464.4	-513.6	-1 043.8
Operating result	-26.4	43.9	-61.7	144.0	292.5
Interest income and similar profit/loss items	0.5	3.3	1.5	5.9	7.6
Interest expenses and similar profit/loss items	-13.6	-6.2	-25.8	-8.2	-48.2
Financial net	-13.1	-2.9	-24.3	-2.3	-40.6
Result after financial net	-39.5	41.0	-86.0	141.7	251.9
Tax	-0.3	-9.0	-1.3	-10.6	-20.6
Result after tax	-39.8	32.0	-87.3	131.1	231.3

PER-SHARE DATA

	2 nd quarter	2 nd quarter	6 months	6 months	Whole year
(SEK)	2002	2001	2002	2001	2001
Shares at end of period (Note 1)	47 729 798	46 079 984	47 729 798	46 079 984	46 406 600
Average number of shares (Note 1)	47 299 967	45 273 167	46 858 313	44 179 202	45 206 820
Profit per share after tax, SEK	-0.84	0.71	-1.86	2.97	5.12
Profit per share after tax, SEK, after full conversion	-0.83	0.67	-1.83	2.75	4.85
Equity per share, SEK	26.66	33.11	26.66	33.11	34.33
Equity per share after full conversion (Note 1)	26.66	32.29	26.66	32.29	33.62

Note 1. Conversions of the convertible debenture loan (duration until 30 April, 2002) were made during the period and the number of shares increased by:

1 289 494	1 210 225	1 323 198	3 887 010	4 213 626
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SUMMARY OF GROUP'S BALANCE SHEET

(SEK million)	30 June 2002	30 June 2001	30 Dec 2001
SEK/USD exchange rate on accounting date	9.16	10.84	10.67
Assets			
Ships and equipment	2 119.0	2 773.7	2 545.8
Financial assets	11.7	14.7	12.8
Total fixed assets	2 130.7	2 788.4	2 558.6
Current receivables	201.6	388.4	328.7
Cash and bank balances	66.2	106.9	263.0
Total current assets	267.8	495.3	591.7
Total assets	2 398.5	3 283.7	3 150.3
Equity and liabilities			
Equity	1 272.4	1 525.7	1 593.2
Provisions	46.4	45.4	48.5
Convertible debenture loan	0.0	20.9	17.1
Long-term liabilities	950.4	1 463.8	1 258.4
Current liabilities	129.3	227.9	233.1
Total equity and liabilities	2 398.5	3 283.7	3 150.3

SUMMARY OF GROUP'S CASH-FLOW ANALYSIS

(SEK million)	6 months 2002	6 months 2001	Whole year 2001
Operating activities			
Cash flow from operating activities before changes in working capital	-3.2	198.1	394.7
Change in working capital	9.6	-9.0	93.8
Cash flow provided by operating activities	6.4	189.1	488.5
Cash flow from investing activities	0.0	-557.7	-499.1
Cash flow from financing activities	-146.6	399.3	182.5
Dividend	-27.8	-49.4	
Conversion differences	0.6	28.5	-1.2
Cash flow for the year	-167.4	9.8	170.7
Balance at beginning of period (Note 1)	263.0	81.0	81.0
Exchange rate differences, cash and bank balances (Note 2)	-29.4	16.1	11.3
Balance at end of period (Note 2)	66.2	106.9	263.0
Note 1. Balance consists of cash and bank balances			
Note 2. Exchange rate differences related to:			
Balance at beginning of year	-36.7		
Cash flow for the year	7.3		
	-29.4		

CHANGES IN EQUITY, GROUP



(SEK million)	Share capital	Conversion in progress	Restricted reserves	Non-restricted equity	TOTAL
CHANGES JAN-JUNE, 2002					
Opening balance on 01-01-2002	371.3	-	319.6	902.3	1 593.2
Exchange rate differences not shown in income statement	-	-	-37.7	-182.5	-220.2
Result for the period	-	-	-	-87.3	-87.3
Conversions during the year	10.5	-	4.0	-	14.5
Dividend	-	-	-	-27.8	-27.8
Closing balance on 30-06-2002	381.8	0.0	285.9	604.7	1 272.4

CHANGES JAN-JUNI, 2001

Closing balance on 31-12-2000 according to annual report	222.1	166.0	224.7	590.4	1 203.2
Effect of change in accounting principle	-	-	-	8.4	8.4
Opening balance on 01-01-2001, adjusted	222.1	166.0	224.7	598.8	1 211.6
Exchange rate differences not shown in income statement	-	-	86.0	101.7	187.7
Result for the period	-	-	-	131.1	131.1
Registered conversions in progress on 31-12-2000	115.5	-166.0	50.5	-	0.0
Conversions during the year	31.1	-	13.6	-	44.7
Dividend	-	-	-	-49.4	-49.4
Closing balance on 30-06-2001	368.7	0.0	374.8	782.2	1 525.7

SIX-YEAR SUMMARY

	6 months 2002	2001	2000	1999	1998	1997
Profit/loss and balance-sheet items (SEK million)						
Net sales	402.7	1 334.6	1 327.6	773.6	1 102.9	1 114.5
Operating result	-61.7	292.5	246.0	-44.1	201.8	236.2
Result after financial items	-86.0	251.9	227.7	-72.0	114.0	156.3
Cash flow	-2.0	392.1	337.2	15.9	205.8	246.4
Equity (Note 1)	1 272.4	1 593.2	1 211.6	721.5	760.9	650.3
Total assets (Note 1)	2 398.5	3 150.3	2 494.5	1 890.3	1 751.0	1 932.5
Key ratios (%)						
Equity ratio	53	51	48	38	43	34
Return on total capital	-4	11	12	-2	12	15
Return on capital employed	-5	12	14	-2	13	17
Return on equity	-12	16	21	-8	17	31

Note 1. Effect of change in accounting principle, SEK million:

Equity	8.4	15.8	25.9	36.7
Total assets	-31.1			

Definitions: see Annual Report 2001