



*Concordia owns two newly delivered 314,000 DWT VLCCs, six large tankers built in the mid-1970s and one self-discharging dry-cargo carrier. The new vessels, Stena V-MAX, 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. They have been chartered to an American oil company on satisfactory terms for a period of three years*

*The Group's large tankers were built to very high specifications as regards both customer satisfaction and lifespan. The quality of the vessels and the management and manning organisation is documented by quality certificates from Det Norske Veritas and the American Bureau of Shipping. Concordia also owns the American shipping company Universe Tankships, which is responsible for the manning and technical operation of the VLCC fleet.*

### REPORT ON FINAL ACCOUNTS, 2001

- **Profit after financial net in line with forecast SEK 251.9 (227.7) million**
- **Freight market still very weak**
- **Fourth quarter profit SEK 53.7 (96.1) million due to contracts and freight swaps**
- **Continued safe and cost-effective ship operation**

### SALES AND RESULT

#### *Full year*

Consolidated sales amounted to SEK 1,334.8 (1,327.6) million. The profit after financial items was SEK 251.9 (227.7) million, which included a profit of SEK 1.5 (16.6) million on the sale of ships. The profit after tax was SEK 231.3 (207.3) million, which corresponds to a profit per share after tax of SEK 5.12 (7.58) and SEK 4.85 (4.47) after full conversion.

#### *Fourth quarter*

Sales during the fourth quarter amounted to SEK 375.2 (424.1) million. The profit after financial items was SEK 53.7 (96.1) million, which included a profit of SEK 1.5 (-8.9) million on the sale of ships. The profit after tax was SEK 48.4 (88.2) million, which corresponds to a profit per share after tax of SEK 1.04 (3.18) and SEK 1.01 (1.86) after full conversion.

#### *Sales by geographical area*

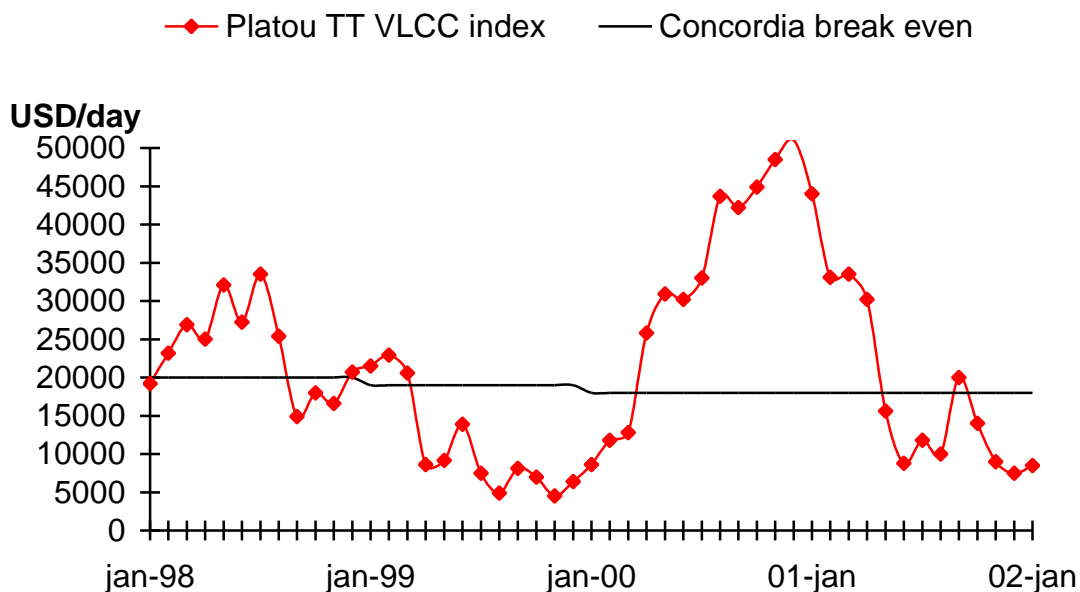
Sales for the whole of 2001 are distributed geographically over the following markets (in %): US 33, Saudi Arabia 26, Switzerland 15, South Africa 9, Japan 7, India 6 and UK 3. The distribution of net sales is based on the respective customer's domicile.



### ***Freight market 2001***

The year began with very good freight rates as a result of stocks being replenished, particularly in the US, and a relatively high production rate in the OPEC countries. With the world economy slowing down, the OPEC countries cut back production in order to maintain the price levels. This rapidly led to lower demand for oil transportation, mainly from the Middle East, with tonnage surpluses and lower capacity utilisation in the world large-tanker fleet. This, in turn, triggered a dramatic freight market downturn. By the beginning of June, freight rates had plummeted more than 50% from their level at the beginning of the year. With the exception of a brief upswing in September, the market has continued to be very weak. During the last quarter, the freight market did not provide full cost coverage and many vessels were forced to wait for long periods for a cargo.

### **Freight market for VLCC turbine tankers, 1998 – 2001**



### ***VLCC and ULCC***

Thanks to freight contracts and so-called Freight Futures, the average freight rates for the company's four VLCCs (Very Large Crude Carriers) were very good throughout the year – USD 32,000 per day, despite the market downturn. This can be compared with the Platou index of USD 19,100 per day, i.e. a freight rate 68% higher than the market for equivalent tonnage. The freight rate during the fourth quarter was as high as USD 33,200 per day, which can be compared with a general market level of less than USD 10,000 per day for this type of vessel.

A freight rate of about USD 18,000 per day was required to cover the vessel's daily running costs and capital costs (breakeven level) in 2001.



The freight rates for the company's two ULCCs (Ultra Large Crude Carriers), the *Stena King* and the *Stena Queen*, varied considerably during the year. During the fourth quarter, the freight rate was below breakeven, which is approx. USD 19,000 per day. The total average freight rate for the year was USD 25,000 per day.

#### **V-MAX**

The first Stena V-MAX tanker, the *Stena Vision*, was delivered at the end of April and was followed by the second vessel, the *Stena Victory*, at the end of June. After their first voyage on the spot market, both vessels were delivered to the American oil company Sunoco on 3-year time-charter contracts.

#### **Other vessels**

One of the company's two self-discharging dry-cargo carriers, the *Conveyor*, was sold in November at a profit of SEK 1.5 million. The second vessel, the *Kure*, is signed to a satisfactory time charter, which has another year to run.

#### **Dry-docking**

During the fourth quarter, one VLCC was dry-docked according to plan. The reduced income due to the planned dry-docking, has affected the profit for the period in an amount of SEK 7 million. Five of the company's six remaining older tankers were dry-docked according to plan in 2001. The profit has been reduced by SEK 47 million to reflect the loss of income during these dry-dockings. 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**

2001 was yet another year of effective and safe operation. Thanks to good planning, training and education, the crews and the shore-based organisation were well-prepared for the two new V-MAX tankers. Consequently, phasing in proceeded according to plan both operationally, technically and as regards costs.

Hydrostatically balanced loading (HBL) is now utilised on Concordia's remaining four Concordia Class VLCCs. (HBL is an environmental protection 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.)

International regulations for phasing out single-hull tankers were adopted at IMO's meeting in April. Concordia participated in this process and was one of the proponents of phasing out being based on quality criteria as well as age. Compared with the earlier proposal, these new regulations will increase the lifespan of Concordia's fleet. The original proposal would have resulted in a loss of more than 20 ship years compared with the 30-year regulation; this figure has now been reduced to 7 ship years.

The classification societies' quality system, CAP, which, among other things, specifies true hull strength in addition to the basic classification requirements, has become increasingly important when chartering older vessels. This benefits Concordia, which has had its vessels CAP classified with very good results for many years.



### ***Sales to the offshore industry***

The *Stena Continent* was sold at the end of 2000 for conversion into an FPSO. A dispute has arisen concerning the interpretation of certain parts of the contract of sale. The assessment of the company is that the dispute should not have any economic consequences.

The prospects for selling the four remaining units in the so-called Concordia Class for projects in this offshore segment continue to be good.

During the year, the company continued to work on a number of projects together with Stena Bulk. Lead times in the purchasing process are long in this type of technically advanced project where the vessel itself comprises a small part of the offshore unit; so far, there have been no new sales. All Concordia's vessels were the subject of discussion for one or another project during the year and are currently being considered for a number of interesting projects.

### **EQUITY – GROWTH AND VALUE**

Concordia's long-term objective is to maximise the value of its shareholders' equity in the company through the long-term increase in value of the fleet and good returns on oil transportation. Since it was listed on the Stockholm Stock Exchange in 1984, the average annual increase in the company's equity has been about 15%. On 31-12-2001, Equity per share after full conversion was SEK 33.62 (26.67).

### **LIQUIDITY AND FINANCING**

The Group's disposable liquid funds, including unutilised credit facilities, amounted to SEK 381.4 (724.5) million on 31-12-2001. In accordance with the terms of the financing agreement, some excess liquidity has been blocked in a separate account with the financing banks. On 31-12-2001, SEK 95.9 million was blocked in this way. 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 137.3 million at the end of the period.

### **CONVERTIBLE DEBENTURE LOAN**

In 2000, the major part of the outstanding convertible loan stock was converted into shares and the convertible debt fell from SEK 237.7 million to SEK 65.6 million during the year. In 2001, the conversions continued and the convertible debt was reduced to SEK 17.2 million. The convertible debenture loan falls due on 30 April, 2002 and conversion may take place until 1 April, 2002.

During the year, conversion resulted in the number of shares increasing by 4,213,626 shares to 46,406,600 shares.

### **INVESTMENTS**

Investments during the year totalled SEK 519.7 million and consisted of payments relating to the V-MAX tankers *Stena Vision* and *Stena Victory*, now delivered. No investments were made in the fourth quarter.



## **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.

Concordia's four VLCCs and Stena's VLCC *Stena Conductor* are operated in a pool where the profit is divided equally per vessel. In order to hedge the revenues generated in the pool for VLCCs together with Stena Bulk, two vessels were time-chartered during the year and a freight swap equivalent to the capacity of 1.3 VLCCs was signed. The contract expired at the end of 2001 and corresponded to a freight rate of about USD 36,000 per day.

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

Stena AB's subsidiary Northern Marine Management is responsible for the technical management of Concordia's two ULCCs. Concordia's subsidiary Universe Tankships performs management assignments for two of Stena's large tankers.

## **PARENT COMPANY**

The Parent Company's sales totalled SEK 19.7 (15.2) million. Intergroup invoicing accounted for SEK 19.5 (2.8) million of this amount. The result after financial items was SEK 38.3 (92.2) million, which included a profit of SEK 25.5 million. The result for the period includes an anticipated dividend of SEK 50 (66) million. The Parent Company's disposable liquid funds, including unutilised credit facilities, amounted to SEK 13.5 (10.9) million. There were no investments during the period.

## **FORECAST FOR 2002**

### *World large-tanker fleet*

At the end of 2001, the world ULCC and VLCC fleet consisted of 435 vessels, seven less than at the beginning of the year. Actual transportation capacity has increased due to the higher efficiency of the new vessels. The backlog of orders at the shipyards is equivalent to about 20% of the existing fleet. No new orders were placed between September, 2001, and the end of the year. The delivery date for any orders placed now will be towards the end of 2003 at the earliest. At the end of the year, 80 vessels built in the 1970s remained in the world fleet. Since then, nine of these have sold for scrap. If we are to avoid the supply of tonnage increasing when the 42 vessels delivered in 2002 are phased into the market, more than 50% of the remaining tankers built in the 1970s will have to be scrapped or withdrawn from the market in some other way. The present freight market and the shipping companies' view of the future indicate that this could be the case.

<b>VLCC</b>	<b>Delivered</b>	<b>Order book</b>	<b>Scrapped/Offshore</b>
2001	31	0	38
2002		42	9
2003		30	
2004		11	



### *Freight market, 2002*

There is considerable uncertainty as to how the world economy will develop, which means that it is also difficult to assess which way the freight market will go. Some experts forecast that growth will pick up during the year, particularly in the US but also in other parts of the world. This would generate increased demand for oil transportation, especially if the oil companies also decide to raise stock levels and take advantage of low oil prices. OPEC's objective of maintaining oil prices could mean that this increased demand would not primarily be met by increased production by its members. Consequently, the increase in the demand for transportation from the Middle East, the most important ULCC/VLCC trade, would then be lower than has previously been the case.

### *Forecast*

In the light of the above-mentioned, the company's assessment is that the freight market for large tankers will remain weak throughout the year with the prospect of a limited recovery during the second half of the year.

The freight rates for the six remaining older tankers are expected to be below breakeven.

The two new V-MAX tankers are signed to profitable time-charter contracts.

The first half of the year is expected to result in a loss of SEK 80–90 million. If the world economy recovers, the company anticipates that it will be possible to earn enough to cover most of the loss and thus be able to post a full-year result at breakeven level.

There is, however, a risk that the current weak freight market will continue, which could result in a loss being posted for 2002. The forecast will be updated in conjunction with interim reports or other information.

### **DIVIDEND**

In the company's dividend policy, the ambition is that the dividend plus interest on the convertible debenture loan should be 20–30% of the annual profit after tax and that at least 10% should be distributed.

In view of the continued weak market anticipated during most of 2002, the Board proposes a dividend of SEK 0.55 per share, which is equivalent to about 10% of the profit for the year after tax. This is half last year's dividend, but in the Board's opinion, a higher dividend would have a negative effect on the company's position and future prospects.

### **ANNUAL GENERAL MEETING AND FUTURE INFORMATION**

The Annual General Meeting with shareholders will be held at Lorensbergsteatern in Gothenburg, Sweden, on 24 April, 2002, at 2.00 p.m. The Interim Report for the first three months of the year will be presented in conjunction with the AGM.

In April, the Annual Report for 2001 will be sent to all registered shareholders and holders of convertibles. The Interim Report for the first six months of 2002 will be published on 13 August and the 9-month Report on 23 October.

Historical and current reports, together with other information, can be found on our web site [www.concordia-maritime.se](http://www.concordia-maritime.se).

Further information may be obtained from:

Lars Carlsson, President,	tel.+46 31-85 50 03 or +46 704-85 50 03
Hans Norén, Financial Manager,	tel.+46 31-85 51 01 or +46 704-85 51 01
Jonas Kamstedt,	tel.+46 31-85 50 80 or +46 704-85 50 80.



## **ACCOUNTING PRINCIPLES AND METHODS OF CALCULATION**

The Swedish Financial Accounting Standards Council's recommendation RR9 (Income Taxes), which came into force on 01-01-2001, has resulted in a change of accounting principle. Information for the comparison years has been adjusted in accordance with the recommendation. The effect of this on equity is shown in the specification of changes in the Group's equity. In other respects, the accounting principles and methods of calculation applied are the same as those applied in the latest annual report.

Gothenburg, 14 February, 2002

### **CONCORDIA MARITIME AB**

Lars Carlsson

President



## THE GROUP'S INCOME STATEMENT

(SEK million)	4 <sup>th</sup> quarter 2001	4 <sup>th</sup> quarter 2000	Full year 2001	Full year 2000
Average exchange rate SEK/USD	10.57	9.87	10.33	9.16
Net sales	375.2	424.1	1 334.8	1 327.6
Ship sales	1.5	-8.9	1.5	16.6
<b>Total income</b>	<b>376.7</b>	415.2	<b>1 336.3</b>	1 344.2
Operating costs, ships	-195.9	-212.2	-651.8	-751.2
Other external costs	-12.8	-7.9	-54.7	-37.0
Personnel costs	-47.2	-52.9	-175.4	-173.1
Depreciation according to plan	-52.3	-56.4	-161.9	-136.9
<b>Total operating costs</b>	<b>-308.2</b>	-329.4	<b>-1 043.8</b>	-1 098.2
<b>Operating result</b>	<b>68.5</b>	85.8	<b>292.5</b>	246.0
Interest income and similar profit/loss items	1.6	10.0	7.6	11.8
Interest expenses and similar profit/loss items	-16.4	0.3	-48.2	-30.1
<b>Financial net</b>	<b>-14.8</b>	10.3	<b>-40.6</b>	-18.3
<b>Result after financial items</b>	<b>53.7</b>	96.1	<b>251.9</b>	227.7
Tax	-5.3	-7.9	-20.6	-20.4
<b>Result after tax</b>	<b>48.4</b>	88.2	<b>231.3</b>	207.3

## PER-SHARE DATA

(SEK)	4 <sup>th</sup> quarter 2001	4 <sup>th</sup> quarter 2000	Full year 2001	Full year 2000
Shares at end of period (Note 1)	46 406 600	42 192 974	46 406 600	42 192 974
Average number of shares (Note 1)	46 346 825	27 700 457	45 206 820	27 358 766
Profit per share after tax, SEK	1.04	3.18	5.12	7.58
Profit per share after tax, SEK, after full conversion (Note 2)	1.01	1.86	4.85	4.47
Equity per share, SEK	34.33	28.72	34.33	28.72
Equity per share, SEK, after full conversion (Note 1)	33.62	26.67	33.62	26.67

On full conversion, the number of shares will increase to 47 894 136

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:

74 200	417 203	4 213 626	14 969 119
--------	---------	-----------	------------

Note 2. Result after tax includes interest expenses and tax related to the convertible debenture loan. This amounts to SEK:

0.2	0.8	0.9	4.6
-----	-----	-----	-----



Conversions during the year	4.3	-	1.8	-	6.1
Changes between restricted and non-restricted equity			-49.7	49.7	
Effect of change in accounting principle				-7.4	-7.4
Dividend	-	-	-	-	0.0
Closing balance 31-12-2000	222.1	166.0	224.7	598.8	1 211.6

#### **FIVE-YEAR SUMMARY**

	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
<b>Profit/loss and balance sheet items (SEK million)</b>					
Net sales	1 336.3	1 327.6	773.6	1 102.9	1 114.5
Operating result	292.5	246.0	-44.1	201.8	236.2
Result after financial items	251.9	227.7	-72.0	114.0	156.3
Cash flow	396.2	337.2	15.9	205.8	246.4
Equity (Note 1)	1 593.2	1 211.6	721.5	760.9	650.3
Total assets	3 175.5	2 494.5	1 890.3	1 751.0	1 932.5
<b>Key ratios (%)</b>					
Equity ratio	50	48	38	43	34
Return on total capital	11	12	-2	12	15
Return on capital employed	12	14	-2	13	17
Return on equity	16	21	-8	17	31

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

	8.4	15.8	25.9	36.7
--	-----	------	------	------

Definitions: See Annual Report 2000

#### **CHANGES IN EQUITY, GROUP**

<b>(SEK million)</b>	<b>Share capital</b>	<b>Conversion in progress</b>	<b>Restricted reserves</b>	<b>Non-restricted equity</b>	<b>TOTAL</b>
<b>CHANGES JAN-DEC, 2001</b>					
Closing balance 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 01-01-2001, adjusted	222.1	166.0	224.7	598.8	1 211.6
Exchange rate differences not shown in income statement	-	-	73.4	77.9	151.3
Result for the period	-	-	-	231.3	231.3
Registered conversions in progress on 31-12-2000	115.5	-166.0	50.5	-	0.0
Conversions during the year	33.7	-	14.7	-	48.4
Changes between restricted and non-restricted equity	-	-	-43.7	43.7	0.0
Dividend	-	-	-	-49.4	-49.4
Closing balance 31-12-2001	371.3	0.0	319.6	902.3	1 593.2
<b>CHANGES JAN-DEC, 2000</b>					
Closing balance 31-12-1999 according to annual report	217.8	-	221.3	266.6	705.7
Effect of change in accounting principle	-	-	-	15.8	15.8
Opening balance 01-01-2000, adjusted	217.8	-	221.3	282.4	721.5
Exchange rate differences not shown in income statement	-	-	51.3	66.8	118.1
Result for the period	-	-	-	207.3	207.3



## SUMMARY OF GROUP'S BALANCE SHEET

<b>(SEK million)</b>	<b>30 Dec. 2001</b>	<b>30 Dec. 2000</b>
SEK/USD exchange rate on accounting date	10.67	9.54
<b>Assets</b>		
Fixed assets	<b>2 689.7</b>	2 093.1
Current assets	<b>228.7</b>	320.4
Cash and bank balances	<b>257.1</b>	81.0
	-----	-----
<b>Total assets</b>	<b>3 175.5</b>	2 494.5
<b>Equity and liabilities</b>		
Equity	<b>1 593.2</b>	1 211.6
Provisions	<b>79.6</b>	112.1
Convertible debenture loan	<b>17.1</b>	65.6
Long-term liabilities	<b>1 258.4</b>	870.5
Current liabilities	<b>227.2</b>	234.7
	-----	-----
<b>Total equity and liabilities</b>	<b>3 175.5</b>	2 494.5

## SUMMARY OF GROUP'S CASH-FLOW ANALYSIS

<b>(SEK million)</b>	<b>Full year 2001</b>	<b>Full year 2000</b>
<b>Operating activities</b>		
Cash flow from operating activities before changes in working capital	<b>394.7</b>	311.7
Change in working capital	<b>93.8</b>	-62.0
	-----	-----
<b>Cash flow provided by operating activities</b>	<b>488.5</b>	249.7
<b>Cash flow from investing activities</b>	<b>-499.1</b>	-291.5
<b>Cash flow from financing activities</b>	<b>176.6</b>	106.2
Conversion differences	<b>-1.3</b>	-5.4
	-----	-----
<b>Cash flow for the year</b>	<b>164.7</b>	59.0
<b>Balance at beginning of year (Note 1)</b>	<b>81.0</b>	16.2
<b>Exchange rate differences, cash and bank balances (Note 2)</b>	<b>11.3</b>	5.8
<b>Balance at end of year (Note 2)</b>	<b>257.1</b>	81.0

Note 1. Balance consists of cash and bank balances

Note 2. Exchange rate differences related to:

Balance at beginning of year	4.3
Cash flow for the year	7.0
	-----
	11.3

Registered conversions in progress on  
31-12-2000

- 166.0 - - 166.0