

## ***Report on Final Accounts for 2002***

- ***Conflict in the Middle East still affecting operations***
- ***Result for fourth quarter MSEK –3 (2001: +3)***
- ***Weak annual result before tax in line with earlier forecast MSEK –10 (2001: +11)***
- ***Mediterranean service accounts for whole loss***
- ***Continued good profitability for liner service to southern and West Africa and for project consignments***

### ***Operations***

Swedish Orient Line's core business is liner shipping between the Nordic countries and the Mediterranean. Since autumn 2000, this service has been operated via a joint venture, SolNiver Lines, with SOL holding 60% of the shares. This service is based on four RoRo vessels, which are chartered from SOL and which SOL, in turn, charters on a long-term basis. The RoRo vessels are supplemented by chartered tonnage when the need arises. In addition to being the general agent for SolNiver Lines in Scandinavia, the Baltic States and the UK, SOL is also the agent for Pol-Levant Shipping Lines in Sweden. Pol-Levant, which also operates liner traffic between the Nordic countries and the Mediterranean, has a traffic collaboration agreement with SolNiver Lines.

SOL also operates a container service between the Nordic countries and southern Africa and carries out liner agency operations for traffic to and from West Africa as well as international project consignments.

### ***Consolidated Result***

The fourth quarter was also very negatively affected by low transport volumes to Israel resulting from the political instability and terror acts in the region. Even though the transport volumes to other destinations have increased, SolNiver Lines' transport capacity continued to be too large and this resulted in lower margins. In order to adapt capacity, one RoRo vessel was withdrawn from the liner service at the end of the year for employment on the tramp market. Initially, this resulted in additional costs in order to adapt the traffic system. Taken as a whole, this meant that the service to and from the Mediterranean continued to operate at a substantial loss during the fourth quarter. The Swedish agency operations for traffic to and from the Mediterranean, however, reported rising volumes and good profitability.

Other operations, the liner service to and from southern and West Africa and project consignments continued to perform well and generated good profits. Freight volumes to South Africa increased significantly in 2002 while the cargo flow to West Africa, which was very high at the beginning of the year, decreased during the second half of

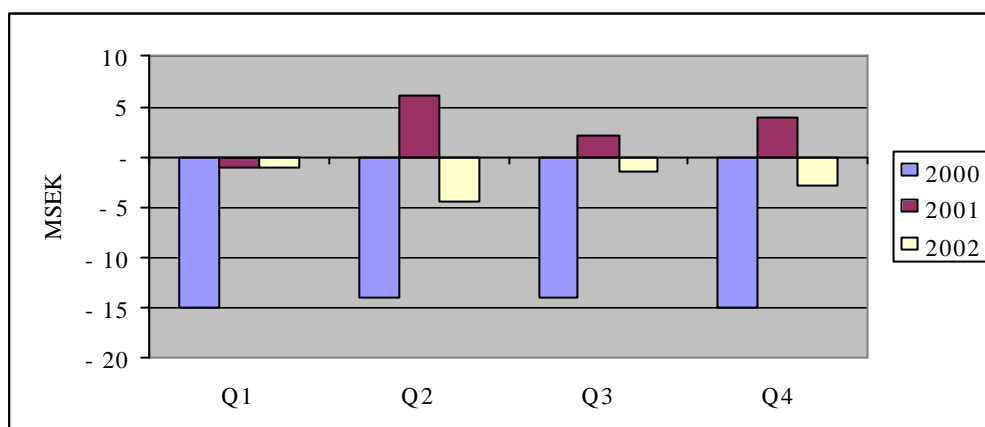
2002. The freight volumes reported by the subsidiary TransProCon, which carries out international project consignments, continued to be high and to provide a good contribution to the results.

The consolidated result for the 4<sup>th</sup> quarter was MSEK –3 (+3), which means that the result for the full year was MSEK –10 (+11).

As a result of large losses incurred in previous years, SOL has substantial losses carried forward. It is calculated that these losses will amount to about MSEK 330 after taxation in 2003. Accordingly, and in accordance with the Swedish Financial Accounting Standards Council's recommendation RR9, a tax revenue and a deferred tax asset were booked based on a cautious assessment of future profits liable to tax. Due to the complicated political situation in the Middle East and its impact on SOL's result in the years immediately ahead, this tax claim has been written down by MSEK 9. This is shown as a tax expense in the Parent Company's and Group income statements.

The Group's result after tax will be MSEK –18 (+28).

*The result trend per quarter, 2000 – 2002:*



*The diagram shows the result after the financial net excl. capital gains/losses and non-recurring items*

### ***Financial position***

On 31 December, consolidated liquid funds, including investments and MSEK 25 in unutilised credit facilities, amounted to MSEK 42 compared with MSEK 59 at the end of 2001. The Group had no loans or unutilised credit facilities. Investments during the period January–December amounted to MSEK 5 (2). Immobilisation of working capital increased compared with the previous year due to certain major projects continuing into 2002 and the fact that certain large Swedish companies unilaterally decided to worsen the terms of payment applying to their suppliers.

On 31 December, the Group's equity/asset ratio was 41 % compared with 46 % on 31 December, 2001.

### ***Parent Company***

The Parent Company's sales during the period amounted to MSEK 112 (133). The operating result before depreciation was MSEK -18 (1) and the result before allocations and tax was MSEK -17 (-1) MSEK. The weaker result is due to lower charter income from vessels chartered out to SolNiver Lines. Total assets were MSEK 68 (92).

Liquid funds, including investments and unutilised credit facilities, totalled MSEK 7 (31 December, 2001: MSEK 13).

### ***Future prospects***

The positive effects achieved by restructuring the service to and from the Mediterranean in 2000/2001, were reduced in 2002 as a result of the political situation in the Middle East and the subsequent sharply reduced transport volumes to Israel and Palestine.

It has not been possible to compensate for the loss of volume, despite increasing transport volumes to other destinations in the traffic area, and, as a result, SolNiver Lines had a surplus of transport capacity during most of the year. An indirect consequence of the escalated Iraq crisis is that the freight market for RoRo tonnage has

improved substantially in recent months. This means that there are, at least temporarily, opportunities for external employment of SolNiver Lines' vessels, which compensate for the drop in volume in the normal liner service to and from the Mediterranean.

Cargo volumes in the liner traffic to and from South Africa are expected to continue to increase, particularly in the case of the northbound cargo flow since it is anticipated that exports from South Africa will rise as a consequence of the weak South African currency.

The market prospects for TransProCon, which works with project consignments where forward planning is generally speaking short term, continue to be good.

The situation in the Middle East is currently so complex that at present it is impossible to make any forecast about the result trend for the whole of 2003 as regards the service to and from the Mediterranean. Vessels chartered out and the resulting improved capacity utilisation for the service to and from the Mediterranean, together with the continued positive development of the liner service to and from southern and western Africa as well as project consignments, indicate that it should be possible to achieve a profit in the first quarter.

### ***Dividend***

The Board proposes that no dividend be distributed for the financial year 2002.

### ***Annual General Meeting***

The Annual General Meeting will be held on 7 May, 2003, at 4 p.m.

### ***Financial information***

The Annual Report for 2002 will be distributed in the middle of April and can be ordered from the Company.

The following information on the Company's business will be published in 2003:

Interim Report, January-March	7 May, 2003
Interim Report, January-June	7 August, 2003
Interim Report, January-September	11 November, 2003
Preliminary Report, 2003	February, 2004
Annual Report, 2003	April, 2004

Gothenburg, 20 February, 2003

SVENSKA ORIENT LINIEN AB (publ)  
Board of Directors

**Consolidated income statement**

<i>All figures in MSEK</i>		<b>2002</b>	2001	<b>2002</b>	2001
		<b>1/10-31/12</b>	1/10-31/12	<b>1/1-31/12</b>	1/1-31/12
Shipping sales		<b>123</b>	142	<b>467</b>	508
Other operating income		<b>0</b>	4	<b>2</b>	5
Operating expenses		<b>-118</b>	-132	<b>-450</b>	-472
Personnel costs		<b>-7</b>	-7	<b>-26</b>	-26
Non-recurring items					
Restructuring expenses		<b>-</b>	-3	<b>-</b>	-3
OPERATING RESULT BEFORE DEPRECIATION		<b>-2</b>	4	<b>-8</b>	12
Depreciation		<b>-1</b>	-0	<b>-2</b>	-2
OPERATING RESULT AFTER DEPRECIATION		<b>-3</b>	4	<b>-10</b>	10
Financial net		<b>0</b>	-1	<b>0</b>	1
RESULT AFTER FINANCIAL NET		<b>-3</b>	3	<b>-10</b>	11
Tax		<b>-9</b>	17	<b>-9</b>	17
RESULT FOR THE PERIOD		<b>-12</b>	20	<b>-18</b>	28
Result per share	<i>SEK</i>	<b>-0.67</b>	0.60	<b>-1.99</b>	2.15
Number of shares	<i>thousand</i>	<b>4 972</b>	4 972	<b>4 972</b>	4 972

**Consolidated balance sheet**

<i>All figures in MSEK</i>		<b>2002</b>	2001
		<b>31 Dec.</b>	31 Dec.
ASSETS			
Tangible fixed assets		<b>7</b>	5
Intangible fixed assets		<b>12</b>	30
Current assets		<b>5</b>	3
Current receivables		<b>66</b>	64
Liquid funds		<b>17</b>	34
TOTAL ASSETS		<b>107</b>	135
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity		<b>44</b>	62
Provisions		<b>3</b>	3
Long-term liabilities		<b>-</b>	-
Current liabilities		<b>60</b>	71
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<b>107</b>	135

**Change in consolidated shareholders' equity**

<i>All figures in MSEK</i>		<b>2002</b>	2001
		<b>31 Dec.</b>	31 Dec.
OPENING BALANCE		<b>62</b>	33
Premium fund		<b>-</b>	1
Conversion difference		<b>1</b>	-1
Result for the period		<b>-18</b>	28
CLOSING BALANCE		<b>44</b>	62

**Key ratios and per-share data**

		<b>2002</b>	2001
		<b>1/1-31/12</b>	1/1-31/12
Equity/assets ratio	%	<b>41</b>	46
Return on capital employed	%	<b>neg.</b>	22
Return on shareholders' equity	%	<b>neg.</b>	35
Shareholders' equity per share	SEK	<b>8.79</b>	12.39
Result excl tax per share	SEK	<b>-1.99</b>	2.15
Result incl tax per share	SEK	<b>-3.72</b>	5.58
Operating cash flow per share	SEK	<b>-1.52</b>	2.60
Number of shares	thousand	<b>4 972</b>	4 972

*The result for the period, excluding non-recurring items, has been used for per-share data.*

*No effect of dilution has been calculated since the share price is lower than the subscription price of the option.*

**Consolidated cash-flow analysis**

<i>All figures in MSEK</i>	<b>2002</b>	2001
	<b>1/1-31/12</b>	1/1-31/12
Operating result	<b>-10</b>	10
Adjustment for items not included in the cash flow	<b>5</b>	-0
CASH FLOW OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	<b>-5</b>	10
Change in working capital	<b>-6</b>	6
CASH FLOW FROM OPERATIONS	<b>-11</b>	16
CASH FLOW FROM INVESTMENT ACTIVITIES	<b>-4</b>	0
CASH FLOW FROM FINANCIAL ACTIVITIES	<b>0</b>	-5
CHANGE IN LIQUID FUNDS	<b>-15</b>	12
Liquid funds at beginning of period	<b>34</b>	20
Exchange-rate differences, liquid funds	<b>-2</b>	2
Liquid funds at end of period	<b>17</b>	34

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's Recommendation no. 20. The same accounting principles have been used as in the previous year.

This report has not been examined by the company's auditors.

For further information, please contact Kent Flodberg, President, or  
Catarina Rockstrand, Vice President, Finance, Svenska Orient Linien AB,  
phone +46 31-354 40 00 or e-mail: [info@sollines.se](mailto:info@sollines.se)