

Annual Report 2007



Cover picture

The drawings in the annual report were made by children from the orphanage Maestral in Croatia. The drawings were auctioned off at a charity event in Split in aid of the orphanage. Shipbuilding is a large industry in Croatia and the orphanage is supported by several players from the shipping and shipbuilding industries.

Contents

2007 in brief	1
This is Concordia Maritime	2
Business Model	4
President's Views	6
THE MARKET	
Oil Market	8
Freight Market	12
Tanker Fleet and Shipbuilding Market	14
Competitors	18
Market Forces	20
ACTIVITIES	
The Fleet	22
The MAX Concept	25
Customers	26
The P-MAX – the brokers' point of view	27
Employees and Networks	28
Life Onboard	30
Safety and Environment	32
FINANCIAL REVIEW	
The Share	36
Risk and Sensitivity Analysis	39
10-year Summary	42
Key Ratios	44
FINANCIAL INFORMATION	
Board of Directors' Report	45
GROUP	
Income Statement	48
Balance Sheet	49
Change in Equity	50
Cash-flow statement	51
PARENT COMPANY	
Income Statement	52
Balance Sheet	53
Pledged assets and contingent liabilities	54
Change in Equity	54
Cash-flow statement	55
Notes to the Financial Statements	56
Audit Report	73
Corporate Governance	74
Board of Directors	78
Information on Annual General Meeting and senior management	80
Glossary and addresses	81

2007 in brief



Net sales

SEK 457.2 million

Net sales for the full year were
SEK 457.2 (381.2) million

Net profit after tax

SEK 62.9 million

The net profit after tax was
SEK 62.9 million (SEK 51.9 million)

Profit per share

SEK 1.32

The profit per share was
SEK 1.32 (1.09)

• Newbuilding program according to plan

During the year Concordia Maritime's newbuilding program proceeded according to plan. Two new P-MAX tankers and two Panamax tankers were delivered, all built at Brodosplit Shipyard in Croatia.

• Charters with TOTAL extended

A further time charter was signed with the French oil company TOTAL in June. This charter is for the P-MAX tanker *Stena Progress* with delivery set for the end of 2009. At the same time, the charters for the two sisters *Stena Paris* and *Stena Provence* were extended for a further two years.

• Stena Vision in service again

The VLCC *Stena Vision* re-entered service during the year after spending a lengthy period at a shipyard following damage to its reduction gear. As a result of the lengthy period without employment, SEK 17.9 million was charged to the segment's operating result.

• Agreement in dispute

In the dispute between Concordia Maritime and Halliburton concerning the sale of a vessel in 2000, a final agreement was reached in the first quarter, which has resulted in SEK 9.8 million being charged to the segment's operating result.

Key ratios

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Net sales, MSEK	457.2	381.2	254.0	354.0	649.7	768.6	1,334.6	1,327.6	773.6	1,102.9
whereof result from the sale of ships, MSEK	—	—	56.2	646.6	-15.1	11.1	1.5	16.6	—	—
EBITDA, MSEK	91.5	38.7	-1.3	795.5	177.5	89.5	454.4	382.9	57.1	297.7
Result before tax, MSEK	48.0	52.5	42.7	740.2	35.1	-142.4	251.9	227.7	-72.0	114.0
Net result, MSEK	62.9	51.9	57.2	740.2	77.1	-148.9	231.3	207.3	-62.5	117.3
Investments, MSEK	836.7	767.2	492.8	86.3	61.6	—	513.6	351.1	295.7	259.3
Equity ratio, %	58	73	93	94	73	51	51	48	38	43
Equity per share, SEK	34.08	34.09	37.10	33.87	21.51	24.16	33.62	26.67	20.03	20.85
Return on capital employed, %	4	5	6	49	3	-4	12	14	-2	13
Dividend as percentage of profit, %	76	92	83	19	31	0	12	22	0	12
Profit per share, SEK	1.32	1.09	1.20	15.51	1.62	-3.12	4.85	4.47	-0.96	2.79
Dividend per share, SEK	1.00 ¹⁾	1.00	1.00	3.00	0.50	—	0.60	1.10	—	0.50
Share price at year end, SEK	27.00	55.00	43.00	34.80	17.50	11.00	16.00	21.50	11.80	11.50

¹⁾ Proposed dividend

Most recent forecast

Result: SEK 50 million
before tax (SEK 1.05 per share)

Outcome 2007

Result: SEK 75.7 million before expenses of a non-recurring nature
Reported result: SEK 48.0 million (SEK 1.01 per share) profit before tax

Forecast for 2008

USD 11 million profit before tax
(corresponding to SEK 70 million)
USD 0.23 per share (approx.
SEK 1.47)

This is Concordia Maritime

Concordia Maritime is an international tanker shipping company, which develops, builds, mans and charters vessels to customers with exacting demands on transport economy, flexibility and safety. The company's focus is on the transportation of refined petroleum products such as petrol, diesel fuel and jet fuel. Concordia Maritime was established in 1984 when its Series B share was listed on the OMX Nordic Exchange Stockholm. Its head office is located in Gothenburg, Sweden.

Business concept

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

Vision

To be our customers' first choice for safety, innovation and performance in efficient tanker transportation, which will result in good profitability, steady growth and financial stability.

Strategy in brief

- To continue to develop Concordia Maritime's position as a partner of choice in transportation of oil and petroleum products.
- To continue to identify the market's need for efficient transportation and thereafter develop vessels and logistic solutions based on transport economy, flexibility and a well-developed environmental safety philosophy.
- To utilise our strong financial position to do new business with the right timing.
- To continue to take advantage of the unique competence existing in the Stena Sphere with respect to market know-how, shipbuilding and ship operation.

Our goals

Growth

Goal At least 10% per year, while maintaining profitability

Goal attainment 1998–2007 Average annual growth of 14%

Goal attainment 2007 Growth of 0%

Profitability

Goal Return on equity of at least 12%

Goal attainment 1998–2007 Average return on equity of 11%

Goal attainment 2007 Return on equity of 3%

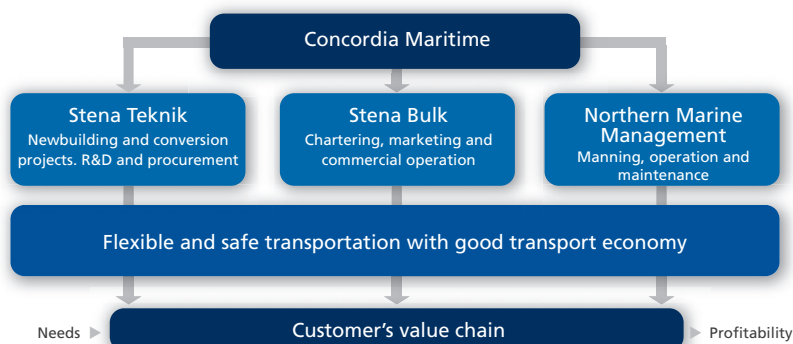
Equity ratio

Goal At least 50% over a business cycle

Goal attainment 1998–2007 Equity ratio of 62%

Goal attainment 2007 Equity ratio of 58%

A small company in a large context



Concordia Maritime has a small number of employees and sales of SEK 457.2 million. How is this possible? Concordia Maritime owns its vessels, but utilises service suppliers for chartering, commercial operation, manning and technical questions.



The *Stena Primorsk* in the Stockholm archipelago

Our customers

Concordia Maritime's customers include some of the world's largest oil and energy companies. Customer relations are characterised by partnership, cooperation and a long-term perspective.

Our strengths

At Concordia Maritime, a deep understanding of the individual customer is combined with cutting-edge competence in the development and design of ships, shipbuilding, manning, chartering and commercial operation. The result is safe and efficient transportation.

What we transport

The change in business activities implemented in recent years has resulted in a shift in focus from the transportation of crude oil to the transportation of refined petroleum products. The twelve tankers ordered in the last few years, and which are now in the process of being delivered, are all designed primarily to transport refined petroleum products such as petrol, diesel fuel and jet fuel. In addition to our own vessels, we have also chartered two crude oil tankers from the US shipping company Arlington Tankers. At the end of 2007, Concordia Maritime had ten vessels at its disposal.

Our cooperation partners

Concordia Maritime conducts its business activities in close cooperation with several companies in the Stena Sphere. This means that the company's business activities can be conducted cost-effectively at the same time as its customers have access to the Stena Sphere's knowledge base.

Our market

The downturn in the market, which began in 2006, continued in 2007. Compared with 2006, freight rates in both the large tanker and product tanker markets were lower. The freight rates fell most in the spot market while in the time charter market they were only slightly lower than in 2006.

Concordia Maritime's revenue model

The business model for tanker shipping companies is relatively standardised. Either the vessels are employed on the spot market, i.e. they are contracted for one voyage at a time, or by means of different types of contracts. These contracts can vary in length, from a few days up to – as in the case of Concordia Maritime – several years.

Revenue

For a shipping company with its vessels employed in the spot market, revenues depend solely on how the market develops. If the market goes up, revenues increase, and vice versa when the market goes down.

When vessels are chartered out for a longer period, as in the case of Concordia Maritime, the shipping company's revenue consists of a *freight rate* agreed on in advance, which applies for the duration of the charter period. Revenue level (and cash flow) is thus not affected by short-term fluctuations in the market. The basic



freight rate level is determined by the length of the charter and the market situation when the charter was signed. Most shipping companies use a combination of employment on the spot market and charters for their fleet.

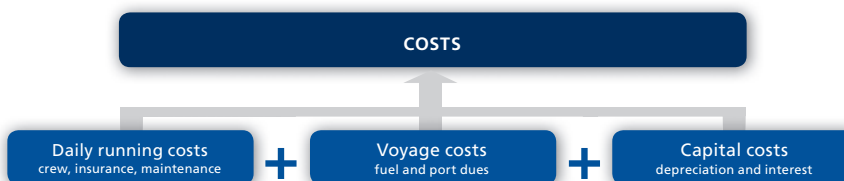
At the end of 2007, Concordia Maritime's vessels so far delivered were signed to charters of

between five and ten years. The charters for some of the vessels include a *profit-split clause* in addition to the freight rate agreed on. Put simply, this means that the customer's revenue over and above certain predetermined levels is shared between the customer and Concordia Maritime.

Costs

The largest costs are normally daily running costs, capital costs and voyage costs.

The vessels' *daily running costs* include costs for crews, insurance, periodic (dry-dock) and day-to-day maintenance and repairs. The quality of the ships and how they are maintained by their crews have the largest impact on the daily running costs. A major factor affecting profitability is the level of control the shipping company has over the daily running costs. For vessels signed to



long-term charters, there are sometimes clauses that regulate the freight rate if daily running costs increase.

Voyage costs consist of fuel consumption and port dues. For vessels in the charter market, like

Concordia Maritime's vessels, the contracting party pays all the voyage costs.

Capital costs, depreciation and interest payments, can vary considerably depending on the company's capital structure and debt equity ratio.

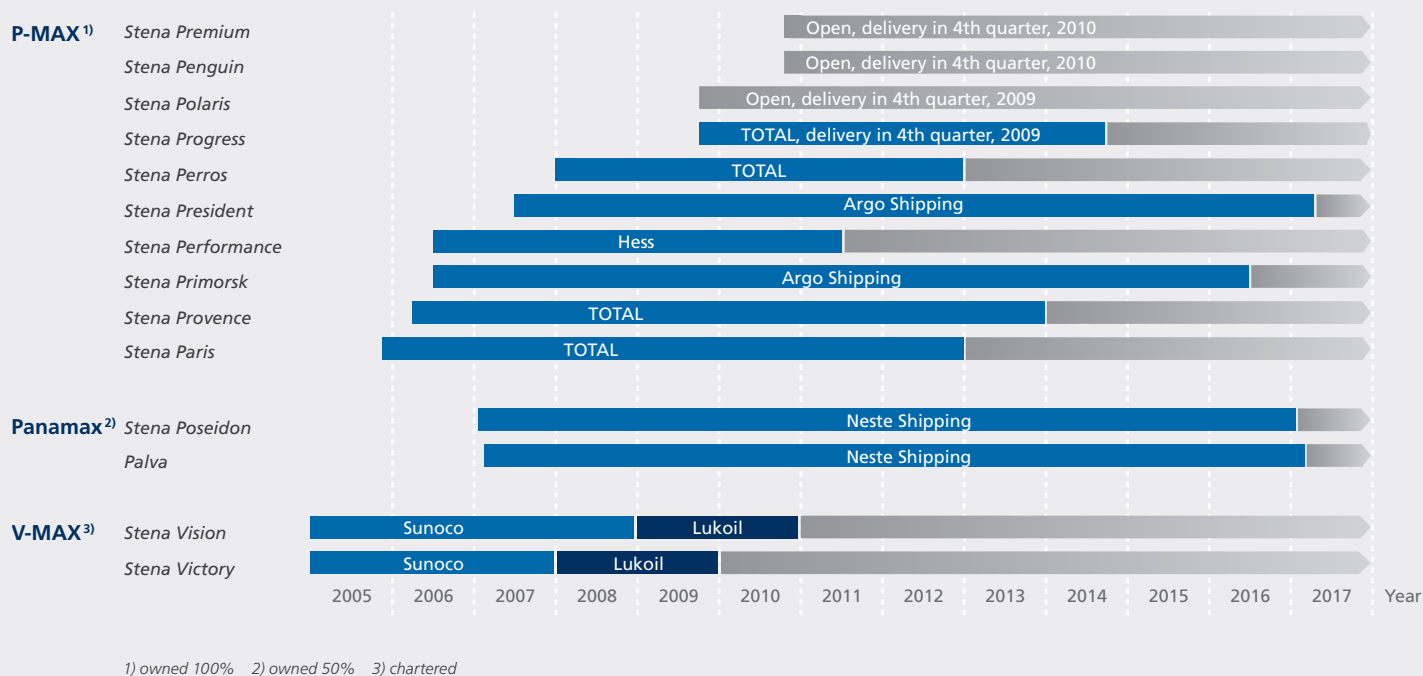
And above all – timing

Ship prices, both of second-hand tonnage and newbuildings, vary together with fluctuations in the freight market and the shipbuilding market.

Timing is therefore extremely important and has a large impact on the ship's capital costs and thus the shipping company's profitability over a long

period of time. As a consequence of this, most shipping companies' business concepts also include purchases and sales.

Close relations with customers and long contracts

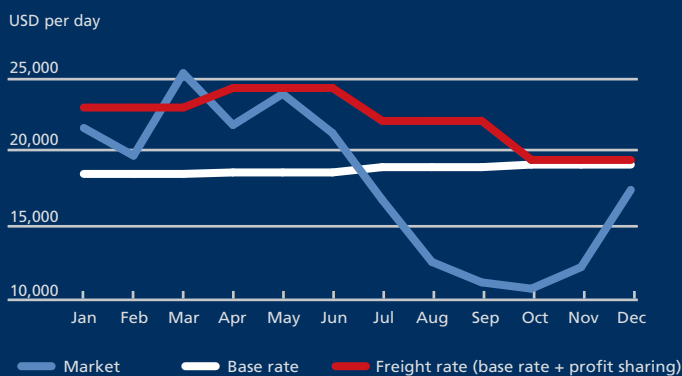


Sales in 2007

As a result of a larger tonnage surplus, Concordia Maritime's sales during the past year increased by about 20 per cent, from SEK 381.2 million to SEK 457.2 million. In 2007, all the delivered vessels in the fleet were signed to long-term charters with fixed freight rates. This meant that the downturn on the market only had a minor impact on the earnings.

Any impact on the result was due to lower revenues generated by the profit-split clauses included in some of the vessels' charter agreements. These profit-split clauses have contributed positively to total revenues during the strong market in the last few years.

The product tanker fleet's average freight rate per vessel and day



President's views: Long charters give strength in an interesting shipping market

The construction of our new fleet continued during the year. A total of four new tankers, two P-MAX and two Panamax, were delivered from Brodosplit Shipyard in Croatia. This means that all the vessels ordered in 2003 have now been delivered. It is worth noting that these vessels were ordered at a favourable point in time. Newbuilding prices have since risen 40–50 per cent.

Our newbuilding program in Croatia has now been given a well-deserved breathing space before work on the remaining four P-MAX tankers begins in a few months time. These vessels were ordered at a later date and will be delivered at the end of 2009 and the end of 2010, respectively.

The vessels so far delivered have performed well during the year. In summer, 2007, yet another time charter agreement was signed with the French oil company TOTAL covering one of the tankers to be delivered at the end of 2009, the *Stena Progress*. At the same time, the charters for the two sisters, *Stena Paris* and *Stena Provence*, were each extended two years. This means that we now have four vessels on charter to TOTAL with a total remaining charter period of 21 years.

Positive result

The result for the full year was SEK 48 million, which is lower than we had anticipated at the beginning of the year. The profit generated by our new product tanker fleet was in line with expectations. The lower result was mainly a consequence of additional costs of a non-recurring nature in the large tanker segment, in particular the repair costs relating to the tanker *Stena Vision*. The whole repair process was both complex and time-consuming but the vessel

re-entered service in June and is functioning smoothly.

The repair costs were a heavy burden but they have not had any appreciable effect on the company's position, either operatively or financially. They are, however, a reminder that ship operation is exposed to operational disruptions and stoppages.

Strong seagoing organisation

At present, about 160 persons are employed on our vessels. Recruiting, training and also retaining competent crews is a critical success factor in our business. It is also one of the largest challenges since the demand for seagoing personnel in all categories has increased dramatically and will continue to increase as a result of strong markets in practically all the shipping segments. Together with our ship manager Northern Marine Management, we are investing considerable resources in this area. This work will continue.

Effective ship operation

Generally speaking, the cost of ship operation, which largely consists of personnel costs, is rising in shipping. This also applies in our case. Our revenue flows are secured and keeping the vessels' operating costs under control will be one of our most important tasks in the next few years.



“ We do not strive to be the largest, but we do strive to be best in the areas and segments where we are active.”

Hans Norén, President

Continued high demand for transportation

Since the record years 2004/2005, the tanker market has fallen back overall, although from high levels. This is no surprise to us and we expect the tanker market to weaken still further in 2008 and 2009. Even though downward adjustments are being made to the growth figures in some parts of the world, the demand for oil and thus the transportation of oil is still high. However, in the next couple of years, a very large number of new vessels will be delivered. In our size segment, between 300 and 350 new tankers will be delivered in 2008 and 2009, which represents about 40 per cent of the existing fleet. Our assessment is that it will not be possible for the market to absorb these tankers without considerable downward pressure on freight rates.

IMO's ban on the transportation of oil by single-hull tankers will come into force in 2010. This will force a number of tankers out of the market and the market will

then be able to begin to move towards a state of balance again.

Innovation and performance

When we talk about the market trend and the weak prospects for the years immediately ahead, it is very important to point out that it is just this scenario for which we positioned ourselves quite some time ago. All the vessels in service are signed to fixed long-term charters, which means that we have secured a base for our revenue flows, irrespective of the market. Our strong balance sheet and secured cash flows give us opportunities and the ability to act as regards new business deals, not least in weak shipping markets.

Concordia Maritime is a niche player in terms of the market as a whole. We do not strive to be the largest, but we do strive to be best in the areas and segments where we are active. Satisfying our customers' need for safe and cost-effective tanker transportation based on innovation and perform-

ance has been our business concept for many years.

Interesting shipping markets

We are now entering a period with shipping markets that could be very interesting and we have a solid business concept and the ability to act resulting from stable finances and a long-term approach.

We also have our highly competent employees ashore and at sea in our own organisation as well as our partners' employees. In the final analysis, it is these employees who are our greatest asset and strength in our work on continuing the positive development of the company's business activities.

Gothenburg, March, 2008
Hans Norén, President

Continuing high demand for oil

The demand for oil continued to be high in 2007. Overall demand increased by about 1.5 per cent, largely due to the high demand from China and India.

Since the mid-19th century, when it became possible to extract oil in a rational way, oil has played a central role in the development of modern society. Since then, and with a few exceptions, total global consumption has risen continuously. With the development of the auto industry and aviation, the 20th century became known as the “oil century”. Between 1965 and 2005, total global consumption of oil and petroleum products almost tripled, from about 30 million barrels of oil per day to more than 85 million barrels per day.

Today, oil and petroleum products are the single largest commodity group in international trade. Although global dependence on oil is decreasing relatively speaking, it still meets about 40 per cent of the total global energy requirements. A high energy content in combination with the fact that it is relatively easy to transport and store has made oil the leading global energy raw material.

Continuing high demand for oil

In 2007, the global demand for oil followed more or less the same pattern as in recent years. In the US and Europe, demand continued to fall somewhat while it rose steeply in several developing countries, not least China and India. Total demand was 85.7 million barrels per day, an increase of about 1.5 per cent compared with 2006. A downturn in the world economy, a record high

oil price and the abolition of price subsidies in Asia had only a limited impact on demand.

The average price of oil was USD 69 per barrel, more than 16 per cent higher than in 2006. At the beginning of November, the price went over USD 90 per barrel for the first time ever and at the end of the month, the price rose to a record USD 91.91 per barrel. Oil prices remained at this high level in December and at the beginning of 2008. For the first time ever, the oil price rose over USD 100, on 19 February it reached USD 100.01.

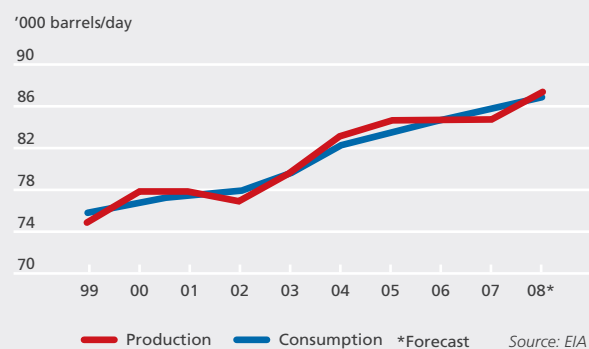
Limited production capacity

High oil prices in recent years are largely a consequence of high global demand for oil in combination with a lack of investments in new production capacity. During the “oil crises” in the 1970s, large price hikes resulted in lower demand. For the oil-producing countries in OPEC, this meant that much of their production capacity was idle for long periods. At the end of the 1990s, history repeated itself when OPEC decided to raise production capacity at the same time as Asia slid into a deep recession and the demand for oil fell once again. These two events have contributed to a large degree to a cautious attitude towards investments in overcapacity.

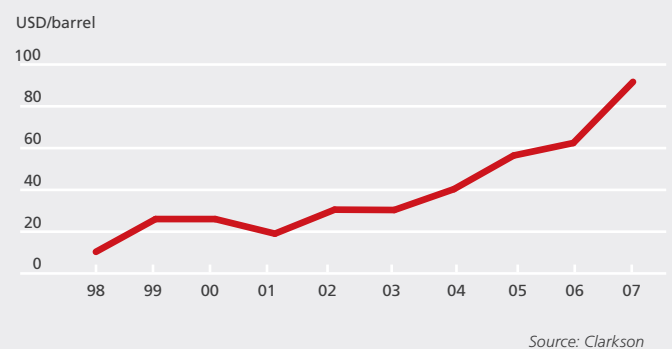
To this can be added a new phenomenon; a shortage of refinery capacity. As a



Global oil consumption and production



Average oil price



result of tough environmental regulations and large investments costs, the construction of new refineries is no longer keeping pace with the rising consumption of oil.

When demand is high and extraction capacity is limited, every threat of disruption in the global supply of oil tends to result in large price movements. In 2007, the price of oil was driven up by several oil-related geopolitical events, such as the threat of a Turkish invasion of Iraq and instability in Nigeria and the Middle East.

International trade

The markets for petroleum products are connected by several international oil exchanges, where a large proportion of the prices of crude oils and petroleum products between buyers and sellers is determined. The two largest oil exchanges are the London International Petroleum Exchange (IPE) and the New York Mercantile Exchange (Nymex). The oil market is similar to other international commodity and finance markets. Most of the trade on the exchanges consists of forward quotations and option contracts. The volume is sev-

eral times larger than the physical deliveries of crude oils and products. Forward quotations are dominated by contracts for immediate delivery or with a validity of a month or so.

A finite resource

In recent years, the debate about how long the oil will last has intensified and has been presented as an argument for the price of oil remaining high in the future. An important issue in the debate has been when global oil production will reach its maximum, i.e. Peak Oil. This is the point in time after which maximum crude oil production will gradually decline until the oil recoverable from a cost and environmental perspective has run out.

The fact that Peak Oil will occur sooner or later is incontestable since oil is a finite resource. When this will happen is, however, the subject of intense debate. The discovery of new oil deposits reached a peak at the beginning of the 1960s. Oil production in several countries outside OPEC and the former Soviet Union reached its peak in about 2000. This was when, for example,

the North Sea reached its maximum production of 6 million barrels per day.

Estimates of when Peak Oil will occur vary between different players. The OECD's expert body IEA, the International Energy Agency, believes that the peak will occur between 2020 and 2030 while others, including BP – British Petroleum – think the peak will be reached sometime between 2015 and 2020. The expert group ASPO, The Association for the Study of Peak Oil and Gas, is much more pessimistic in its assessment of the supply of unexploited oil reserves and expects the peak to be reached before 2010.

Transportation still necessary

Irrespective of one's position in the debate about Peak Oil, the demand for transportation will continue to be large in the future. The expansion of refining capacity is currently taking place in locations far from the majority of the end users. For a niche player such as Concordia Maritime, with vessels designed for specific needs, this represents continuing good opportunities for business in the future.

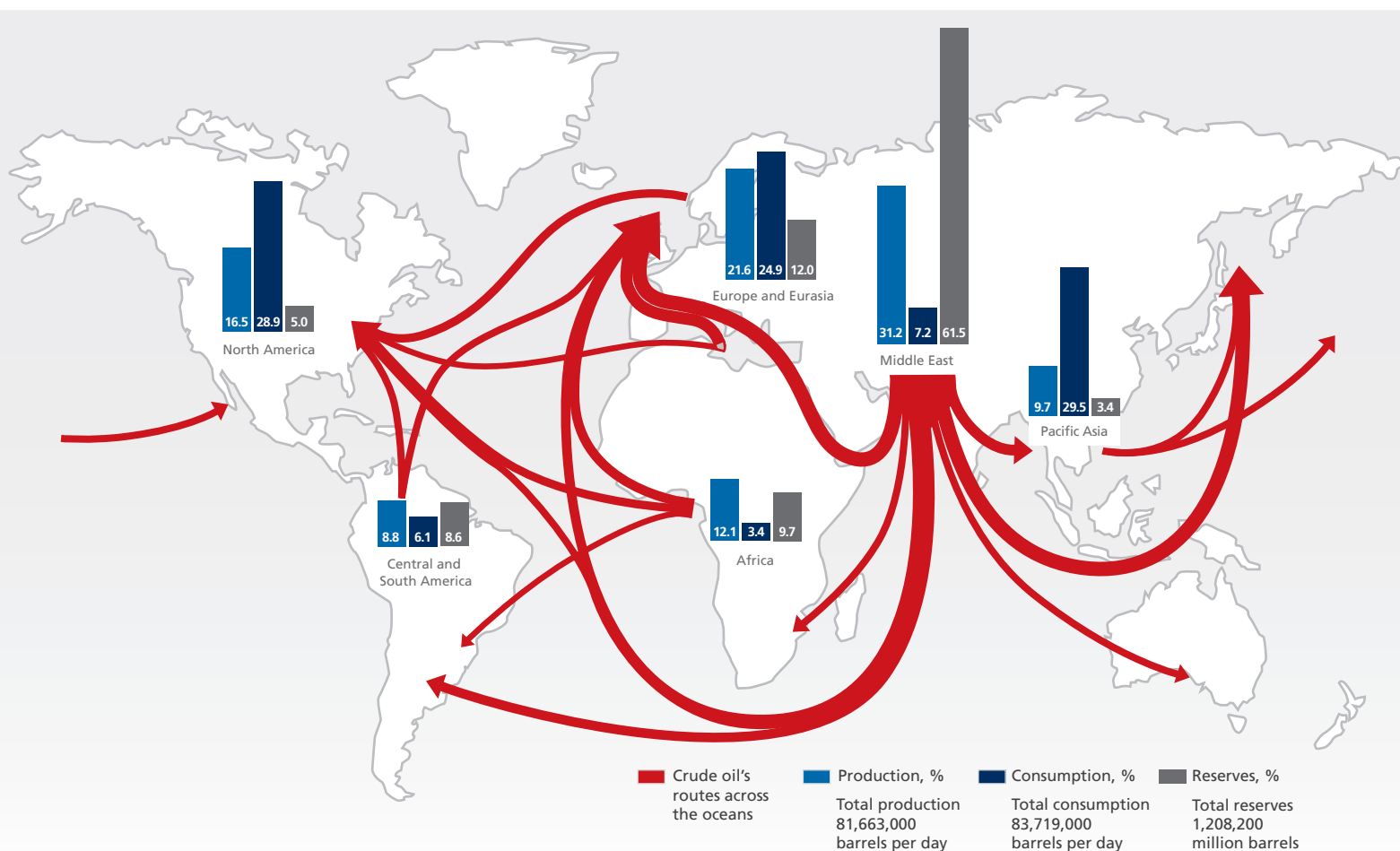
OPEC – a central player on the oil market

During the first few decades of the 20th century, the oil industry was dominated by a small number of large oil companies, the so-called "Seven Sisters"¹. These companies' control of the oil supplies was based on oil concession agreements signed with the governments in the oil-producing nations, mainly in the Middle East. OPEC, Organization of the Petroleum Exporting Countries, was formed by the oil exporting countries Iran, Iraq, Kuwait, Saudi Arabia and Venezuela in 1960. The reason for this was growing dissatisfaction with how the oil revenues were distributed. OPEC's power became visible for the first time during the Yom Kippur War between Israel and a number of Arab states in October, 1973, when the price of oil rose sharply after the

organisation's decision to halt deliveries of oil to, among others, the US and Europe.

Even if oil production in other parts of the world has increased sharply since the 1970s, OPEC still accounts for more than 40 per cent of the total global production. In terms of total oil reserves, this share is even larger; the cartel controls more than 75 per cent of the world's total oil reserves.

1) Standard Oil of New Jersey (Esso), Royal Dutch Shell, British Anglo-Persian Oil Company (APOC) (today, Anglo-Dutch), Standard Oil of New York (Socony) (today, BP), Standard Oil of California (Socal) (today, Chevron), Gulf Oil (today, primarily Chevron), Texaco (today, Chevron).



Oil in the world

Region	Production		Consumption		Reserves	
	%	Change 96–06	%	Change 96–06	%	Change 86–06
North America	16.5	–2.5	28.9	13.6	5.0	–41.0
Central and South America	8.8	11.7	6.1	13.4	8.5	60.2
Europe and Eurasia	21.6	25.4	24.9	4.7	12.0	88.0
Middle East	31.2	23.8	7.2	35.5	61.5	38.4
Africa	12.1	34.3	3.4	24.6	9.6	102.1
Pacific Asia	9.6	4.3	29.5	29.7	3.4	2.0
Total	100.0	16.7	100.0	17.1	100.0	37.7

The largest oil-producing countries

The largest oil producers			Largest oil consumers			Five largest oil reserves		
	'000 barrels /day	Share (%)		'000 barrels /day	Share (%)		Billion barrels	Share (%)
Saudi Arabia	10,859	13.1	USA	20,589	24.1	Saudi Arabia	264.3	21.9
Russia	9,769	12.3	China	7,445	9.0	Iran	137.5	11.4
USA	6,871	8.0	Japan	5,164	6.0	Iraq	115.0	9.5
Iran	4,343	5.4	Russia	2,735	3.3	Kuwait	101.5	8.4
China	3,684	4.7	Germany	2,622	3.2	United Arab Emirates	97.8	8.1

The figures are based on percentage of total global production, consumption and proven reserves. Source: BP Statistical Review of World Energy, June, 2007 and Sjöfartens Bok 2008.

Freight market continued to weaken

The downturn, which began in 2006, continued in 2007. Compared with 2006, the freight rates in both the large tanker and product tanker markets were lower. The sharpest drop was in the spot market while freight rates in the time-charter market were only slightly below the levels in 2006.

The first half of the year was characterised by high rates in both the large tanker and product tanker segments.

The third quarter was characterised by the customary seasonal downturn. However, the downturn was deeper than it had been for several years. Hardest hit was the product tanker segment, where freight rates more than halved compared with the same period in 2006. For the first time in several years, there were cases where the freight rate did not cover the vessel's operating costs.

The drop in market rates during the third quarter can in part be explained by mild weather in both North America and Europe, the absence of hurricanes in the Gulf of Mexico and a large addition of tonnage.

In November, the market improved somewhat as a result of the impending winter season in the northern hemisphere. However, the VLCC market experienced a rapid and sharp improvement, which surprised analysts and pundits. In December, individual charters in excess of USD 300,000 per day were signed for VLCCs.

Lower freight rates overall

The strong beginning and end of the year did not compensate for the very weak third quarter. For the year as a whole, the market rates on the spot market for transporta-

tion of refined petroleum products were somewhat lower than in 2006. Freight rates fluctuated between USD 7,000 and USD 40,000. In the case of the period market, freight rates were about the same as they were in 2006. The market rate for a 3-year time charter was in the region of USD 22,800 (22,000) per day.

Large US and Asian imports

Despite the downturn in the market, the underlying demand for transportation of both crude oil and refined petroleum products remained high in 2007. One of the main driving forces was the continuing large US and Asian imports. During the first half of the year, the product tanker market, for example, benefited from a number of disruptions at US refineries and continuing low stock levels of petrol in the

Two segments – two markets

VLCC

Spot

The VLCC market in the first half of the year was stable with freight rates of around USD 55,000 per day. The summer was very weak with freight rates below USD 30,000 per day. The expected winter upswing did not come until the end of November. The average freight rate for the fourth quarter was just over USD 90,000 per day.

Timecharter

With the exception of the sharp upswing in November, the time-charter rates remained at a stable level of about USD 42,000 per day for a 1-year charter and around USD 37,000 per day for a 3-year charter.

Product tanker /MR

Spot

The first and second quarter of 2007 were strong with freight rates of between USD 20,000 and USD 25,000 but weakened during the summer. The spot market for product tankers in the third and fourth quarter was weak.

Timecharter

Freight rates in the time charter market for product tankers remained stable throughout the year and did not suffer the same downturn as in the spot market during the second half of the year. The freight rate for a 3-year time charter was around USD 22,800 per day.

US, which resulted in high freight rates for transportation of petrol across the Atlantic. In China too, the demand for oil and petroleum products continued to increase. During the year, Chinese imports rose by about 15 per cent.

Energy market in balance

Price fluctuations on the spot market are mainly due to supply and demand in the oil energy sector being more or less in balance. Put somewhat simply, this means that the oil produced is consumed and not stock-piled. This state of balance means that small disruptions in the production, refining and distribution chains have a rapid and large impact on the freight market and its pricing.

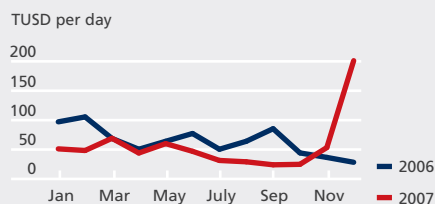
Continuing historically high levels

The downturn in 2006 and 2007 must be seen in the light of the very strong market in recent years. In the last four years, the demand for transportation of oil and petroleum products has been extremely high. This is a consequence of a growing world economy, a global boom and high demand for oil. In combination with regional imbalances in the supply of and demand for different petroleum products, this has resulted in a high demand for transport capacity, which, in turn, has resulted in sharply rising freight rates.

Like the price of oil, the price of transporting oil and petroleum products has been at record high levels in recent years. Since 2002, the average freight rate on the

spot market for both large tankers and product tankers has risen steeply. In the last four years, the average freight rate for a product tanker was USD 24,750. This can be compared with the average for the 1990s, which was just under USD 12,000 per day. In the product tanker segment, the highest freight rates were recorded at the end of 2004, around USD 50,000 per day.

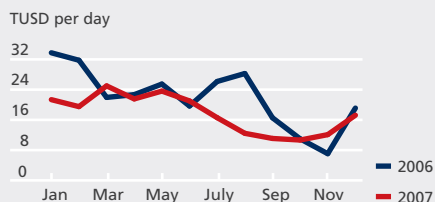
VLCC freight rates, 2006 and 2007



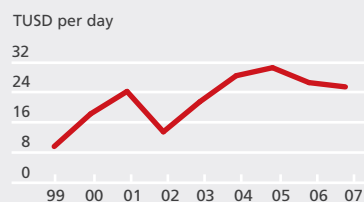
VLCC freight rates, 1999–2007



Product tanker/MR freight rates, 2006 and 2007



Product tanker/MR freight rates, 1999–2007



How is Concordia Maritime affected by a downturn in the market?

At the end of 2007, all Concordia Maritime's vessels so far delivered were signed to long-term charters at fixed freight rates and with stable cash flows. The long-term charters reduce the dependence on the trend of the spot market. In combination with a strong balance sheet, this gives financial ability to act, not least in a weakening market, which could open the way for new business opportunities.

The tanker fleet and the shipbuilding market

An important component of pricing on the tanker market is the supply of vessels. The size of the fleet is, in turn, dependent on the balance between new-buildings delivered and the scrapping rate of older tonnage. When the demand for tonnage is high, the number of new-buildings produced tends to increase at the same time as the scrapping rate decreases. When, instead, demand is low, the opposite occurs.

Expanding order book

The strong market in recent years has also left its mark in the order statistics. In 2007, the global order book increased for the fifth year in a row. All in all, the order book increased by nearly 30 per cent and consisted of 2,425 tankers totalling more than 160 million deadweight tons. In relation to the world fleet, this is equivalent to a record-high 48 per cent.

The total order book of vessels for the transportation of refined oil, Concordia Maritime's segment, is equivalent to almost 40 per cent of the existing fleet, i.e. 33 million deadweight tons. The majority of these vessels will be delivered in the next few years.

Second-hand market

The second-hand market was also very active. Normally, the market follows the trend and price level in the newbuilding market. In 2007, about 190 product tankers changed owners, an increase of more than 25 per cent compared with 2006.

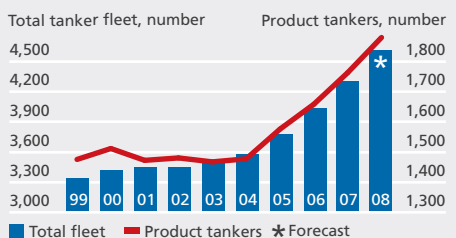
Only limited scrapping

The scrapping rate is very dependent on three factors: the age of the vessels, the economic climate in the freight market and new laws and regulations. A consequence of the high freight rates is that the scrapping rate in recent years has been very low and this was also the case in 2007. During the year, only tankers totalling approx. 10 million deadweight tons were scrapped (2.8 per cent of the fleet), which is in line with the previous year.

Record-large world fleet

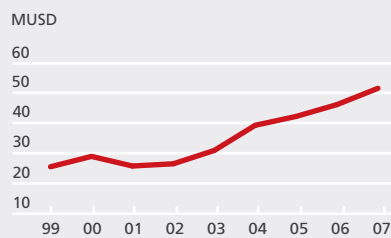
A large volume of new orders together with low scrapping levels meant that the total world fleet continued to grow in 2007. At the beginning of September, the active tanker fleet consisted of about 4,578 vessels totalling more than 385 million deadweight tons, an increase of just under seven per cent com-

Trend of tanker fleet



Source: Clarkson

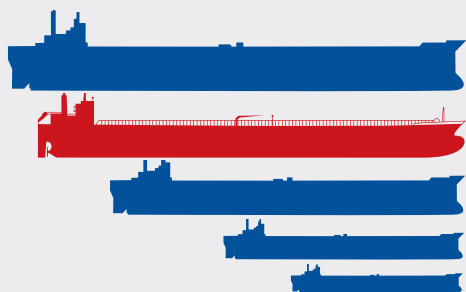
Newbuilding prices, product tankers/MR



Source: Clarkson



Panamax Stena Poseidon



Crude oil tankers

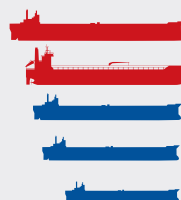
VLCC Ultra Large Crude Carrier
over 320,000 dwt

V-MAX (VLCC-MAX) 313,000 dwt

VLCC Very Large Crude Carrier
200,000–320,000 dwt

Suezmax 120,000–165,000 dwt

Aframax 80,000–120,000 dwt



Product tankers

Panamax 55,000–75,000 dwt

P-MAX (Produkt-MAX) 65,200 dwt

Medium Range (MR) 40,000–55,000 dwt

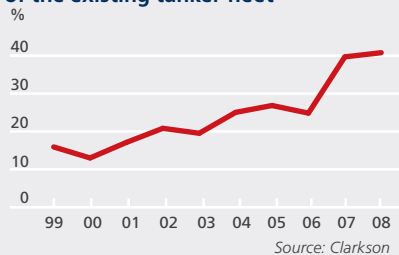
Handysize 25,000–40,000 dwt

Intermediate 10,000–25,000 dwt

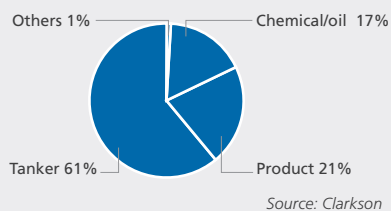
Inspection of sea chests during construction at the shipyard



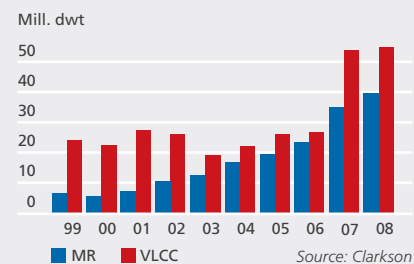
Order book as a percentage of the existing tanker fleet



Order book, distribution/no. of vessels



Order book



pared with the previous year. There were a total of 1,759 product tankers totalling approx. 77 million tons deadweight, an increase of six per cent.

With the vessels ordered in recent years beginning to be delivered, the fleet will continue to grow in the years ahead. Not until 2010 will growth fall off as a result of IMO's decision to ban single-hull vessels.

Increasingly large vessels

Not only will the fleet consist of more vessels in the future, the vessels themselves will also be larger. The product tankers currently being built are on average 6 per cent larger than the existing vessels.

Shipbuilding industry expanding

Developments in the shipbuilding industry usually follow developments in the freight market, but with a delay of some years. After the weak years at the beginning of this century, many shipyards took a cautious approach to new investments in increased capacity. The situation has now changed. The good market situation and the decision to ban single-hull vessels have resulted in very high capacity utilisation at the shipyards in the last few years.

At present, shipbuilding capacity continues to expand at a rapid rate. Growth is fastest in China where existing shipyards are being enlarged and new yards built at a

very rapid rate. In the last five years, the shipbuilding industry has grown 25 per cent per year on average. If this trend continues, China will overtake Japan in the next couple of years as the second largest shipbuilding nation in the world. The Chinese government's goal is for China to be the largest shipbuilding nation by 2015.

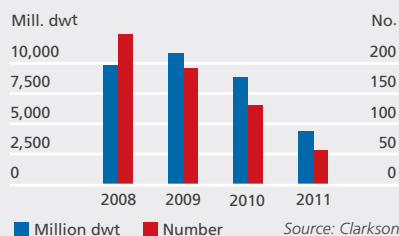
High newbuilding prices

As a consequence of the increased demand for vessels, both yard and second-hand prices have rocketed. Between 2003 and 2007, the price of a new product tanker more than doubled. Prices continued to rise in 2007. At the end of the year, the price of a new product tanker reached a new record level of about USD 52 million, an increase of about 12 per cent compared with 2006.

At the end of 2007, a downturn in prices for the first time in several years was recorded on the second-hand market. The number of fixtures was, however, limited and it is difficult to determine whether this should be regarded as a consequence of the weakening freight market.

How prices will develop in the future will depend partly on the future demand for transport capacity and partly on the rate at which the yards increase their capacity, but above all on how the freight rates develop in the different segments.

Planned deliveries of product tankers



Largest shipbuilding nations in 2007

Country	1,000 CGT*
1. South Korea	55,998
2. China	40,000
3. Japan	30,182
4. Germany	3,963
5. Italy	2,762

* Compensated gross tons
Source: Sjöfartens bok 2008

The growth in shipbuilding capacity in recent years has, in principle, taken place exclusively in South Korea and China. Although productivity is still far higher in South Korea, China is expected to account for the greater part of growth in the future. In recent years, the shipbuilding industry in China has expanded very heavily.

Competitors

The global market for transportation of oil and petroleum products is highly fragmented with a large number of players. With the exception of the very smallest classes of vessels, mobility in the market is high and tonnage can easily be moved to the markets where the demand is largest.

There is a limited number of players who, like Concordia Maritime, primarily transport refined petroleum products. Competition comes mainly from large international tanker shipping companies transporting both crude oil and refined petroleum products. Concordia Maritime's principal competitors include Danish Torm and Canadian Teekay.

Increasing tonnage

As a result of the high freight rates in recent years, several of these players have been able to expand heavily by ordering newbuildings and buying up other shipping companies.

There has been a sharp increase in capacity in the product tanker segment. In the last ten years alone, total available deadweight in the segment has increased more than 35 per cent. The fleet's growth rate will continue to be high in the years immediately ahead.

Fewer but larger players

A clear trend is that shipping companies are consolidating into increasingly large units while the smaller, family-owned shipping companies are decreasing in number. It is also becoming increasingly common for smaller shipowners to try to achieve advantages of scale by means of different forms of collaboration, e.g. operation, manning and chartering.

Difficult to specify market shares

The many different ways of operating a fleet and the customers' in many cases specific requirements and mobility in the market

make it difficult to describe the market in terms of market shares. The shipping companies on the list below operate about 23 per cent of the global existing tanker fleet, which totals 385 million deadweight tons.

Concordia Maritime is a typical niche company, which focuses on cost-effective and safe transportation of refined petroleum products.

Competitor overview – a selection

Company	Country	No. of ships	Ships on order	Average age of fleet	Market segment			
					Crude oil	Refined products	Natural gas	Refined gas
Concordia Maritime	Sweden	14	4	2.8	•	•		
Broström	Sweden	84	5	7.0	•	•		
D/S Norden	Denmark	45	18	2.7	•	•		
Frontline	Bermuda	79	12	11.2	•			
General Maritime Corp.	USA	21	1	10.0	•			
Maersk Tankers	Denmark	101	39	4.0	•	•	•	•
Overseas Shipholding Group (OSG)	USA	151	43	10.3	•	•		
Teekay	Canada	171	29	9.8	•	•	•	•
Top Ships Inc	Greece	25	6	15.0	•	•		
Torm	Denmark	157	38	6.5		•		
Sovcomflot	Russia	47	9	5.5	•	•	•	•

Number = Owned + chartered + ships on order Age = age of existing fleet DWT = Existing vessels + ships on order



Drawing by a child from the Maestral orphanage in Split, Croatia.

Dwt	Ownership form	Web site	Market value, USD 11-02-2008
1,426,315	Public (OMX Nordic Exchange Stockholm)	www.concordia-maritime.se	180.9
2,019,078	Public (OMX Nordic Exchange Stockholm)	www.brostrom.se	473.0
2,145,970	Public (Copenhagen Stock Exchange)	www.ds-norden.com	4,338.4
18,515,900	Public (Oslo Stock Exchange och New York Stock Exchange)	www.frontline.bm	3,167.3
2,485,000	Public (New York Stock Exchange)	www.generalmaritimecorp.com	809.7
7,606,064	Part of Maersk A/S, Public (Copenhagen Stock Exchange)	www.maersktankers.com	41,582.5
15,738,337	Public (New York Stock Exchange och Pacific Stock Exchange)	www.osg.com	1,999.0
19,875,000	Public (New York Stock Exchange)	www.teekay.com	3,304.0
2,313,453	Public (New York Stock Exchange)	www.topships.org	85.6
10,404,000	Public (Copenhagen Stock Exchange och Nasdaq)	www.torm.com	2,164.2
5,117,842	Unlisted	www.sovcomflot.ru	

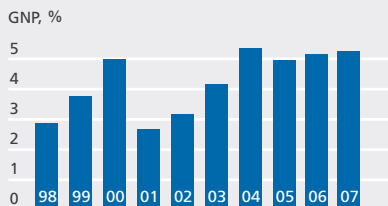
This list gives only examples of players in the industry and does not claim to be complete. There may be deviations in the figures.



Market forces

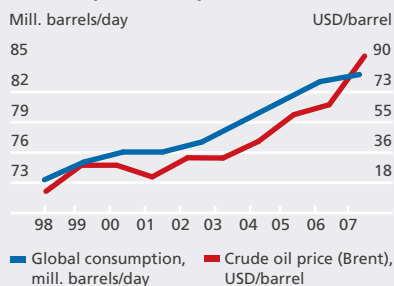
Macroeconomic forces

Growth in world economy



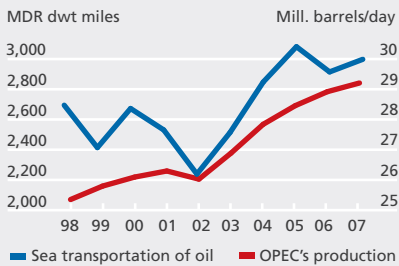
Source: IMF

Consumption and price of oil



Source: BP and Clarkson

Transportation by sea and OPEC's production



Source: Fearnleys

Strong economic growth

The global economy in recent years has posted record growth figures. Growth has been both stronger and spread over more countries than during previous historical economic booms.

On average, the global economy has grown approx. 5 per cent per year in the last five years. The reasons for this include an expansive monetary policy with high liquidity and low real interest rates, a sharp increase in demand in China and other emerging markets and relatively low global inflation.

According to IMF (International Monetary Fund), the growth in the global economy in 2007 was 5.2 (5.1) per cent. China, India and Russia recorded the highest growth. These three countries together accounted for half the global growth during the year. China's economic growth is estimated to have been as much as 11.5 per cent, while Russia's estimated growth was 7.5 per cent and India's 8.8 per cent. With the exception of Japan, all the Asian economies continued to perform strongly and several developing countries in Africa posted strong economic growth. In Euro-land, growth slowed somewhat towards the end of 2007 and was estimated to be 2.6 per cent. In the US, estimated growth was a more modest 2.2 per cent, mainly due to lower housing prices.

Despite new record levels, the growth rate was somewhat lower than predicted. A more restrictive monetary policy and growing concern in the financial markets were among the main reasons.

IMF predicts a continued strong global economy in 2008. Growth is expected to be 4.8 per cent, which is a high figure historically but nevertheless lower than the growth in recent years and also lower than had been predicted earlier.

Global trade also continued to grow, although at a somewhat lower rate, with a growth rate of 6.6 (9.6) per cent. Emerging markets and developing countries accounted for most of the growth in both imports and exports. Trade is expected to grow at about the same rate in 2008.

Increased Chinese dependence on oil

The strong growth of the Chinese economy is one of the most important forces behind the strong global economy. Today, the Chinese economy is the second largest in the world after the US.

The rapid Chinese growth is one of the foremost driving forces behind the increased demand for transportation of oil and petroleum products. With increasing prosperity, consumption of oil and petroleum products has risen sharply. In 2007, global oil consumption increased 1.5 per cent.

In the last ten years, China's oil requirements rose on average 8 per cent per year. Despite higher oil consumption, domestic production of oil has remained at steady level of about 3.7 million barrels/day. China thus needs to import large and steadily increasing volumes of oil. Today, nearly 50 per cent of its needs are met by imports and it is estimated that this figure will rise to



nearly 65 per cent by 2010. It is calculated that China accounts for about 25 per cent of the increased total global demand.

Increased trade in Russian oil

The increasing trade in Russian oil across the Baltic Sea is one factor behind the rising demand for tankers. Russian oil production has increased sharply in recent years. In 2006, an average of 9.8 million barrels of oil per day were produced, which is equivalent to about 12.3 per cent of global production. Russia has been the most important source of new oil on the world market for several years and has contributed heavily to meeting the increased demand, not least from China.

In principle, there are four export routes for Russian oil, of which transportation across the Baltic Sea is one. In the Gulf of Finland, several existing ports are being enlarged and new ports are being built. When this work has been completed, it is estimated that oil equivalent to more than 12 per cent of Europe's total consumption will be shipped across the Baltic Sea. In 2004, IMO (International Maritime Organisation) classed the Baltic Sea as a "Particularly Sensitive Sea Area", which means that the tankers transporting oil have to satisfy special requirements.



Industry-specific forces

Shortage of refinery capacity and regional imbalances increase transportation demand

The industry-specific forces include insufficient refinery capacity, particularly in the US but also in the rest of the world. Total global refinery capacity has not been increased at the same rate as the rising demand for petroleum products and, as a result, refinery production is now concentrated to a small number of locations. Insufficient capacity is mainly due to the enormous costs and comprehensive environmental measures involved when building new facilities.

In addition to the shortage of capacity, the refineries' different specialisations also result in regional imbalances as regards specific products. For example, high-octane petrol is transported from the refineries in Europe to the US. At the same time, diesel fuel is transported from the refineries in the US to Europe. In 2007, the situation was made worse when a number of US refineries were hit by production stoppages, which meant that they were only able to operate at sharply reduced capacity.

Refinery specialisation also means that there is a greater risk of disruptions in the flows. For example, during the year, instability in Nigeria contributed to regional imbalances in West Africa.

Refinery capacity is being increased, but in locations far from the consumers. For tanker shipping, this means a continuing high demand for the transportation of refined petroleum products between different markets.

Low stock levels result in greater demand for just-in-time transportation

The shortage of refinery capacity in combination with high demand and a clear consolidation trend in the oil and chemical industries have resulted in ever lower stock levels in recent years. Until summer, 2007, the oil price was in "contango", which means that the forward price was higher than the spot price (the price for immediate delivery). Consequently, it was profitable to buy oil and store it. Since mid-July, the market has been in a state of "backwardation", which means that the spot price is higher than the forward price, thus giving all the players on the market a strong incentive to empty their stocks.

Greater focus on the environment and safety

New laws and regulations have a large impact on both the demand for vessels and the composition of the world fleet. Increasingly stringent environmental regulations have contributed considerably to the increase in the demand for vessels built to high environmental and safety specifications. For example, the double hull requirement, which will come into force in 2010, has resulted in expectations that the rate at which single-hull vessels are phased out will increase. Demands from the customers are also behind the trend towards safer and more environmentally friendly transportation. The ongoing consolidation in the oil industry has resulted in fewer and large oil companies with a small number of important brands with global coverage. The general public's trust is crucial for continued success.

One of the world's most modern tanker fleets

Concordia Maritime's business activities consist of developing and offering competitive transport solutions to customers with exacting demands on transport economy, flexibility and safety. The company's focus is on the transportation of refined petroleum products such as petrol, diesel fuel and jet fuel.

For Concordia Maritime, the last few years have been characterised by change and, to some extent, a new focus. After the sale of the last large tankers in 2004, the company has shifted its focus from the transportation of crude oil to the transportation of refined petroleum products. This segment is one of the most expansive in tanker shipping and offers large opportunities.

A fundamental component of the strategy is the new product tankers, which have been ordered from Brodosplit Shipyard in Croatia. So far, ten P-MAX and two Panamax tankers have been ordered, eight of which had been delivered by the end of 2007. Based on the philosophy of the MAX concept – transport economy, flexibility, safety and environmental consideration – these vessels are in a class of their own as regards cost effectiveness and safety. Compared with a traditional product tanker of the same size, a P-MAX tanker can transport about 30 per cent more cargo. At the same time, double main engines, propellers and control systems make the vessels far safer.

Since the first P-MAX tanker, the *Stena Paris*, was delivered at the end of 2005, a further seven vessels have entered service

– five P-MAX tankers and two Panamax tankers with a high ice class. When all the vessels ordered have been delivered at the end of 2010, Concordia Maritime will have one of the most modern tanker fleets in the world.

Positioned for a market downturn

In recent years, the freight market has developed extremely positively. The demand for transport capacity has been high and freight rates on both the spot and the time-charter market have been at historically very high levels. However, as a result of the large-scale construction of newbuildings, the supply of vessels is expected to increase sharply in the years ahead. This will be felt most on the volatile spot market where prices are determined solely on the basis of supply and demand.

Concordia Maritime is well positioned in the event of a market downturn. Operationally, the majority of the vessels on order have been signed to charters of between five and ten years. These long-term charters give the company stability in terms of revenue, which is not affected by short-term developments in the market. In part as a result of the sale of the two V-MAX tankers in 2004, Concordia Maritime is now in a

strong financial position. This creates good opportunities for taking advantage of the business opportunities that arise in a falling market.

Large potential in refined petroleum products

Although the market may weaken still further, there is considerable long-term potential in the transportation of refined petroleum products. As a result of increasingly tough environmental regulations and the enormous investment costs, refinery capacity is no longer being built in the Western World at the same rate at which consumption is rising. Instead, new refineries are being built in the Middle East or Asia, which means that distances from the refineries to the end consumers are longer. At the same time, growing demands are being made on cost-effectiveness, flexibility, safety and environmental consideration. For Concordia Maritime, this translates into excellent opportunities for good business deals. The company is working continuously to identify and evaluate both general market and specific customer requirements. Its goal is to continue to expand, while maintaining good profitability, together with both existing and new customers.



Stena Paris



Palva



Stena Vision

The fleet

P-MAX

Name	Dwt	Ice class	Delivery date
Stena Paris	65,200	1B	December, 2005
Stena Provence	65,200	1B	March, 2006
Stena Primorsk	65,200	1B	May, 2006
Stena Performance	65,200	1B	June, 2006
Stena President	65,200	1B	September, 2007
Stena Perros	65,200	1B	December, 2007
Stena Progress	65,200	1B	4th quarter, 2009
Stena Polaris	65,200	1A	4th quarter, 2009
Stena Penguin	65,200	1A	4th quarter, 2010
Stena Premium	65,200	1B	4th quarter, 2010

Panamamax

Name	Dwt	Ice class	Delivery date
Stena Poseidon (50%)	74,900	1A	January, 2007
Palva (50%)	74,900	1A	February, 2007

V-MAX

Name	Dwt	Ice class	
Stena Vision	313,000	—	Time-chartered until 2009
Stena Victory	313,000	—	Time-chartered until 2009



The MAX concept – world-class tankers

The vessels built in accordance with the MAX concept are among the safest tankers in the world. They unite the market's need of greater flexibility and better transport economy with society's demands for safety and environmental consideration.

Behind the development of the MAX concept is a need for vessels able to operate in waters and ports with draft limitations and loading substantially more cargo than had previously been possible. To meet this need, the vessels designed according to the MAX concept are much wider than other vessels in the same size class. Their larger beam gives them a much larger loading capacity on a limited draft. The unique design of the hull and the twin skeg give both fuel economy and speed characteristics that are as good as or better than standard tonnage.

At the forefront of safety

The MAX concept takes safety to a new level. The vessels are built with double sys-

tems for propulsion and manoeuvring, just like an aircraft. They have two separate engine rooms separated by fireproof and watertight bulkheads. All control systems are separated and each engine has its own fuel system. Additionally, double rudders and propellers provide better manoeuvrability, which is also a major advantage in terms of efficiency and safety. The bridge is designed to provide a 360° view and is equipped with a co-pilot system, i.e. double control systems, which enhances safety and facilitates training.

Three ship types so far

The MAX concept has been developed in close cooperation with primarily Stena Bulk, Stena Teknik and Northern Marine Management. Since the concept began to be developed at the end of the 1990s, three ship types have been produced; V-MAX, P-MAX and C-MAX. Several other MAX vessels are under development.

P-MAX

Concordia Maritime's P-MAX tankers combine transport economy and flexibility with the very highest safety. Thanks to the hull design, the vessels can carry about 30 per cent more cargo than a standard tanker with the same draft at little extra cost. They have been designed to transport both crude oil and refined products. Effective tank cleaning and the design of the

cargo tanks mean that switching between different petroleum products is fast with a minimum risk of contamination. With their double hulls, optimum corrosion control, two engine rooms and two separate propulsion systems, the P-MAX tankers are also the safest product tankers ever built. Flexible cargo capacity and high safety make the P-MAX a profitable investment.

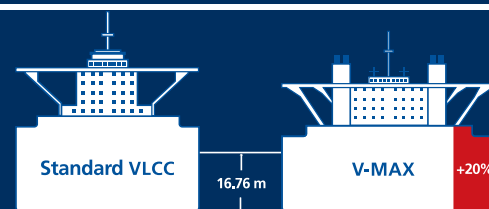
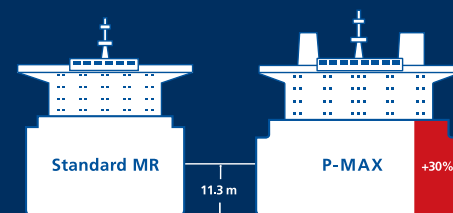
V-MAX

The V-MAX tankers *Stena Vision* and *Stena Victory* were the first to be built in accordance with the MAX concept. They were delivered in 2001 and with a deadweight of 313,000 tons, they are classed as VLCCs. Their design gives

them a 20–40 per cent higher loading capacity compared with a conventional VLCC and 70–100 per cent higher than a Suezmax tanker. Their shallower draft enables the vessels to call at ports that were previously limited to Suezmax tonnage.

“Ship construction can be likened to art, which, with a large portion of experience and know-how, results in the best possible vessel. Stena's desire to invest in research to promote the development of the optimum vessel is an inspiration for us technicians.”

Per-Olof Källberg, Stena Teknik



Understanding the customers' requirements

Satisfying our customers' transport and logistics requirements requires a deep understanding of both the forces driving the market and the individual customer's business. At Concordia Maritime, this knowledge is combined with cutting-edge competence in naval architecture and first-class manning and chartering.







Concordia Maritime's customers include some of the world's leading energy compa-

nies, each with its own specific requirements. Customer relations are characterised by a long-term perspective, cooperation and partnership. The goal in every project is to create effective transport solutions that generate value for both parties.

A long-term perspective creates stability

At the end of 2007, all Concordia Maritime's six wholly-owned vessels and

the vessels so far delivered were signed to charters of between 5 and 10 years. This long-term perspective creates stability in the customers' transport flows and financial stability for Concordia Maritime. With the charters signed, the company expects the product tanker fleet to generate a cash flow (EBITDA) of approx. USD 26 million in 2008.

	Company description	Vessel	Type	DWT	Year delivered	Time chartered until	Principal route/trade
 TOTAL www.total.com	With operations in 130 countries and 95,000 employees, French TOTAL is the world's fourth largest oil and gas company. Sales in 2007 totalled EUR 158,752 million.	<i>Stena Paris</i>	P-MAX	65,200	2005	2012	Worldwide
		<i>Stena Provence</i>	P-MAX	65,200	2006	2013	
		<i>Stena Perros</i>	P-MAX	65,200	2007	2012	
		<i>Stena Progress</i>	P-MAX	65,200	2009	2014	
 Argo Shipping	A newly established small logistics company focusing on the Russian oil export market.	<i>Stena Primorsk</i>	P-MAX	65,200	2006	2016	Worldwide
		<i>Stena President</i>	P-MAX	65,200	2007	2017	
 HESS www.hess.com	A leading global energy company with 11,600 employees and sales of USD 23,255 million in 2007.	<i>Stena Performance</i>	P-MAX	65,200	2006	2011	Refined products on the Caribbean-US East Coast trade.
 NESTE OIL www.nesteoil.com	A leading oil company with 4,528 employees and sales of EUR 12,103 million in 2007.	<i>Palva</i> (50%)	Panamax	74,900	2007	2017	Refined petroleum products between the Baltic Sea and North America.
		<i>Stena Poseidon</i> (50%)	Panamax	74,900	2007	2017	
 SUNOCO www.sunoco.com	One of the largest refinery companies in the US with 14,200 employees.	<i>Stena Vision</i> (chartered)	V-MAX	313,000	2001	2010	Crude oil from Africa's west coast to the US.
 LUKOIL www.lukoil.com	A leading gas and oil company with activities in 19 countries. The company's extraction and production operation is based in Russia.	<i>Stena Victory</i> (chartered)	V-MAX	313,000	2001	2009	Worldwide

Gilbert Walter, Barry Rogliano Salles: The P-MAX – the brokers' point of view

It has for us at BRS been a great experience and challenge to assist one of the world's most demanding shipowners to order the P-MAX series and to charter them out to one of the world's leading oil majors with the highest safety criteria for ship operation.

It all started out when the French oil major TOTAL informed us in 2002 of their need for a shallow draft wide beam and fully redundant product tanker with a larger intake than that of conventional medium range (MR) tankers but still with a length not exceeding the standard length of MR tankers.

For us at BRS it was a natural choice to contact Stena for this task as Concordia Maritime and Stena Bulk had recently developed the innovative V-MAX and C-MAX concepts.

A strong and experienced technical department was necessary to develop the concept design to be presented to the charterer and the shipbuilder. With Stena Teknik this was made possible and together with the input of Stena Bulk's commercial team the P-MAX took shape.

What the Stena/Concordia Maritime and TOTAL team did not know in 2002, was

that in addition to designing a ship with huge commercial and safety advantages, they were actually projecting an "avant garde" MR design of what probably will be the new standard of MR tankers with the enlarged Panama Canal as per the announcement of the Panama Canal Company in 2007. The completion of this enlargement is planned for 2014 at the earliest.

A shipyard ready to work for tailor-made projects and demanding customers was needed to build these ships and the answer was Brodosplit in Croatia. We are as brokers extremely satisfied that Brodosplit have this year completed in time the first "six pack" of P-MAXes and "two pack" ice-strengthened Panamax tankers, which are jointly owned by Finnish Neste Shipping and Concordia Maritime.

The ships have been well received on the market and especially the P-MAX design is much envied by several oil majors and competitor shipowners. With the limited intake in many ports due to draft restrictions, a lot of MR tankers are not optimized and therefore it is not surprising that attention is focused on these wide beam vessels that are able to lift 10,000 tons more cargo on the same draft.

Charterers are pleased and some of them have increased their commitment to additional units.

Nowadays, more and more public attention is also being focused on tanker movements in narrow waters and rivers, where only a brief power failure could cause a

severe grounding with extensive pollution as a result. In this context the P-MAX with enhanced maneuvering and fully redundant machinery is clearly leading the way for others to follow. We are pleased to see that this has been noticed and appreciated by several environment protection profiles such as the Mayor of Perros Guirrec on the French Atlantic coast who also lent the name of his town to the sixth P-MAX.

I grew up on a tiny island off the east coast of Sweden, which is still my secret paradise. I know what a catastrophe could mean for flora and fauna and the local people in the event of a large oil spill occurring in the Baltic or other enclosed or partly enclosed seas. I am therefore very proud of having been involved as broker (a minor component) in the P-MAX project and in addition to the additional four P-MAXes to come, I hope that many more will be built and I trust that Stena's commercial and technical teams will plan, design and charter out many more successful MAX tanker designs for Concordia Maritime over the years to come.



Gilbert Walter,
Barry Rogliano
Salles (BRS), Geneva

A small organisation with a world-class network

Concordia Maritime's activities are conducted in close cooperation with several of the companies in the Stena Sphere. This gives the company access to cutting-edge competence in all areas of shipping; from shipbuilding and manning to technical operation, commercial management, financing and marketing. Like most shipping companies, Concordia Maritime can be divided into a shore-based and a seagoing organisation.

Concordia Maritime's shore-based organisation consists of only a small number of employees; in 2007 two persons were employed in the parent company.

Seagoing organisation expanding again

With the vessels ordered now beginning to enter service, the seagoing organisation is expanding. In 2007, a further four vessels were deployed, mainly with crews and technical management contracted via Stena-owned Northern Marine Management (NMM). Each vessel is normally manned by a crew of 22, which meant that at the end of 2007, Concordia Maritime had 161 seagoing employees.

All seafarers are employed under the terms of ITF agreements (International Transport Workers' Federation) or the Collective Bargaining Agreement for Deep Sea Trades. Personnel turnover was about 15 per cent.

An international labour market

Shipping is very much an international market, in terms of both business and competition, but it is also an international labour market for seafarers. The supply of trained and experienced seafarers is limited. A consequence of the good market in recent years is that the demand for experienced seafarers has risen sharply, which has resulted in salaries on the world market having risen more than expected. The supply of trained and experienced seafarers is limited and is expected to shrink still further due to, among other things, the large number of seafarers retiring in the next few years but also because it is estimated that some 1,500 vessels will be added to the number of vessels worldwide in the next four years. Consequently, being able to attract the best officers and most experi-

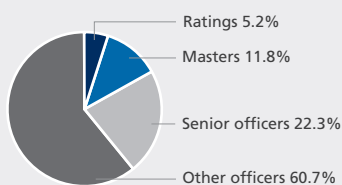
enced ratings is dependent on having a long-term approach and a good reputation as an employer.

Continuous competence development

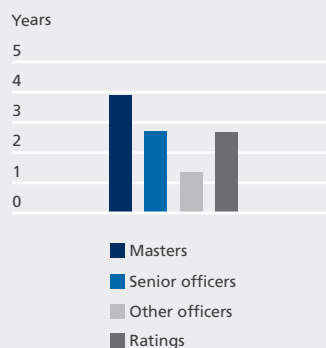
In addition to comprehensive international regulations, there are also strict internal requirements and routines for ensuring safety on board. In order to ensure that the customers' quality, environmental and safety demands are met, the company works continuously on developing competence in both the shore-based and the seagoing organisation. Northern Marine Management has well-developed routines and processes for training and education, not least in issues involving safety and the environment.

The training activities it provides are both general and specially adapted for a specific vessel. The work on education during the year has, among other things, been focused on training the officers and ratings in the operation of the new ship type. The total cost of competence development during the year amounted to SEK 680,000, which is equivalent to SEK 4,000 per employee.

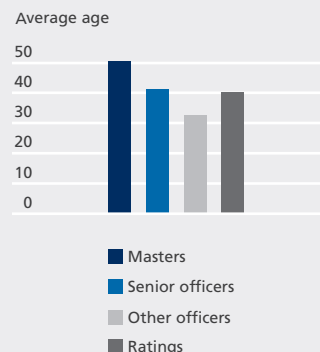
Seagoing employees by category



Period of service



Age structure



Stena Bulk Responsible for chartering and marketing Concordia Maritime's vessels

Stena Bulk provides services for both companies in the Stena Sphere and external customers in the form of marketing, chartering and commercial operation. Stena Bulk operates a total of 70 vessels worldwide. Its customers include major oil companies and refining companies as well as independent trading houses.

Working and being physically close to its customers is one of Stena Bulk's foremost success factors and competitive advantages. Offices in Gothenburg, Houston, New York, London, Moscow, Singapore and Beijing provide the optimum

conditions for a good understanding of the customers' logistics and trading requirements. The company has a total of about 50 employees.

Stena Bulk functions as Concordia Maritime's marketing organisation and is responsible for the chartering, marketing and commercial management of the fleet.

Close collaboration with Stena Bulk gives Concordia Maritime access to a worldwide marketing organisation with solid know-how and experience in all the tanker market segments. www.stenabulk.com



Northern Marine Management (NMM) High competence in manning, management and maintenance

NMM is responsible for the manning, management and maintenance of Concordia Maritime's vessels. Since it was formed in 1983, the company has expanded heavily and is responsible for the management and/or manning of more than 121 vessels of varying types and sizes. About 70 per cent of its assignments are for external clients outside the Stena Sphere, which include several leading shipping companies and oil companies.

NMM has about 5,000 seafarers employed. In 2007, it undertook the recruitment of a large

number of seafarers, in part as a consequence of Concordia Maritime's newbuilding program. The company has its head office in Glasgow together with eight offices around the world. The company's operations are quality certified (ISO 9001:2000) and environmentally certified (ISO 14001:2004) and satisfy the requirements in the ISM Code.

www.nmm-stena.com



Britt-Marie Vihlborg, Chief Officer on the *Stena Primorsk* (in 2006).

Stena Teknik A leader in naval architecture

Stena Teknik is a common resource for all the marine business areas in the Stena Sphere. Its activities consist of newbuilding and conversion projects, general marine technical advice and procurement. It also conducts research and development in the marine field.

Its work covers all types of shipping, from passenger traffic to oil tankers and rigs. In 2007, Stena Teknik was responsible for 8 tankers under construction at yards in Croatia. All of these were being built for Concordia Maritime. Stena Teknik also continued to be deeply involved in Stena Drilling's three drillships under construction in South Korea.

Working with the different Stena shipping companies has enabled Stena Teknik to build up a comprehensive knowledge bank in naval architecture. Today, the company is a leading global player. Proof of the company's high competence is that it often functions as a referral body in different questions relating to shipbuilding technology in the EU.

Stena Teknik provides Concordia Maritime with a variety of solutions, everything from corrosion protection, classification questions and safety to more comprehensive projects such as building whole vessels.

www.stena.com



Life on board

The *Stena Performance* sails between the US and the Caribbean and has a crew of 24, most of whom come from the shipping nations Croatia and the Philippines. There are a lot of jobs to be done on the short route with little spare time on board.



1 Lat. 36° 21.34' N, Long. 074° 32.40' W

After having discharged its cargo in Baltimore, the *Stena Performance* is on its way to the refinery in the US Virgin Islands to take on a new cargo. Seven crew members are out on deck to begin cleaning the tanks. Chief Officer Vladimir Dumic is in the control room supervising the work. First, the tanks have to be cleaned using machines, and after they have been left overnight to get rid of the fumes it is time to clean them manually.

"We now know what type of fuel we're going to load when we arrive at St. Croix and then the tanks have to be clean so that different types of fuel aren't mixed", says Vladimir.

The work on board is subject to a number of safety regulations. Before anyone is allowed down into the tanks, meas-

uring equipment is lowered into them to check the oxygen level and whether they still contain any gases. Each crew member has an apparatus with him that measures different types of gas and warns if something is wrong.

"Safety is the number one priority", says Captain Igor Glad.

After dinner, everybody is tired after a hard day's work, and the crew members who have finished their work disappear into the day-room or their cabins. On the bridge, all that can be seen in the dark is the light from the instruments. Dejan Derencinovic, the third mate, and Joel Minao, a rating, are standing in the dark looking out at the starry sky.

"Today, we spent the whole day cleaning the tanks, so when our shift ends it will be good to have a rest", says Joel.

2 Lat. 33° 42.84' N, Long. 072° 50.99' W

The *Stena Performance* has left the US East Coast and is sailing on a southerly course towards the Caribbean. As the cloudy sky gradually clears, the temperature rises and when the ship reaches the Gulf Stream, the thermometer shows 20° C.

In the galley, Elmer Ostan has just finished work on breakfast. He is the cook on board and is responsible for making sure that the crew is served three meals a day.

"It's a nice job, specially when people are pleased and like the food I cook", he says.

Two messmen help him in the kitchen.

"I help prepare the food, and then I serve it in one of the dining rooms", says Reinard Neri while he is clearing the tables in the mess.

Both Elmer and Reinard are married with children and they phone home as soon as the ship arrives at a port.





Elmer Ostan, cook

Elmer Ostan is the cook on board the *Stena Performance*. He went to sea when he was 13 years old.

"This route is good because I'm often able to phone home to my wife and son. We've bought American mobile phones, which means we have coverage as soon as we are in port, about once every fifth day. I've always worked in the galley on board. I try to vary the menu as much as possible, and listen to the crew's wishes. Every day we try to have fresh fruit for dessert at lunch, and we also bake our own bread".

Igor Glad, Master

Igor Glad is the Master of the *Stena Performance* and is ultimately responsible for all the activities on board.

"There's always something to do, the pace is high all the time. I try to see to it that the crew is in a good mood; if they are dissatisfied, it's difficult to work. It doesn't take much, but it makes such a big difference. It's part of my job to get rid of differences and make sure that everybody enjoys their work. One way of doing that is to make sure that everybody gets enough to eat and is satisfied. The food is what's most important on board; if the food is good, everybody is in a better mood".



Joel Minao, rating

Joel Minao is a rating on board the *Stena Performance*. In addition to working on deck, he stands watch on the bridge between 16:00 and 20:00 and between 04:00 and 08:00.

"There's quite a lot to do on the way back to the refinery in St. Croix. We have to clean the tanks and prepare for the next cargo. In addition to this, I have watch duty on the bridge twice a day. If I'm standing watch when we're entering or leaving a port, I steer the ship according to the orders given by the pilot on board. When we're out on the open sea, we use the autopilot. It's nice when we're approaching warmer latitudes, because I prefer hot weather to cold weather".



③ Lat. 28°27.26' N, Long. 069°34.12' W

The *Stena Performance* always sails on the same route, between the refinery in St. Croix and the US East Coast.

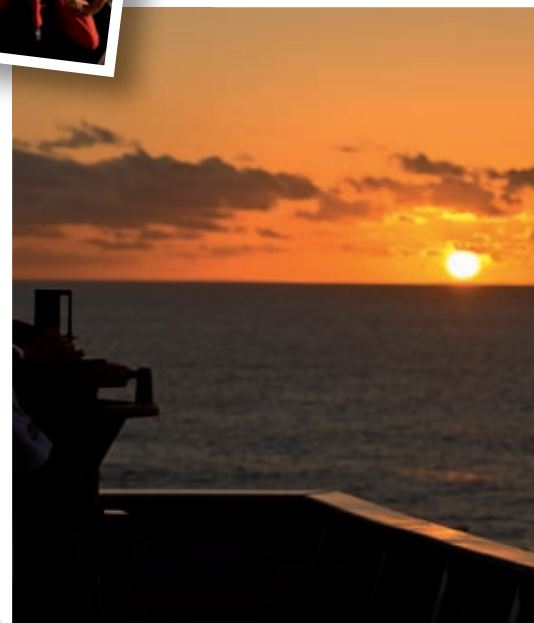
On this short stretch there is always a lot to do, and the crew does not have much time off. It is always Monday on board.

But after lunch on Sunday, there are at least some crew members who spend their time off doing something other than resting, and that is when the karaoke machine in the dayroom comes into use. Some of the crew members get together to noisily sing their favourite songs. Each performance is awarded points by the program, and is met

by booing and whistling depending on the points awarded. The captain and the chief officer also look in, but cannot be persuaded to sing.

"I try to make sure that the crew is in a good mood, if they're dissatisfied it's difficult to work", says Vladimir Domic.

As night falls, the next shift has taken over the karaoke machine, and the other crew members have returned to their duties. It is still two days before the ship reaches St. Croix and a lot of work remains to be done on board.



Focus on safety and environment

For many years, Concordia Maritime's business has been characterised by a strong focus on safety and environmental issues. With increasingly stringent demands, pro-active safety and environmental work have become an important competitive advantage.

In all areas of shipping today, extensive work at the global level is being conducted with the aim of further increasing safety and minimising the negative environmental impact. In recent years, the laws and regulations governing the environmental impact of shipping have become increasingly stringent and this trend will continue. This has resulted in a very large improvement in the standard of the world tanker fleet.

Comprehensive regulations

Among the most important regulations governing safety and environmental questions are the conventions drawn up in the UN agency IMO (International Maritime Organisation). These include Marpol and Solas (IMO's conventions on the environment and safety, respectively) and the so-called ISM Code (issued by IMO and relating to quality and safety). In addition, the EU, the classification societies, EPA (U.S. Environmental Protection Agency) and the national maritime authorities have a large influence.


External control of how the tanker shipping companies satisfy environmental and safety regulations has increased sharply in the last 15 years. In addition to the annual flag state controls, regular inspections are

carried out by e.g. the oil companies and the classification societies. Over and above this, the shipping companies also have, of course, their own internal control systems.

Greenhouse gases the greatest challenge

The environmental impact of tanker shipping consists mainly of emissions from the vessels' engines, the use of toxic bottom paint, discharging different types of water that have been used on board and the impact on the marine environment of emptying ballast water.

Perhaps the most important challenge for the shipping industry, and for all industrial activity, is the emissions of greenhouse gases. Reducing emissions of sulphur and nitric oxide to the air is one of the most prioritised environmental issues in shipping. Sulphur is difficult to remove after it has been emitted and, consequently, the most effective way of protecting the environment is to burn bunker oil with a lower sulphur content. This has now been adopted internationally and mandatory reductions in sulphur content will be introduced over the next five years. These reductions will be introduced in the Sulphur oxide Emission Control Areas (SECA) in the North Sea and the Baltic Sea as well as at a global level.



The *Stena Performance* in the Atlantic, 23 August, 2007. The photo received an honorary mention in Concordia Maritime's photo competition. Read more about the competition on page 81.

Concordia Maritime's environmental policy

For Concordia Maritime, safety of humans and protection of the marine environment have the highest priority both as a principle in our day-to-day activities and in the company's overall objectives

Oil Should Always Travel First Class

Safety and protection of the marine environment shall be an integrated part of our daily activities. Only with commitment from all employees, both on board and ashore, will it be possible to maintain a high safety standard and good protection of the marine environment

Our environmental principles

- Protection of the marine environment is of the utmost importance, second only to considerations affecting the safety of humans
- Through innovation and performance, we shall act to gain better control over the risk factors which could result in damage to the environment
- Through innovation and performance, we shall strive to control and reduce the negative impact of our operations on the environment and increase the efficiency of both existing vessels and newbuildings with regard to fuel consumption and emissions
- Through innovation and performance, we shall strive to engage in safer and more effective shipping in environmentally sensitive areas
- All personnel shall be given adequate training and information and shall be encouraged to participate actively in environmental matters

Tougher regulations expected

In 2006 and 2007, international shipping was the subject of considerable discussion concerning above all emissions and discharges to the air and water. The handling of ballast water is one of the areas where regulations have been tightened up. The goal of the new ballast water regulations is to prevent living organisms from spreading from one region to another. The transfer of organisms, together with discharges from land-based sources, depletion of fish stocks and the destruction of coral reefs, is regarded as one of the greatest threats to the oceans. The ballast problem has been known since the 1980s and is considered by many to be shipping's most difficult problem.

IHM/Green Passport

In recent years, the shipping industry has taken steps to reduce the impact on the environment and people when ships are recycled; steps that will lead to a number

of regulations and recommendations. These are expected to come into force in the next few years and will apply to the whole chain from ship design and construction to operation and recycling.

Some of the future regulations will concern ship construction. Shipowners will be made responsible for what was previously called a Green Passport being drawn up. The most important component in this certificate is an Inventory of Hazardous Materials (IHM), which increasingly replaced the term Green Passport in 2007.

Concordia Maritime's environmental and safety work

Quality, environment and safety have been guiding principles in Concordia Maritime's business for many years. The company's environmental and safety work has two overall aims: to prevent accidents by working preventively and to minimise the amount of hazardous discharges to the sea and air.



Reality. Life at sea can be tough. First prize in the photo competition. Read more on page 81.

Driving forces behind a greater focus on environmental and safety issues

In addition to tougher laws, the general public's demands and expectations as regards safe and reliable oil transportation have increased and today, there is zero tolerance when it comes to accidents and oil spills. This change is a result of trends in society as a whole, but it has also been reinforced by several factors:

- Large oil spills off European coasts with serious consequences for the environment have triggered strong reactions from the general public in recent years

and pushed tanker safety high up on the political agenda

- The consolidation in the oil industry has resulted in a small number of important brands with global coverage being dependent on the general public's trust
- Rising Russian exports of oil through sensitive areas, which are difficult to navigate, such as the Baltic Sea, the Black Sea and Barents Sea, are resulting in increasingly insistent demands for greater safety

The development of Concordia Maritime's new P-MAX concept is a concrete example of how an environmental and safety philosophy is applied as a fundamental principle already at the drawing-table stage. The vessels are among the world's safest product tankers. They have a full double hull, which means that all the tanks containing oil or oily water are protected by the double hull. The unique design of the hull and the twin skeg result in better fuel economy and speed characteristics compared with standard tonnage. Despite substantially larger cargo capacity, the P-MAX tankers burn up to six per cent less fuel than a standard MR tanker. Concordia Maritime's ten P-MAX tankers also have IHM (Green Passport) certification. The intention is to have full control over what materials are in the vessels and to act pro-actively and satisfy future regulations and recommendations before they are introduced. This requires close collabora-

tion with the yard and the classification societies. The *Stena Paris* was the first new-building in the world to be certified in accordance with Den Norske Veritas' Green Passport and during the year, the *Stena President* and the *Stena Perros* were delivered with IHM certification.

Few accidents on board

In the work on preventing accidents, there is a comprehensive exchange of information between shipping companies all over the world. Concordia Maritime's manning agent, Northern Marine Management (NMM), participates every year in a number of formal meetings with the aim of improving safety on board. In addition to these meetings, there is a comprehensive exchange of information.

The most common accidents on board are due to slipping and falling, most often resulting in some degree of personal injury. In the case of preventive work on board,

NMM works continuously to identify potential risks and dangerous elements in the work done. Here, the crew's participation is crucial. For example, on all the vessels operated by NMM, ten minutes are spent every day on studying movement patterns and adherence to routines. Reports are made according to a standardised model and risks identified are subsequently eliminated. The observations are gathered in reports, which are sent to all the vessels. This enables continuous improvements to be made. In addition to this, dedicated safety meetings are held every month.

All this work has resulted in a low number of accidents on board Concordia Maritime's vessels compared with the industry as a whole. After the first P-MAX tanker was delivered in 2005, no serious accidents have occurred on board any of Concordia Maritime's owned or operated vessels.

P-MAX – doubled for safety's sake



Concordia Maritime's share price trends

Concordia Maritime was founded in 1984 and its Series B share was listed on the OMX Nordic Exchange Stockholm the same year. In 2007, the share price dropped 51 per cent.

At the start of 2007, the share price of Concordia Maritime's Series B share was SEK 55 and at the end of the year SEK 27, a drop of 51 per cent. The Nordic index of the OMX Nordic Exchange Stockholm (OMX Nordic 40) fell 4.7 per cent during the same period. The highest price paid during the year was SEK 55 and the lowest was SEK 26. Concordia Maritime's market value, the value of all outstanding shares in Concordia Maritime, amounted to SEK 1,289 (2,625) million on 31 December, 2007.

In 2007, the total return on the shares, including the proposed dividend of SEK 1.00, was -49 per cent. Since the listing in 1984, the total return on the shares, compared to the introductory price of SEK 20, has averaged 13 per cent per year.

Proposed dividend for 2007

For 2007, the board of directors proposes a dividend of SEK 1.00 (1.00) per share, which represents 76 (92) per cent of the group net result for the year. The dividend is in line with Concordia Maritime's objective of distributing 20–30 per cent of the consolidated net result for the year. Concordia Maritime's payout ratio in historical terms is shown in the 10-year overview on page 42.

Sales

In 2007, 16.8 (32.4) million shares were traded at a total value of SEK 670 (1,497)

million, which is equivalent to a turnover rate of 38.4 (74.1) per cent. The average trade per trading day was 67,293 (129,055) shares or SEK 2.7 (6.0) million.

Share capital

At the end of 2007, share capital amounted to SEK 381.8 million, divided between 47.73 million shares, of which 43.47 million were Series B shares. The quota value is SEK 8 per share. Each Series A share represents ten votes and each Series B share one vote.

Shareholders

There were 4,963 (5,942) shareholders as of 31 December, 2007, which represents a reduction of 16.5 per cent compared with the previous year. All Series A shares with voting rights are owned by the Stena Sphere, which has been the principal owner since the company was first listed in 1984. Stena has declared that a holding in Concordia Maritime of about 50 per cent of the capital is one of its long-term objectives. At year-end, the Stena Sphere owned 52.2 per cent of the share capital and had 72.7 per cent of the votes.

The second largest owner is Adelphi Capital LLP, which owns shares equivalent to 5.3 per cent of the capital and 3.0 per cent of the votes.

As of 31 December, 2007, foreign ownership amounted to 25.1 (28.2) per cent of the share capital and 14.3 (16.1) per cent of the votes. Total ownership by institutions

amounted to 9.2 (2.1) per cent. The board of directors and the President together own around 0.1 per cent of the total number of shares (Stena Sphere excluded).

Equity

Equity per share amounted to SEK 34.08 (34.09) as of 31 December, 2007.

Ticker code and trading unit

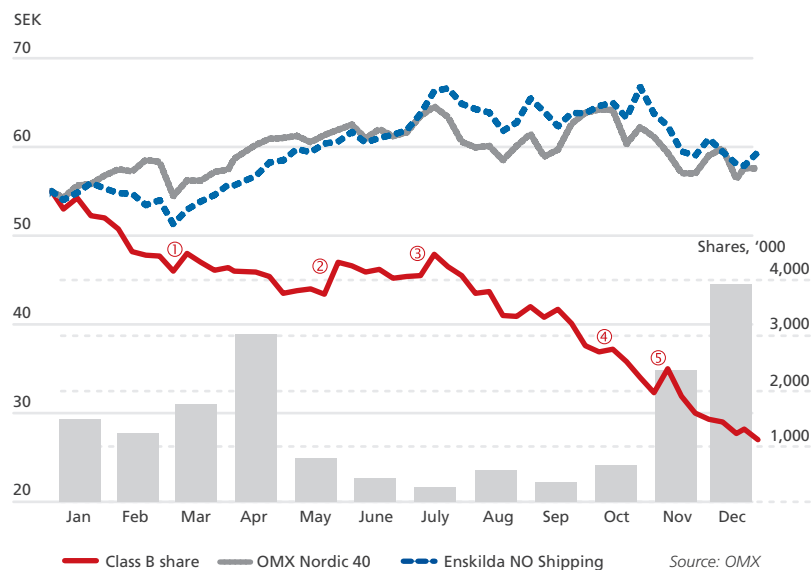
The ticker code is CCOR B and the ISIN code is SE0000102824. A trading unit consists of 200 shares.

IR work during the year

Concordia Maritime aims to facilitate the market's assessment of the company through clear information. In 2007, the company participated in a large number of investor meetings and meetings with customers at banks and trade organisations. In conjunction with the publication of financial reports, Concordia Maritime met analysts and other professional players, either in person or via teleconferences. Concordia Maritime also conducted a number of road shows, including in London.

Go to www.concordia-maritime.se for financial information about the company.

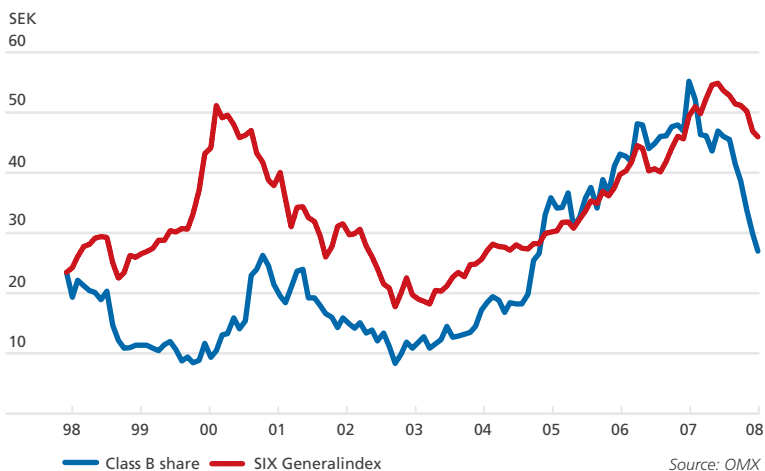
Share price and turnover 2007



Press releases during the year

- 17-01-2007 Delivery of *Stena Poseidon*
- 17-01-2007 Judgement pronounced in dispute
- ① 15-02-2007 Financial Statement
- 22-02-2007 Delivery of product tanker *Palva*
- 26-04-2007 Interim Report Concordia Maritime AB (publ) 1 January–31 March
- ② 04-05-2007 Press release from AGM Concordia Maritime AB (publ)
- 25-06-2007 V-MAX *Stena Vision* back in service
- ③ 29-06-2007 Concordia Maritime signs strategic agreement with TOTAL
- 14-08-2007 Interim Report, 1 January–30 June, 2007, for Concordia Maritime AB (publ)
- 21-09-2007 *Stena President* named in Split
- 25-09-2007 *Stena President* delivered from Brodosplit
- ④ 19-10-2007 Interim Report, 1 January–30 September, 2007, for Concordia Maritime AB (publ)
- ⑤ 26-11-2007 Revised forecast for full year
- 01-12-2007 *Stena Perros* naming ceremony at Brodosplit Shipyard
- 06-12-2007 Delivery of *Stena Perros*

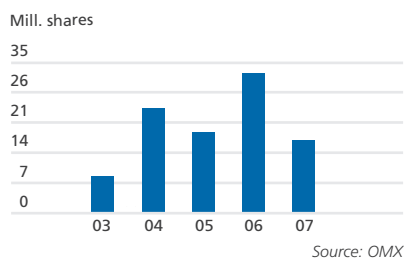
Concordia Maritime's share price, 1998–2007



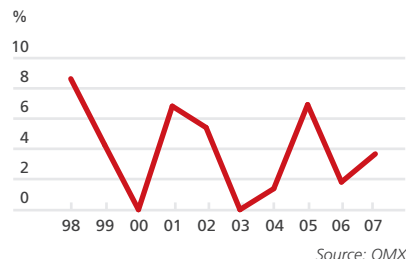
Dividend policy

Concordia Maritime's long-term objective is to maximise the value of the shareholders' capital in the company through long-term growth in the value of the fleet and a good return on oil transport. This should provide the necessary conditions for a long-term, positive share price trend. The shareholders should be able to expect a reasonable dividend in relation to both the company's result and its investment requirements. The aim is for the dividend to amount to 20–30 per cent of the consolidated profit after tax. However, a minimum of 10 per cent of the profit should be distributed to the shareholders.

Share turnover, last five years



Dividend yield



Key figures for the share

	2007 ¹⁾	2006 ¹⁾	2005 ¹⁾	2004	2003	2002	2001	2000	1999	1998
Dividend, SEK	1.00 ²⁾	1.00	1.00	3.00	0.50	—	0,60	1.10	—	0.50
Dividend as % of net result after tax	76 ³⁾	92	83	19	31	—	12	22	—	12
Shares outstanding at year-end, millions	47.73	47.73	47.73	47.73	47.73	47.73	46.41	42.19	27.22	27.22
Average number of shares outstanding, millions	47.73	47.73	47.73	47.73	47.73	47.07	44.30	34.71	27.22	26.75
Share price at year-end, SEK	27.00	55.00	43.00	34.80	17.50	11.00	16.00	21.50	11.80	11.50
Dividend yield, % ⁴⁾	3.7 ³⁾	1.81	2.32	8.62	2.86	—	3.75	5.11	—	4.34
Total return, Concordia shares, %	-49.09 ³⁾	30.23	26.44	116.00	63.64	-31.25	-22.79	91.53	2.61	-48.94
Enskilda NO Shipping Index	8.0	-5.25	22.99	73.09	96.23	-31.64	-2.67	14.37	42.72	-46.92
P/E ratio including ship sales	20.5	50.5	35.8	2.2	10.8	neg	3.3	4.8	neg	4.1
P/E ratio excluding ship sales	—	—	2,150.0	17.8	9	neg	3.3	5.2	—	—
Turnover of shares per year, thousands	16,810	32,393	18,608	24,289	8,443	5,791	8,875	16,863	6,535	12,545
Rate of turnover, %	38	74	43	56	19	13	21	65	26	50
Market value at year-end, SEK million	1,288	2,625	2,052	1,661	835	525	743	907	321	313
Number of shareholders	4,963	5,942	6,209	6,081	5,431	5,542	5,215	5,551	5,268	6,305

1) Key figures for 2005, 2006 and 2007 are recalculated in accordance with IFRS accounting principles 2) The board's proposal

3) Calculated on the proposed dividend 4) Dividend per share divided by the share price at year-end

Shareholder categories

	Capital %	Votes %
Foreign owners	25.1	14.3
Swedish owners	74.9	85.7
of which		
- Institutions	9.2	5.2
- Equity funds	0.4	0.2
- Private individuals	65.4	80.3

Ownership concentration

	Capital %	Votes %
The 10 largest shareholders	74.2	85.3
The 25 largest shareholders	76.5	86.6
The 100 largest shareholders	79.7	88.4

The 10 largest shareholders

	Capital %	Votes %
Stena Sphere	52.2	72.7
Adelphi Capital	5.3	3.0
Fjärde AP-fonden	5.1	2.9
DWS-Scudder Funds	3.8	2.2
SEB	3.2	1.8
T Rowe Price Funds	1.6	0.9
Mariedals Lantbruk	1.6	0.9
Pettersson Rune	0.5	0.3
Andra AP-fonden	0.5	0.3
DFA Funds (USA)	0.5	0.3
Total	74.3	85.3
Others	25.7	14.7
Total	100.0	100.0

Shareholder trend, 1998–2007



Shareholder structure

	Number owners	Number shares	Share of capital %	Share of votes %
Shareholding				
1–1,000	4,057	1,262,945	2.7	1.5
1,001–10,000	772	2,575,071	5.4	3.1
10,001–100,000	107	2,900,734	19.9	11.4
100,001–	27	40,991,048	72.0	84.0
Total	4,963	47,729,798	100.0	100.0

Shareholder contacts

Concordia Maritime aims to facilitate the market's assessment of the company through clear information.

For IR-related information, please contact:
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goran.hermansson@concordia-maritime.se

Risk and sensitivity analysis

Shipping in general and tanker shipping in particular are associated with a range of risks that the board and management have to manage and plan for. For Concordia Maritime, long-term customer contracts and access to the entire skills base in the Stena Sphere help to partially reduce the risks otherwise associated with shipping.

The risks that Concordia Maritime is exposed to can be divided into three main categories – operational risks, financial risks and external risks. The financial risks, mainly related to currencies and interest rates, are described in note 20 on page 67, and are therefore not reported in this section.

The purpose of describing Concordia Maritime's risk situation below is partly to give investors and others a picture of the risk environment in which Concordia Maritime operates, and partly to demonstrate what Concordia Maritime is doing to minimize the negative effects of these risks. The description, however, does not make any claim to being complete or comprehensive.

Operational risks

Operational risks refer primarily to risks related to the management of the business, in other words, risks that the board and management are able to influence to a degree.

Ship management and insurance issues

As regards the risks related to the actual operating of vessels, Concordia Maritime has taken out insurance policies customary in the industry. The vessels are insured against damage and loss (Hull & Machinery) at amounts representing the vessels'

market value. Protection & Indemnity applies without limitation of amount, except for responsibility for oil spills, where the limitation of amount is USD 1 billion. The vessels are also insured against Loss of Hire.

In addition to the insurance policies above, Concordia Maritime has also taken out the customary insurance for operating in specific waters. One example is COFR insurance (Certificate of Financial Responsibility), which is required in order to operate vessels in American waters. COFR is issued by the US Coast Guard to an operator (owner/bareboat charterer) who can demonstrate having the financial capability, via insurance, to pay for cleaning up oil spills and oil damage up to the amounts required by the American Oil Pollution Act, OPA 90.

Customers

Customer-related risks refer to the risk that a customer may choose to terminate the relationship, or the risk that a customer cannot meet his obligations towards Concordia Maritime.

As regards the first aspect, Concordia Maritime's strategy is based on close and long-term relationships with customers. At the end of 2007, 11 of the 14 vessels in the fleet were signed to charters for periods ranging from 2 to 9 years. The remaining

3 vessels will be delivered in 2009–2010, see graph on page 5.

Normally, basing one's business on a limited number of customers incurs greater risk. In Concordia Maritime's case, however, the long-term contracts with what are mainly world-class energy companies provide operational and financial stability during the periods covered by the contracts.

Environment

An accident at sea or in port (breakdown, oil spill, collision, etc.) could lead to extensive negative consequences both to the environment and to property. The new vessels, built in accordance with the P-MAX principle, are probably among the world's safest product tankers. The vessels have been specially designed for operation in sensitive waters. The fact that accidents happen can never be excluded. However, Concordia Maritime devotes considerable resources to the continuous development of both vessels and basic systems and procedures, both to prevent accidents and to minimise damage should an accident happen.

Brand

Despite insurance cover, an accident could have a very serious impact on Concordia Maritime. The oil industry's demands for safety and environmental responsibility are

comprehensive, and an accident at sea or in port would have not only negative environmental consequences, but could also damage the Concordia Maritime brand. Ever since its establishment in 1984, the company has promoted its image as a quality shipowner, with high demands in all aspects of safety. This position makes particularly high demands on control and responsibility. Guarding against this type of risk is difficult, and can only be achieved by extensive preventive work and complete openness should an accident nevertheless occur.

Employees

Concordia Maritime is very dependent on being able to attract and retain employees. This applies in the case of e.g. technicians and employees responsible for customers and partners, but above all skilled seagoing personnel. Concordia Maritime has only a small organisation of its own, and this normally means it is very dependent on a number of key individuals. This is to some extent counterbalanced by the close co-operation with several companies in the Stena Sphere. Concordia Maritime also puts considerable effort into creating a stimulating workplace, with good opportunities to develop.

External risks

External risks refer mainly to the risks related to changes in the outside world and the market, in other words, risks that the board and management only have a limited chance of influencing in the short term, but must nevertheless deal with in the long-term planning of the business.

Economic trends

Shipping is a highly cyclical business. The demand for transportation of petroleum and chemical products is largely determined by the consumption of these products. This, in turn, is largely determined by the state of the economy. The effects of an economic

recession are, in the short term, largest in the spot market, but in the long term they also have an effect on the time-charter market. It is difficult to guard against a long-term economic recession. Concordia Maritime strives to limit the risks by means of a strategy based largely on long-term contracts.

Political risks

Concordia Maritime operates in a market that is subject to a number of regulations that may change from time to time depending on changing factors in the outside world and/or political decisions. This includes decisions to do with regulations for international trade, safety and the environment.

As regards international trade, the trend in recent years has been towards increased global free trade, and fewer restrictions of a commercial policy nature. There has even been harmonisation in the area of taxation, which to some extent has reduced the risks that fiscal policy changes might affect the competitive situation. The main risk of changes would appear to lie in the area of safety and the environment, where there is a continual review of international and national laws, industry-related conventions, regulations and practice. This trend is being driven from several directions, both political and from trade associations and industry. But having one of the world's safest and most modern fleets means that for Concordia Maritime, the increased focus on safety and environmental issues is, if anything, an opportunity.

Freight rates

Freight rates in tanker shipping can fluctuate significantly from time to time. A downturn in freight rates may be due to reduced demand for transport capacity, or an increased supply of vessels. A change in rates can have a significant impact on the profitability of the business. Freight rates on the spot market normally fluctuate more

than the rates on the time-charter market. With a large part of the fleet signed to long-term charters, Concordia Maritime's exposure to changes in freight rates in the next few years is limited.

Oil price

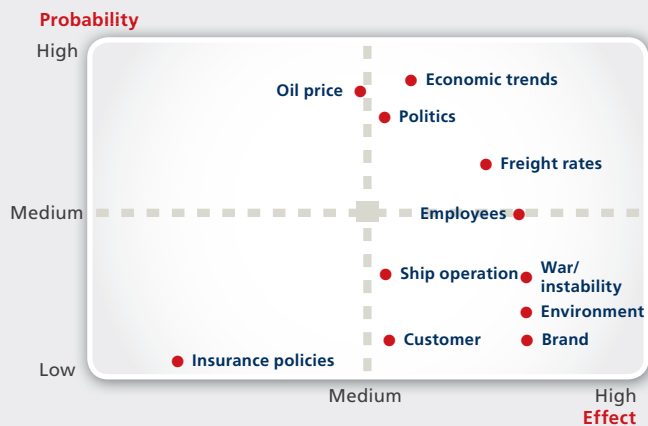
Changes in oil prices do not affect Concordia Maritime to any great extent. Its business is largely based on time charter contracts, which means that the customers are responsible for the costs of the voyage (bunker oil, port dues, pilots, tugs, etc.). Changes in the price of oil affect freight rates, which, in turn, have an impact on the shipping company's revenue.

War/instability

A large part of global oil production is in areas of political instability. War or other disturbances may limit access to oil and petroleum products, but also increase the need for transport to and from various storage depots. The risks of this affecting the business are relatively limited in the short term, since Concordia Maritime's business is largely based on long-term contracts.



Risks in the business



The illustration gives a picture of the factors that may affect the business. The assessment relates both to the probability and the degree of any effect.

Risks and risk management

Operational risks related to

- Shipping operations and insurance issues
- Employees
- Brand

Financial risks related to

- Liquidity
- Interest rates
- Credits
- Currency

External risks related to

- Economic trends
- Political decisions and events
- Demand for oil and oil transport
- Trend in oil prices
- War/instability

Risk management

- Spreading risks
- Internal controls
- Analysis and preventive work
- Insurance policies
- Financial instruments
- Policies, manuals, values and recommendations

Ten-year summary

	2007	2006	2005	2004	2003
Profit/loss items, SEK million					
Net sales	457.2	381.2	254.0	354.0	649.7
Operating costs	423.2	376.5	312.0	271.2	575.7
Operating result	34.0	4.7	-1.8	729.4	58.9
whereof result from the sale of ships	—	—	56.2	646.6	-15.1
EBITDA	91.5	38.7	-1.3	795.5	177.5
Result before tax	48.0	52.5	42.7	740.2	35.1
Net result after tax	62.9	51.9	57.2	740.2	77.1
Cash flow from operating activities ¹⁾	123.0	100.0	20.4	136.2	150.5
Investments	836.7	767.2	492.8	86.3	61.6
Balance sheet items, SEK million					
Ships	1,769.6	1,048.7	304.2	32.5	1,223.9
(Number of ships)	7	4	1	1	4
Ships under construction	158.3	222.3	384.7	128.0	55.4
(Number of ships) ²⁾	4	7	6	7	6
Cash and cash equivalents	55.6	30.2	280.4	1,123.4	40.3
Short-term investments	397.1	517.6	559.1	130.7	—
Other assets	429.6	413.7	368.9	313.4	87.8
Interest-bearing liabilities	1,073.0	506.2	0.0	0.0	300.7
Other liabilities and provisions	110.7	99.3	126.4	111.2	80.2
Equity	1,626.5	1,627.0	1,770.9	1,616.8	1,026.5
Balance sheet total	2,810.2	2,232.5	1,897.3	1,728.0	1,407.4
Key ratios, %					
Equity ratio	58	73	93	94	73
Return on total capital	4	4	5	47	3
Return on capital employed	4	5	6	49	3
Return on equity	3	3	3	56	7
Per-share data, SEK					
Per-share data, SEK	1.32	1.09	1.20	15.51	1.62
of which profit/loss from ship sales	—	—	1.18	13.55	-0.32
Cash flow ¹⁾	2.54	2.10	0.43	2.85	3.15
Equity	34.08	34.09	37.10	33.87	21.51
Equity/market value	1.26	0.62	0.86	0.97	1.22
Share price at year-end	27.00	55.00	43.00	34.80	17.50
Dividend ³⁾	1.00	1.00	1.00	3.00	0.50
Dividend as % of net result after tax	75.88	91.96	83.44	19.34	30.95
Other					
P/E ratio including ship sales	20.5	50.5	35.8	2.2	10.8
P/E ratio excluding ship sales	—	—	2,150.0	17.8	9
Number of shareholders	4,963	5,942	6,209	6,081	5,431

1) Ship sales not included 2) Six wholly-owned ships and two ships in which the group has a 50 per cent holding 3) Proposed dividend

Comparative figures for 1998–2003 have not been recalculated in accordance with IFRS.

2002	2001	2000	1999	1998
768.6	1,334.6	1,327.6	773.6	1,102.9
877.9	1,043.6	1,098.2	817.7	901.1
-98.2	292.5	246.0	-44.1	201.8
11.1	1.5	16.6	—	—
89.5	454.4	382.9	57.1	297.7
-142.4	251.9	227.7	-72.0	114.0
-148.9	231.3	207.3	-62.5	117.3
40.0	392.1	337.2	15.9	205.8
—	513.6	351.1	295.7	259.3
1,907.0	2,544.3	1,073.3	1,121.3	1,155.5
6	9	9	10	10
—	—	1,001.8	573.7	253.9
—	—	2	2	—
115.2	263.0	81.0	16.2	128.1
—	—	—	—	—
216.7	343.0	338.4	180.1	213.5
926.6	1,261.7	938.5	953.4	772.0
159.3	295.4	352.8	232.2	244.0
1,153.0	1,593.2	1,203.2	705.7	735.0
2,238.9	3,150.3	2,494.5	1,891.3	1,751.0
51	51	48	38	43
-4	11	12	-2	12
-4	12	14	-2	13
-11	16	21	-8	17
-3.12	4.85	4.47	-0.96	2.79
0.23	0.03	4.11	—	—
0.84	8.21	7.14	0.68	4.64
24.16	33.62	26.67	20.03	20.85
2.20	2.10	1.24	1.70	1.81
11.00	16.00	21.50	11.80	11.50
—	0.60	1.10	—	0.50
0.00	12.04	22.39	0.00	11.60
neg	3.3	4.8	neg	4.1
neg	3.3	5.2	—	—
5,542	5,215	5,551	5,268	6,305

The new fleet takes shape

The trend in net sales, costs and result in recent years is a consequence of Concordia Maritime's strategic shift from crude oil transportation to product tankers, and the new-building program currently in progress. As the fleet takes shape, the company will increase its borrowing, which can be seen in the trend of the equity ratio – from nearly 100 per cent in 2004 to 58 per cent at the end of 2007. As a result of this, interest-bearing liabilities in principle doubled in 2007 compared with the previous year. Since the new-building program was initiated in 2003, Concordia Maritime has invested SEK 2,244.6 million in the new fleet. Important measures of the result, such as EBITDA, are expected to increase as the fleet grows. The EBITDA, excluding costs of a non-recurring nature, amounted to USD 17.6 million and the company forecasts an EBITDA of USD 26 million for 2008, an increase of about 48 per cent.

Definitions

Equity ratio Equity expressed as a percentage of the balance sheet total.

Return on total capital Earnings after net financial items plus financial expenses as a percentage of average balance sheet total.

Return on capital employed Earnings after net financial items plus financial expenses as a percentage of average capital employed. Capital employed refers to the balance sheet total minus non-interest-bearing liabilities, including deferred tax liability.

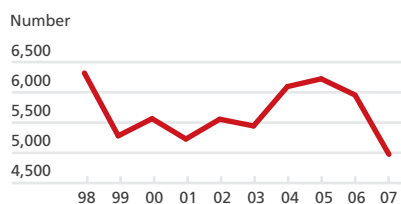
Return on equity Earnings for the year expressed as a percentage of average equity.

Cash flow from operating activities Earnings after net financial items plus depreciation minus tax paid (cash flow before change in working capital and investments and before effect of ship sales).

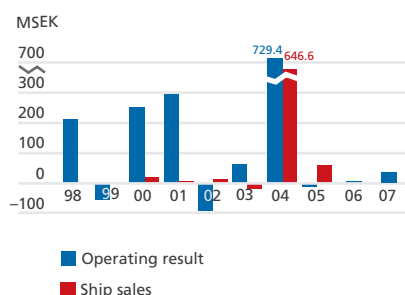
P/E ratio Share price at year-end in relation to profit per share after tax.

Key ratios

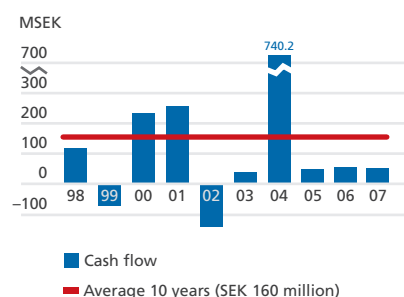
Number of shareholders



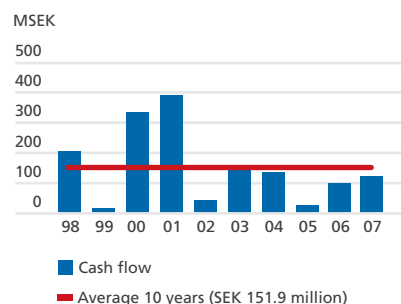
Operating result



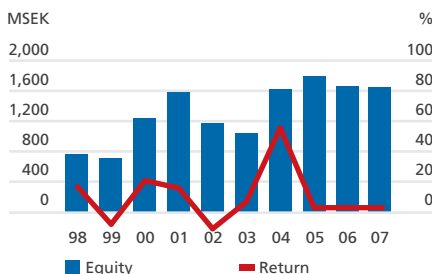
Result before tax



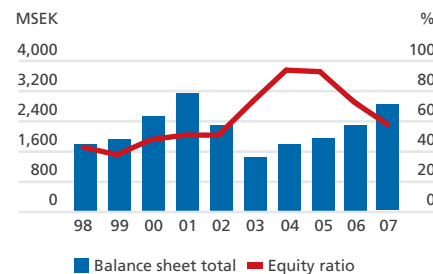
Cash flow from operating activities



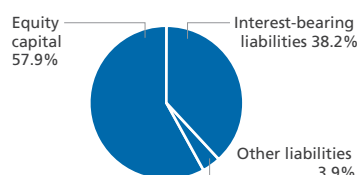
Return on equity



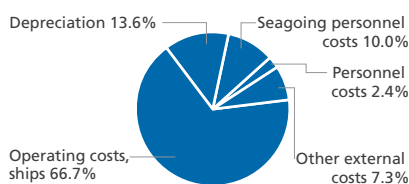
Equity ratio



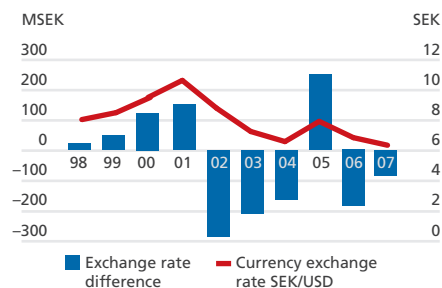
Equity and liabilities



Operating expenses



Exchange rate differences against equity



For definitions, see page 43.

Board of directors' report

The board of directors and the President of Concordia Maritime AB (publ), corp. ID 556068-5819, hereby submit the Annual Report for the financial year 1 January–31 December 2007. The parent company is Stena Sessan Rederi AB, which controls approx. 52% of the capital and 73% of the total voting power. Its parent company is Stena Sessan AB.

Business summary

Product tankers

In 2007 Concordia Maritime took delivery of the fifth and sixth P-MAX tankers in a series of ten. The *Stena President* was delivered in September and has been chartered to Argo Shipping International for ten years. The *Stena Perros*, delivered in December, about two months ahead of scheduled, will for the next five years enter service for TOTAL. The other four vessels, which are chartered to TOTAL, Hess Corporation and Argo Shipping International, have all performed well. In principle, the vessels have operated worldwide although they have primarily plied transatlantic routes.

In the second quarter, Concordia Maritime signed a new five-year contract with TOTAL. This time for the P-MAX tanker *Stena Progress*. At the same time, the charters for the *Stena Paris* and the *Stena Provence* were extended by two years. At the end of 2007, about 21 years remain of the 24 years Concordia Maritime's tonnage is contracted to TOTAL.

The two Panamax tankers *Stena Poseidon* and *Palva*, which Concordia Maritime owns jointly with Neste Shipping, were delivered during the first quarter. The vessels are time-chartered for 10 years to Neste Shipping. They have performed well and have primarily sailed on transatlantic routes from Neste Oil's refinery in Borgå, Finland.

The weak market during the second half of the year has affected the profit-split for some contracts. The segment reports an EBITDA before overhead costs of USD 23.1 million for 2007.

Large tankers/VLCC

The *Stena Victory*, which is time-chartered from Arlington Tankers, entered service for Lukoil during the fourth quarter. The charter expires at the end of 2009 when the tanker will be redelivered to Arlington Tankers. Concordia Maritime can choose to extend the charter via three 12-month options.

The *Stena Victory*'s sister ship *Stena Vision* will continue to sail for Sunoco until the autumn of 2008, after which she will be employed by Lukoil until the end of 2010 when she will be redelivered to Arlington Tankers. Concordia Maritime can choose to extend the charter via two 12-month options.

The previously reported damage to the reduction gear on the *Stena Vision* has been repaired, and the vessel re-entered

service in June. In total, SEK 17.9 million has been charged to the segment's operating result for 2007.

With respect to the dispute between Concordia Maritime and Halliburton, concerning the sale of a vessel in 2000, an agreement was reached during the first quarter which resulted in SEK 9.8 million being charged to the segment's operating result.

As a consequence of the above-mentioned items together with insurance commitments in connection with calls at ports in West Africa, the segment posted an EBITDA before overhead costs of USD –5.6 million for the year.

Freight Market

Market developments during the fourth quarter were both unexpected and unusual. Following several months with a downward pressure on freight rates, the VLCC market saw the biggest upswing towards the end of the quarter since 2004. Record levels were achieved for the eastbound traffic with freight rates of up to USD 300,000 per day. Although there is normally a seasonal improvement in the market during the fourth quarter, the strength of the upswing was very surprising. One of several contributory factors was that Saudi Arabia lowered the price of its crude oil to the US. This price reduction created the incentive to replenish the low stock levels of crude oil in the US, and this resulted in a sharp increase in the number of shipments. High fuel prices have apparently resulted in many ship owners instructing their ships to reduce speed, which has, in turn, resulted in a reduction in available tonnage. Other factors, such as discussions about the probable conversion of a large number of single-hull vessels into dry-cargo vessels, can have contributed to the psychological effect that drove up the market to this historically high level.

In the product tanker market there was continued downward pressure on freight rates and the expected seasonal upswing failed to materialise, even if the market as a whole did improve slightly. The freight market for "dirty products" such as heavy oil was generally better than for "clean products" such as petrol. Reduced refinery profit margins meant, among other things, that it was no longer profitable to sell and transport petrol from Europe to the US on speculation, which resulted in radically reduced freight volumes. This type of transportation was extensive during the first half of the year, resulting in an unusually strong market just then. The growing product tanker fleet has also exerted additional downward pressure on freight rates. According to the analysis and brokerage company, Clarkson, 30 product tankers were delivered during the fourth quarter alone, while the scrapping rate remained low.

Shipbuilding Market

Shipbuilding prices increased somewhat during the fourth quarter. At the end of the year, the price of a VLCC was about USD 140 million, and the price of an MR was about USD 50 million. The second-hand market for tankers remained higher than for newly built vessels. A standard MR is valued at about USD 52 million. P-MAX tankers, with their unique design and, among other things, substantially larger cargo intake, should therefore not be compared to standard vessels. External shipbrokers' valuations are in the region of USD 62–73 million.

Note that tanker evaluations are based on immediate delivery for the open market (spot market).

Results and position

Net sales amounted to SEK 457.2 (381.2) million. The result before tax was SEK 48.0 (52.5) million. The net result was SEK 62.9 (51.9) million, which corresponds to a net result per share of SEK 1.32 (1.09).

Total operating costs amounted to SEK 423.2 (376.5) million. The largest cost item was the operating costs for vessels, SEK 282.2 (251.6) million.

Securities, short-term investments and investments

Arlington

Concordia Maritime's shareholding consists of 1,534,785 shares, which is equivalent to 10% of the total number of shares. The share price on 31-12-2007 was USD 22.13 per share (31-12-2006: USD 23.37). The holding has been valued at its market value in the balance sheet.

Short-term investments

Total short-term investments as of 31 December 2007 were SEK 397.1 (517.6) million. The holdings have been valued at their fair value in the balance sheet. Changes in value of SEK –13.0 (–7.4) million are included in the result for the year.

Investments

Investments during the year amounted to SEK 836.7 (767.2) million and, in addition to final payment on delivery, also consist of advance payments to shipyards and project costs relating to the vessels on order.

Liquidity and financing

The group's disposable liquid funds, including unutilised credit facilities, amounted to SEK 515.9 (493.8) million at year-end.

Principles for remuneration for senior executives

Remuneration to the Chairman of the board, Deputy Chairman of the board and the board of directors shall be in accordance with the decision of the annual general meeting (AGM). There is no special remuneration of committee work.

The board of directors has proposed that the next AGM follows the same procedure as the previous one. The AGM has

decided upon the following guiding principles for the remuneration for senior executives.

Remuneration comprises a fixed salary, variable compensation, pension and other benefits. In order to attract and retain competence, Concordia Maritime strives to offer its personnel an attractive and competitive fixed salary. The top level depends upon the scope and complexity of the position held and the performance of the individual during the year. Performance is reflected more especially in the variable compensation. This is based on, among other things, the development of the company and its success in meeting, e.g. commercial, operational and financial goals. These goals shall be determined by the board. Agreement with respect to further remuneration can be pertinent when felt necessary in order to attract and retain key competence or to induce individuals to move to new locations or accept new positions. This type of remuneration should be for a limited period, however.

The company's policy with regard to pensions is to follow the practice adopted by the local market in the country in question. In the case of the President, a premium corresponding to 35 per cent of the monthly pensionable salary and compensation at any point in time is paid into the pension. For other senior executives in Sweden, a premium, based retirement pension plan is applied in addition to the basic plans in the Swedish labour market.

The basic principle is that other benefits, e.g. company car, shall be at a competitive level with respect to the local market.

For senior executives in Sweden, the reciprocal period of notice is three to twelve months depending on the position held. In the case of notice of termination by the company, a one-off compensation of up to 24 months salary is paid.

See note 16.

Information about risks and uncertainty factors

As regards the risks related to the actual operating of vessels, Concordia Maritime has taken out insurance policies customary in the industry. The vessels are insured against damage and loss, (Hull & Machinery) at amounts representing the vessels' market value. Protection & Indemnity applies without limitation of amount, except for responsibility for oil spills, where the amount is limited to USD 1 billion. The vessels are also insured against Loss of Hire. In addition to the insurance policies above, Concordia Maritime has also taken out the customary insurance for operating in specific waters. One example is COFR insurance (Certificate of Financial Responsibility), which is required in order to operate vessels in American waters. COFR is issued by the US Coast Guard to an operator (owner/bareboat charterer) who can demonstrate having the financial capability, via insurance, to pay for cleaning up oil spills and oil damage up to the amounts required by the American Oil Pollution Act, OPA 90.

Despite insurance cover, an accident could have a very serious impact on Concordia Maritime. The oil industry's demands for safety and environmental responsibility are comprehensive, and an accident at sea or in port would have not only negative environmental consequences, but could also damage the Concordia

Maritime brand. Ever since its establishment in 1984, the company has promoted its image as a quality shipowner, with high demands in all aspects of safety. This position places particularly high demands on control and responsibility. Guarding against this type of risk is difficult, and can only be achieved by extensive preventive work and complete openness should an accident nevertheless occur.

Shipping is a highly cyclical business. The demand for transportation of petroleum and chemical products is largely determined by the consumption of these products. This, in turn, is largely determined by the state of the economy. The effects of an economic recession are, in the short term, largest in the spot market, but in the long term it also has an effect on the futures market. It is difficult to guard against a long-term economic recession. Concordia Maritime strives to limit the risks by means of a strategy based largely on long-term contracts.

Freight rates in tanker shipping can fluctuate significantly from time to time. A downturn in freight rates may be due to reduced demand for transport capacity, or an increased supply of vessels. A change in rates can have a significant impact on the profitability of the business. Freight rates on the spot market normally fluctuate more than the rates on the futures market. With a large part of the fleet signed to long-term charters, Concordia Maritime's exposure to changes in freight rates over the next few years is relatively limited.

Concordia Maritime works closely with the Stena Group, which among other things provides chartering, operations, manning and newbuilding services. The company management believe that this co-operation is one of Concordia Maritime's foremost strengths vis-à-vis the competition. Though this relationship is beneficial, it is associated with a degree of risk, as essential services are purchased from a single supplier. Concordia Maritime and the Stena Group are to a degree interconnected as a brand.

Safety and Environment

For Concordia Maritime, people's safety and the protection of the maritime environment have the highest priority, both as a principle in day-to-day business and in the company's strategic objectives. Safety and the protection of the maritime environment must be an integral part of our day-to-day business. Only with the commitment of all employees, both on board and ashore, will it be possible to maintain a high safety standard and good protection of the marine environment.

Our environmental principles

- Protecting the maritime environment is of the utmost importance. The only consideration that takes precedence over this is anything to do with people's safety
- Through innovation and performance, we will achieve better control of the risk factors that can damage the environment
- Through innovation and performance, we will strive to achieve better control of the ways in which our business affects the environment. We will improve the efficiency of both existing and new vessels with regard to fuel consumption and emissions

- Through innovation and performance, we will strive to operate safer and more efficient shipping in environmentally-sensitive areas
- All staff are to be given suitable training and information, and will be encouraged to participate actively in environmental work

Financial instruments and risk management

See note 20.

Concordia Maritime shares

There have been no new issues, bonus issues or such like during the year. Consequently the number of shares is unaltered. There are 4,000,000 A shares, each representing ten votes and 43,729,798 B shares, each representing one vote. Concordia Maritime is not in possession of any information on shareholder agreements between shareholders.

Expectations of future development

Concordia Maritime's fleet consists of six P-MAX, two V-MAX and two Panamax tankers. There will be no new deliveries in 2008. The market expectation for 2008 is for a continued decline in the tanker market. Average freight rate levels are expected to be lower than in 2007. Operations are estimated to generate an EBITDA of about USD 26 million, which will give a result before tax of about USD 11 million or USD 0.23 per share. When converted at the closing day rate, the result before tax corresponds to about SEK 70 million or SEK 1.47 per share.

Events after 31 December, 2007

See note 27.

Proposed appropriation of the company's profit or loss

The board of directors and President propose that SEK 118.9 million of the result brought forward be made available for appropriation as follows:

SEK million	2007	2006
Dividend (47,729,798 shares x SEK 1.00 per share)	47.7	47.7
To be carried forward	71.2	102.1
Total	118.9	149.8

With regard to the company's result and position as a whole, please refer to the following income statement, balance sheet and notes to the accounts.

The board of directors' opinion about the proposed dividend

After distribution of the proposed dividend, the group's equity ratio and liquidity are satisfactory, which means all group companies can meet their commitments in both the short and long term. The proposed dividend can thus be justified in terms of the Swedish Companies Act, chap. 17 § 3 sections 2–3.

Group income statement

1 January–31 December, SEK million	Note	2007	2006
Net sales	2, 3, 21	457.2	381.2
Total income		457.2	381.2
Operating costs for ships	21	–282.2	–251.6
Seagoing personnel costs		–42.5	–27.4
Other external costs	5	–31.0	–53.5
Personnel costs	4, 16	–10.0	–10.0
Depreciation according to plan	8	–57.5	–34.0
Total operating costs	9	–423.2	–376.5
Operating result	2, 3, 5, 24	34.0	4.7
Financial income		66.2	84.1
Financial expenses		–52.2	–36.3
Financial net	6	14.0	47.8
Result before tax		48.0	52.5
Tax	7	14.9	–0.6
Net result for the year		62.9	51.9
Net result per share	14	1.32	1.09

Group balance sheet

As of 31 December, SEK million	Note	2007	2006
Assets			
Fixed assets	9, 22		
Vessels	8	1,769.6	1,048.7
Vessels under construction	8	158.3	222.3
Equipment	8	0.1	0.1
Financial assets	10, 20	218.5	246.5
Long-term receivables	11	7.7	9.0
Deferred tax assets	7		1.1
Total fixed assets		2,154.2	1,527.7
Other short-term receivables	11	156.8	64.5
Prepaid expenses and accrued income	12	46.5	92.5
Short-term investments	10, 20	397.1	517.6
Cash and cash equivalents	13	55.6	30.2
Total current assets		656.0	704.8
Total assets		2,810.2	2,232.5
Equity			
Share capital		381.8	381.8
Other contributed capital		61.9	61.9
Reserves		-120.8	-105.1
Result brought forward (including result for the year)		1,303.6	1,288.4
Total equity		1,626.5	1,627.0
Liabilities			
Long-term liabilities	15, 9		
Liabilities to credit institutions		1,063.1	506.2
Other long-term liabilities	18	7.7	9.0
Other provisions	17	6.1	19.6
Deferred tax liabilities	7	18.9	11.3
Total long-term liabilities		1,095.8	546.1
Short-term liabilities	20		
Liabilities to credit institutions		10.0	
Accounts payable			0.5
Other liabilities	18	8.9	4.1
Provisions	17	9.5	13.1
Accrued expenses and deferred income	19	59.5	41.7
Total short-term liabilities		87.9	59.4
Total liabilities		1,183.7	605.5
Total equity and liabilities		2,810.2	2,232.5

For information on the group's pledged assets and contingent liabilities, see note 23.

Summary of changes in the group's equity

SEK million	Share capital	Other contributed capital	Reserves ²⁾			Result brought forward ¹⁾	Total equity
			Trans-lation reserve	Fair value reserve	Hedging reserve		
Opening balance, 01 Jan 2006	381.8	61.9	21.7	21.3		1,284.2	1,770.9
Change in translation reserve			-156.1	-4.1			-160.2
Tax attributable to hedging			-21.6				-21.6
Change in reserves				18.3	15.4		33.7
Total changes to wealth reported directly in terms of equity, excluding transactions with the company owner			-177.7	14.2	15.4		-148.1
Net result for the year						51.9	51.9
Total changes to wealth, excluding transactions with the company owner			-177.7	14.2	15.4	51.9	-96.2
Dividend						-47.7	-47.7
Closing balance, 31 Dec 2006	381.8	61.9	-156.0	35.5	15.4	1,288.4	1,627.0
SEK million	Share capital	Other contributed capital	Reserves ²⁾			Result brought forward ¹⁾	Total equity
			Trans-lation reserve	Fair value reserve	Hedging reserve		
Opening balance, 01 Jan 2007	381.8	61.9	-156.0	35.5	15.4	1,288.4	1,627.0
Change in translation reserve			-51.9	-1.6			-53.5
Tax attributable to hedging			-23.8				-23.8
Change in reserves				-12.9	74.5		61.6
Total changes to wealth reported directly in terms of equity, excluding transactions with the company owner			-75.7	-14.5	74.5		-15.7
Net result for the year						62.9	62.9
Total changes to wealth, excluding transactions with the company owner			-75.7	-14.5	74.5	62.9	47.2
Dividend						-47.7	-47.7
Closing balance, 31 Dec 2007	381.8	61.9	-231.7	21.0	89.9	1,303.6	1,626.5

1) Result brought forward including result for the year.

2) See note 20.

Group cash flow statement

1 January–31 December, SEK million	Note	2007	2006
	26		
Cash flow from operations			
Result before tax		48.0	52.5
Adjustments for items not included in cash flow		75.0	49.2
Paid income tax			-1.7
Cash flow from operating activities before changes in working capital		123.0	100.0
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		26.1	-56.5
Increase (+)/Decrease (-) in operating liabilities		11.5	-33.9
Cash flow provided by operating activities		160.6	9.6
Investment activities			
Acquisition of fixed assets		-838.6	-767.2
Acquisition of financial assets			-238.3
Sale of financial assets		81.1	198.3
Cash flow from investment activities		-757.5	-807.2
Financing activities			
Utilisation of credit facility		694.1	539.4
Amortisation of credit facility		-69.6	
Dividend		-47.7	-47.7
Other financing		35.6	71.8
Cash flow from financing activities		612.4	563.5
Cash flow for the year		15.5	-234.1
Cash and cash equivalents, opening balance		30.2	280.4
Exchange rate differences		9.9	-16.1
Cash and cash equivalents, at year-end		55.6	30.2

Income statement for the parent company

1 January–31 December, SEK million	Note	2007	2006
Net sales	2, 3	51.7	31.7
Total income		51.7	31.7
Operating costs for ships		–16.1	–4.5
Seagoing personnel costs		–14.7	–7.3
Other external costs		–13.5	–19.1
Personnel costs	4, 16	–9.0	–8.6
Depreciation according to plan	8	–18.5	–11.6
Operating result	4, 5, 24	–20.1	–19.4
<i>Result from financial items:</i>			
Result from participating interests in group companies			20.0
Result from other securities and receivables that are fixed assets			3.6
Other interest income and similar items		104.2	147.1
Interest expenses and similar items		–55.5	–51.3
Result after financial items	6	28.6	100.0
Result before tax		28.6	100.0
Tax	7	–8.9	–22.3
Net result for the year		19.7	77.7

Balance sheet for the parent company

As of 31 December, SEK million	Note	2007	2006
Assets			
Fixed assets	22		
Tangible fixed assets	8	433.8	453.8
Financial fixed assets			
Participating interests in group companies	25	754.2	754.2
Other long-term receivables	11	7.7	9.0
<i>Total financial fixed assets</i>		<i>761.9</i>	<i>763.2</i>
Total fixed assets		1,195.7	1,217.0
Current assets			
Short-term receivables			
Other receivables	11	40.0	29.7
Prepaid expenses and accrued income	12	3.6	2.5
<i>Total current receivables</i>		<i>43.6</i>	<i>32.2</i>
Short-term investments			
Other short-term investments	20	61.6	64.0
<i>Total short-term investments</i>		<i>61.6</i>	<i>64.0</i>
Cash and cash equivalents		271.5	58.5
Total current assets		376.7	154.7
Total assets		1,572.4	1,371.7
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital	14	381.8	381.8
Reserve fund		138.3	138.3
<i>Non-restricted equity</i>			
Result brought forward		99.2	72.1
Net result for the year		19.7	77.7
Total equity		639.0	669.9
Long-term liabilities			
Liabilities to credit institutions	15	836.4	460.5
Liabilities to group companies			195.3
Other liabilities	18	7.7	9.0
Deferred tax liability	7	9.2	1.4
<i>Total long-term liabilities</i>		<i>853.3</i>	<i>666.2</i>
Short-term liabilities			
Liabilities to credit institutions		34.4	
Accounts payable			0.5
Liabilities to group companies		30.7	26.7
Other liabilities		1.9	1.9
Accrued expenses and deferred income	19	13.1	6.5
<i>Total short-term liabilities</i>		<i>80.1</i>	<i>35.6</i>
Total equity and liabilities		1,572.4	1,371.7

Pledged assets and contingent liabilities for the parent company

As of 31 December, SEK million	Note	2007	2006
Pledged assets	23	257.3	274.9
Contingent liabilities	23	352.4	496.6

Summary of changes in the parent company's equity

SEK million	Restricted equity			Non-restricted equity		Total equity
	Share-capital	Statutory reserves	Share premium fund	Brought forward result	Net result for the year	
Opening balance, 01 Jan 2006	381.8	76.4	61.9	170.8	-51.0	639.9
Reversal of premium fund		61.9	-61.9			
Result for the previous year				-51.0	51.0	
Result for the year					77.7	77.7
Dividend				-47.7		-47.7
Closing balance, 31 Dec 2006	381.8	138.3		72.1	77.7	669.9

SEK million	Restricted equity		Non-restricted equity		Total equity
	Share-capital	Statutory reserves	Brought forward result	Net result for the year	
Opening balance, 01 Jan 2007	381.8	138.3	72.1	77.7	669.9
Result for the previous year			77.7	-77.7	
Result for the year				19.7	19.7
Group contribution			-4.0		-4.0
Tax on group contribution			1.1		1.1
Dividend			-47.7		-47.7
Closing balance, 31 Dec 2007	381.8	138.3	99.2	19.7	639.0

Cash flow statement for the parent company

1 January–31 December, SEK million	Note	2007	2006
	26		
Cash flow from operations			
Result before tax		28.6	100.0
Adjustments for items not included in cash flow		–22.3	–21.8
Cash flow provided by operating activities before changes in working capital		6.3	78.2
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		–11.2	99.2
Increase (+)/Decrease (–) in operating liabilities		–189.7	–36.3
Cash flow provided by operating activities		–194.6	141.1
Investment activities			
Acquisition of vessels			–465.3
Sale of financial assets			15.6
Acquisition of financial assets			–75.9
Cash flow from investment activities		0.0	–525.6
Financing activities			
Utilisation of credit facility		483.0	490.2
Amortisation of credit facility		–62.1	
Dividend		–47.7	–47.7
Cash flow from financing activities		373.2	442.5
Cash flow for the year		178.6	58.0
Cash and cash equivalents, opening balance		58.5	0.5
Cash and cash equivalents, at year-end		237.1	58.5

Notes to the financial statements

1 Accounting Principles

(a) Agreement with norms and legislation

The consolidated accounts have been drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and statements of interpretation from the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the EU Commission for application within the EU. Furthermore, the Swedish Financial Accounting Standards Council's recommendation RR 30:06 Supplementary rules for consolidated financial statements has been applied.

The parent company applies the same accounting principles as the group, except in those cases specified below in "The parent company's accounting principles". The deviations that arise between the parent company's and the group's principles are caused by limits to the options for applying IFRS in the parent company as a result of the Swedish Annual Accounts Act and the Act on Safeguarding of Pension Commitments, and in some cases for tax purposes.

The annual accounts and consolidated accounts were approved for issue by the board of directors on 7 March, 2008. The consolidated income statement and balance sheet, as well as the parent company's income statement and balance sheet will be submitted for approval at the ordinary Annual General Meeting on 22 April, 2008.

(b) Conditions for the preparation of the parent company's and group's financial reports

The group's functional currency is the US dollar, but the Swedish krona (SEK) is used as the reporting currency for the parent company and the group. This means that the financial reports are presented in SEK. All sums, unless otherwise stated, are reported in SEK millions. Assets and liabilities are reported at historic acquisition values, except some financial assets and liabilities, which are reported at fair value. Financial assets and liabilities reported at fair value consist of derivative instruments, financial assets classified as financial assets valued at fair value via the income statement or as financial assets available for sale.

Fixed assets held for sale are reported at whichever is the lowest of the previously reported value and the fair value after deductions for selling expenses.

Creating the financial reports in accordance with IFRS requires the company's management to make assessments and estimates, as well as assumptions that affect the application of the accounting principles and the reported sums from assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and a number of other factors that, under normal conditions, would seem reasonable. The results of these estimates and assumptions are then used to assess the reported values of assets and liabilities that cannot be clarified by other means or sources. The actual result may deviate from these estimates and assessments. Estimates and assumptions are revised regularly. Changes to estimates are reported in the period the change was implemented if the change only affected that period, or in the period the change was implemented and subsequent periods if the change affects both the current period and subsequent periods.

Assessments made by the company's management when applying IFRS which have a considerable impact on the financial reports, and estimates which may lead to significant adjustments in future financial reports, are deemed not to exist at the present time.

The accounting principles mentioned below for the group have been applied consistently in all periods recorded in the group's financial reports, unless otherwise stated. The group's accounting principles have been applied consistently to reporting and consolidation of the parent company, subsidiaries and joint venture companies.

(c) New/revised accounting principles

(i) New accounting principles

IFRS 7 financial instrument: Information and connected change in IAS1 Structure of financial reports require considerable information regarding the significance of financial instruments for the company's financial position and result as well as qualitative and quantitative information concerning the character and scope of risks. IFRS 7 and connected changes in IAS1 have resulted in further insight into the group's financial reports for 2007 with regard to the group's financial goals and utilisation of equity. The standard has not resulted in new accounting principles, only in changes to meet the transparency requirements. New interpretation bulletins (IFRIC 7–10) have had no impact on the financial reports.

(ii) New IFRS and interpretations that have not yet been applied

IFRS 8 Operations segment, determines what an operative segment is and the information that must be provided about them in the financial reports. The standard, compiled by the EU, shall be applicable from and including the financial year 2009. The introduction of IFRS 8 is at present not considered to have any significant impact on the group's segment reports.

Revised IAS 1 Structure of financial reports, entails a degree of change to the presentation of the financial reports and the proposal of new, non-compulsory, titles for the reports. The changes do not affect the determination of the amounts that are reported. The revised IAS 1, which has not yet been adopted by the EU, shall apply to the financial year 2009. The introduction of these changes is estimated not to have any significant impact on the structure of the financial reports.

Changes have been made to IAS 23 Loan costs, and these stipulate that there must be an activation of loan costs that directly concern purchase, construction or production of assets for the specific purpose or sale, if they require a longer period to be carried out. Changes that as yet have not been adopted by the EU shall apply to the financial year 2009. These will not have any effect since the activation of loan costs occurs even today when the above criteria are met.

The interpretation bulletin (IFRIC 11–IFRIC 14) will not affect the financial reports.

(d) Segment reporting

A segment is an identifiable part of the group included in the accounts that either supplies products or services (lines of business) or goods or services within specific economic circumstances (geographical area), which are exposed to risks and opportunities that differ from other segments. Segment information is submitted in accordance with IAS 14 for the group only.

(e) Classification

Fixed assets and long-term liabilities in the parent company and the group consist almost entirely of amounts that are expected to be recovered or paid more than twelve months after the closing day. Current assets and liabilities in the parent company and the group consist almost entirely of amounts expected to be recovered or paid within twelve months of the closing day.

(f) Consolidation principles

(i) Subsidiaries

Subsidiaries are companies over which Concordia Maritime AB (publ) has a controlling influence. A controlling influence means having the right, directly or indirectly, to shape a company's financial and operative strategies for the purpose of achieving financial advantages. When determining whether or not a controlling

influence exists, potential voting shares that can be utilised or converted without delay must also be considered.

Subsidiaries are consolidated using the acquisition method. This means that the acquisition of a subsidiary is regarded as a transaction whereby the group indirectly acquires the subsidiary's assets and assumes responsibility for its liabilities and contingent liabilities. The consolidation acquisition value is established through an acquisition analysis in connection with the acquisition. The analysis determines both the acquisition value of the share or business and the fair value of acquired identifiable assets and assumed liabilities and contingent liabilities. The difference between the acquisition value of the subsidiary's shares and the fair value of acquired assets, assumed liabilities and contingent liabilities constitutes consolidated goodwill, or negative goodwill. The financial reports of subsidiaries are included in the consolidated accounts from the acquisition date until the date the controlling influence ceases.

(ii) Joint ventures

Joint ventures are companies in the accounts over which the group has a common controlling influence over operational and financial management through co-operation agreements with one or more parties. Shareholdings in joint ventures are consolidated using the proportional method in the consolidated accounts. The proportional method means that for joint-venture companies, the group's ownership of the companies' income and expenses and assets and liabilities is reported in the consolidated income statement and balance sheet. This is done by the joint owner's share of assets and liabilities, income and expenses in a joint-venture company being merged item for item with corresponding items in the joint owner's consolidated accounts. Only equity earned after the acquisition is reported in the consolidated equity. The proportional method is applied from the date when the common controlling influence was gained until the date when it ceases.

(iii) Transactions to be eliminated on consolidation

Intra-group receivables and liabilities, income or expenses and unrealised gains or losses that arise through intra-group transactions between group companies are eliminated in their entirety when drawing up the consolidated accounts. Unrealised gains that arise from transactions with associated companies and jointly controlled companies are eliminated to an extent equivalent to the group's participating share in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of a requirement for impairment losses.

(g) Foreign currency

(i) Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rate on the transaction day. Monetary assets and liabilities in foreign currencies are converted to the functional currency at the closing day rate. Exchange rate differences that arise during translation are reported in the income statement. Non-monetary assets and liabilities that are reported at the historical acquisition value are converted at the exchange rate on the transaction day. Non-monetary assets and liabilities that are reported at their fair value are converted into the functional currency at the rate applicable at the time when the fair value was determined. The exchange rate fluctuation is then reported in the same way as any other change in value for the asset or liability.

(ii) Financial reports concerning foreign operations

Assets and liabilities relating to foreign operations, including goodwill and other consolidation surplus and negative surplus values, are converted into SEK at the closing day. Income and expenses from a foreign operation are converted into SEK at an average exchange rate that is an approximation of the rates on each transaction day. Translation differences that occur during currency conversion of foreign operations are reported directly against equity as a translation reserve.

(iii) Net investment in foreign operations

Translation differences that arise in connection with translation of a foreign net investment and the associated effects of hedging of net investments are reported directly in the translation reserve under equity. When disposing of a foreign operation, the accumulated translation differences attributable to the operation after deductions for any currency hedging are realised in the consolidated income statement.

(h) Income

Consolidated income mainly consists of freight income and time-charter income for vessels. Freight income is generated when vessels are employed on the open market (also called the spot market), i.e. chartered voyage by voyage. Freight income is received and recognised as revenue when the voyage in question is concluded. Freight income for voyages ongoing at the time of each report is divided between the current report period and future report periods on the basis of the number of days the voyage lasts. If the net income (freight income less direct voyage expenses) for the voyage is negative, the entire income is included in the current report period. Time-charter income is received when the vessels are chartered out for a fixed period, normally one year or more. The income, which consists of a fixed charter rate for the vessel, is paid every month in advance and recognised as revenue in the same way as freight income. Profit-split contracts are reported as settled with the charterer. If the settlement period and the financial reporting period deviate, the profit-split contract is reported on the basis of the company management's assessments and estimates, based on the market situation and the charterer's actual earnings for the financial reporting period. The usual settlement period for profit-split contracts is monthly, per 90-day period or per 180-day period.

(i) Operating expenses and financial income and expenses

(i) Payments regarding operating leases

Time-charter agreements are classified as operating leases. With time-chartering, the vessel's owner normally assumes all risks, for example when a vessel is out of service due to breakdown or stoppage. The shipowner is normally responsible for operations and the crew. The lessor's commitments normally cease at the end of the time-charter period. Payments regarding operating lease contracts are reported in the income statement in the same way as freight income above.

(ii) Financial income and expenses

Financial income and expenses comprise interest income from bank balances and receivables, as well as interest-bearing securities, interest expenses on loans, dividend income, exchange rate differences, unrealised and realised gains on financial investments, and derivative instruments used in financial activities.

Interest income on receivables and interest expenses on liabilities are calculated using the effective rate method. The effective rate is the rate that causes the present value of all future payments in and out during the fixed interest term to be the same as the reported value of the receivable or liability. Interest income includes allocated amounts for transaction costs and any discounts, premiums and other differences between the original value of the receivable and the amount received on maturity.

Dividend income is reported once the right to receive payment has been established.

(i) Financial instruments

Financial instruments that are reported in the balance sheet include, on the assets side, cash and cash equivalents, accounts receivable, shares and other equity instruments, loan and bond receivables, as well as derivatives. Items regarded as liabilities and equity include accounts payable, loans and derivatives.

Financial instruments are initially reported at an acquisition value equivalent to the instrument's fair value, with additions for transaction costs for all financial instruments except those that belong to the financial asset category reported at fair value via the income statement, which are instead reported at fair value excluding transaction costs. Further reporting then depends on how the instruments are classified, in accordance with the following.

Cont. note 1

A financial asset or financial liability is recognised in the balance sheet when the company becomes party to the instrument's contractual terms. Accounts receivable are recognised in the balance sheet once an invoice has been issued. Any liability is recognised once the other party has performed its contractual obligations for which payment is required, even if no invoice has been received.

Accounts payable are recognised once an invoice has been received.

A financial asset is removed from the balance sheet once the rights as per the contract are realised or fall due, or the company loses control over the rights. The same applies to part of a financial asset. A financial liability is removed from the balance sheet once the contractual obligation has been fulfilled or has otherwise expired. The same applies to part of a financial liability.

The acquisition and sale of financial assets is reported on the trade date, which is the day on which the company commits itself to acquire or sell the asset, except in those instances when the company acquires or sells listed securities, which are instead reported on the settlement date.

The fair value of listed financial assets corresponds to the asset's listed buying price on the closing day. The fair value of unlisted financial assets is determined using valuation methods, for example, recently completed transactions, prices of similar instruments and discounted cash flows. For further information, see note 20.

On each reporting date, the company assesses whether or not there are any objective indications that a financial asset or a group of financial assets is in need of an impairment loss. For equity instruments classified as available-for-sale assets, a significant and protracted downturn in the fair value below the acquisition value of the instrument is required before an impairment loss is recognised. If an impairment loss is required for an asset in the available-for-sale category, any previously accumulated reduction in value reported directly against equity is transferred to the income statement. Write-downs of equity instruments reported in the income statement must not be reversed later via the income statement.

IAS 39 classifies financial instruments into categories. The classification depends on the intended purpose in acquiring the financial instrument. The company's management determines the classification on the original acquisition date. The categories are as follows:

Financial assets valued at fair value via the income statement

This category consists of two sub-groups: financial assets held for trading and other financial assets that the company has initially chosen to place in this category. A financial asset is classified as being held for trading if it is acquired for the purpose of being sold in the short term. Stand-alone and embedded derivatives are classified as being held for trading, except when they are used for hedge accounting. Assets in this category are continuously measured at fair value with changes in value reported in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Receivables arise when companies provide money, goods or services direct to the borrower with no intention of carrying on trade in the rights in action. Accounts receivable are reported at the amount expected to flow in after deductions for unsecured receivables that have been assessed individually. The expected term for accounts receivable is short, which is why the value has been reported at a nominal amount without any discounting.

Write-downs of accounts receivable are reported in the operating expenses. This category also includes acquired receivables. Assets in this category are measured at the accrued acquisition value. The accrued acquisition value is determined on the basis of the effective rate calculated on the acquisition date.

Held-to-maturity investments

Financial assets with payment streams that are fixed or can be determined in advance and have a fixed term, which the company expressly intends to hold, and is able to hold until maturity. Assets in this category are measured at the accrued acquisition value. The accrued acquisition value is determined on the basis of the

effective rate calculated on the acquisition date. This means that surplus and negative surplus values, as well as direct transaction expenses, are allocated over the term of the instrument.

Available-for-sale financial assets

The Available For Sale financial assets category (AFS) includes financial assets not classified in any other category or those that the company initially chose to classify in this category. Assets in this category are continuously measured at fair value with changes in value against equity. When investments are removed from the balance sheet, any previously reported accumulated result in equity is transferred to the income statement.

Financial liabilities valued at fair value via the income statement

This category consists of financial liabilities held for trading and derivatives (stand-alone and embedded) which are not used for hedge accounting. Liabilities in this category are continually measured at fair value with changes in value reported in the income statement.

Other financial liabilities

Financial liabilities that are not held for trading are measured at their accrued acquisition value. The accrued acquisition value is based on the effective interest rate as calculated when the liability is accepted. This means that surplus and negative surplus values, as well as direct issue expenses, are allocated over the term of the liability.

Derivatives used for hedge accounting

All derivatives are reported at their fair value in the balance sheet. Value changes are reported in the income statement for hedging at fair value. For cash flow hedging and hedging of net investments in a foreign currency, the value changes are reported in specific categories within equity, pending the hedged item being reported in the income statement. Hedge accounting is described in greater detail below.

Cash and cash equivalents

Cash and cash equivalents comprise cash funds and instantly accessible balances at banks and similar institutions, as well as short-term liquid investments with a term from the acquisition date of less than three months, which are exposed to only a minor risk of value fluctuations.

Financial investments

Financial investments consist of either financial assets or short-term investments, depending on the purpose of the holding. If the term or the expected term of possession is more than one year, they are financial assets and if shorter than one year, they are short-term investments.

Financial investments that consist of shares belong to either the financial assets valued at their fair value via the income statement category or the available-for-sale financial assets category.

Interest-bearing securities that are acquired for the purpose of being held until maturity belong to financial assets held until maturity and are valued at the accrued acquisition value.

Interest-bearing securities not likely to be held to maturity are classified as financial assets valued at their fair value via the income statement or available-for-sale financial assets.

When valued at fair value via the income statement, the value change is reported as net financial income/expense.

Long-term receivables and other receivables

Long-term receivables and other short-term receivables are receivables that arise when the company provides money with no intention of carrying on trade involving rights in action. If the expected term of possession is more than one year, they are classed as long-term receivables, and if it is less, as other receivables. These receivables belong to the Loans and receivables category.

Liabilities

Liabilities are classified as other financial liabilities, which means that they are initially reported at the received amount after deductions for transaction costs. After the time of acquisition the loan is valued to its fair value. Long-term liabilities have an expected term of more than one year, while current liabilities have a term of less than one year.

Accounts payable

Accounts payable belong to the other financial liabilities category. Accounts payable have a short expected term and are measured without discounting to a nominal amount.

For further information, see note 20.

(k) Derivatives and hedge accounting

Derivative instruments comprise things like futures contracts, warrants and swaps that are utilised to cover the risks of exchange rate fluctuations and/or exposure to interest rate risks. Derivatives are also agreement terms embedded in other agreements. Embedded derivatives must be reported separately if they are not closely related to the contract. Value changes affecting derivative instruments, both stand-alone and embedded, are reported in the income statement according to the purpose of possession. If a derivative is used for hedge accounting to the extent this is effective, value changes affecting the derivative are reported on the same line in the income statement as the hedged item. Even if hedge accounting is not used, increases and decreases in value affecting the derivative are reported as income or an expense in the operating result or in the net financial income/expense based on the purpose of using the derivative instrument and whether the use is to be related to an operating item or a financial item. In hedge accounting, ineffectiveness is reported in the same way as value changes affecting a derivative that is not being used for hedge accounting.

If hedge accounting is not applied when using interest swaps, the interest coupon is reported as interest, and other changes in the value of the interest swap are reported as other financial income or other financial expense.

In order to meet the requirements for hedge accounting as per IAS 39, an unambiguous connection to the hedged item is required. It must also be the case that hedging effectively protects the hedged item, that hedge documentation has been completed and that the effectiveness is measurable. Gains and losses associated with hedging are reported in the income statement at the same time as gains and losses are reported for hedged items. In those instances when the conditions for hedge accounting can no longer be met, the derivative instrument is reported at fair value with the change in value via the income statement in accordance with the principle described above.

Receivables and liabilities in a foreign currency

When hedging assets or liabilities against exchange rate risk, instruments such as currency futures can be used. No hedge accounting is required for these hedges, as both the hedged item and hedging instrument are valued at their fair value with changes in value reported in the income statement under exchange rate differences. Changes in value for business-related receivables and liabilities are reported in the operating result, while changes in value for financial receivables and liabilities are reported as a net financial income/expense.

Transaction exposure – cash flow hedges

Currency exposure regarding future forecasted cash flows is hedged through currency futures, for example. The instrument that protects the forecast cash flow is recorded in the balance sheet at fair value. The value changes are reported directly against equity in the hedging reserve until the hedged cash flow reaches the income statement, when the hedging instrument's accumulated value changes are transferred to the income statement in order to meet and match the profit effects of the hedged transaction. The hedged cash flows can be both contracted and forecast transactions.

As the hedged future cash flow refers to a transaction set up as an asset in the balance sheet, the hedging reserve is dissolved when the hedged item is reported in the balance sheet. If the hedged item consists of a non-financial asset or a non-financial liability, the dissolution from the hedging reserve is included in the original acquisition value for the asset or liability. If the hedged item consists of a financial asset or financial liability, the hedging reserve is gradually dissolved against the income statement as the hedged item affects the result.

When a hedging instrument falls due, is sold, liquidated or redeemed, or the company modifies identification of the hedging relationship before the hedged transaction has occurred and the forecast transaction is still expected to occur, the reported accumulated profit or loss in the hedging reserve remains as equity and is reported in a similar way as above when the transaction occurs.

If the hedged transaction is no longer expected to occur, the hedging instrument's accumulated profit or loss is immediately dissolved against the income statement in accordance with the principles described above for derivative instruments.

Hedging of the group's fixed interest – cash flow hedges

Interest swaps are used to hedge interest risks, etc. The instrument is measured at fair value in the balance sheet. In the income statement, the interest coupon part is continually reported as interest income or interest expense; any other value change in the instrument is reported directly against the hedging reserve as equity, provided the criteria for hedge accounting and effectiveness are met.

Hedging a fair value

When a hedging instrument is used to hedge a fair value, the derivative is entered at fair value in the balance sheet and the hedged asset/liability is also entered at fair value with regard to the risk being hedged. The change in value of the derivative is reported in the income statement along with the change in value of the hedged item.

Net investments

Investments in foreign subsidiaries (net assets including goodwill) have to a certain extent been hedged through the raising of futures contracts. On the closing day these are recognised at the closing day rate. Exchange rate differences recognised as income by the parent company are eliminated in the consolidated accounts on conversion of net assets in the subsidiary transferred as equity. In those instances hedging is not effective, the ineffective part is reported in the income statement.

(l) Tangible fixed assets

(i) Owned assets

Tangible fixed assets are reported as assets in the balance sheet if it is likely that future financial advantages will be gained by the company and the acquisition value of the asset can be calculated in a reliable way.

Tangible fixed assets are reported in the group at acquisition value after deductions for accumulated depreciation and any impairment loss. The acquisition value includes the purchase price and expenses directly attributable to the asset in order to acquire it in a condition where it can be utilised in accordance with the aim of the acquisition. Examples of directly attributable expenses included in the acquisition value are cost of delivery and handling, installation, land registration, consultancy services and legal services. Loan costs are included in the acquisition value for non-current assets produced by the group. The accounting principles for impairment losses are shown below.

The acquisition value for non-current assets produced by the group includes material costs, remuneration expenses for employees and, if applicable, other manufacturing costs regarded as directly attributable to the asset.

Tangible fixed assets that consist of parts with varying economic lives are treated as separate components of tangible fixed assets.

The reported value for tangible fixed assets is removed from the balance sheet when scrapped, sold or when no future financial advantages are expected from using or scrapping/selling the asset. Any profit or loss resulting from the sale or scrapping of an asset comprises the difference between the sale price and the

Cont. note 1

asset's reported value with deductions for direct selling expenses. The result is reported as other operating income/cost.

(ii) Additional expenses and periodic maintenance

Additional expenses for periodic maintenance are added to the acquisition value only if it is likely that the future financial advantages that are associated with the asset will be available to the company and the acquisition value can be calculated in a reliable way. Depreciation charges for periodic maintenance are reported in the income statement as part of Operating costs for ships, and not as Depreciation according to plan. This division is made in order to clarify the results for operating ships. In note 8, the depreciation charges for periodic maintenance are reported in a separate line. All other additional expenses are reported as a cost for the period in which they arise. The depreciation period for periodic maintenance for owned tonnage is between thirty months and five years, while the depreciation period for time-chartered tonnage runs until the next dry-docking or until re-delivery of the vessel.

A decisive factor in assessing when an additional expense is added to the acquisition value is whether the expense refers to the exchange of identified components, or parts thereof, when such expenses are set up as an asset. Even in those instances when a new component has been created, the expense is added to the acquisition value. Any undepreciated reported values for exchanged components, or parts of components, are scrapped and written off in connection with the exchange. Repairs are written off on an ongoing basis.

(iii) Loan costs

Loan costs which are directly attributable to the purchase, construction or production of an asset, which requires a significant period of time to be made ready for the intended use or sale, are included in the asset's acquisition value. Loan costs are capitalised, provided it is probable that they will lead to future financial advantages and the costs can be measured in a reliable way.

(iv) Depreciation principles

Depreciation is done in a straight line over the asset's estimated economic life. The group applies component depreciation, which means that the components' assessed economic life forms the basis for any impairment loss.

Estimated economic lives:

– Ships	25 years
– Periodic maintenance (dry dock) ship components	2.5–5 years
– Equipment, tools and installations	3–5 years

An asset's residual value and economic life are assessed annually.

(m) Impairment losses

The reported values of the group assets are checked on every closing day with respect to the need for write-downs.

(n) Share capital

Dividends

Dividends are reported as a liability once the Annual General Meeting has approved the dividend.

(o) Remuneration to employees

Defined-contribution pensions

All pension plans in the group are classified as defined-contribution pension plans. The company's obligation for each period consists of the sums that the company is to contribute for the period in question. This sum is charged to the income statement for the period.

(p) Provisions

A provision is reported in the balance sheet when the group has an existing legal or informal obligation as a result of an event that has occurred, and it is likely that

an outflow of resources will be required to settle the obligation, and a reliable assessment of the amount can be made. Where the effect of the date of payment is important, provisions are calculated by discounting the expected future cash flow at a rate of interest before tax that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

(q) Taxes

Income tax comprises current tax and deferred tax. Income tax is reported in the income statement, except when an underlying transaction is reported directly as a change in equity, whereby any pertaining tax effect is reported as equity.

Current tax is tax that must be paid or received in relation to the current year, with application of the tax rates that have been adopted or adopted in practice as of the closing day; this also includes adjustment of current tax attributable to previous periods.

Deferred tax is calculated as per the balance sheet method based on temporary differences between the reported and taxable values of assets and liabilities. The following temporary differences are not taken into account; initial reporting of assets and liabilities that are not business acquisitions and, at the time of the transaction, affect neither the reported nor taxable profit; furthermore temporary differences attributable to shares in subsidiaries or associated companies not expected to be reversed within the foreseeable future are not taken into consideration. The valuation of deferred tax is based on how reported values of assets or liabilities are expected to be realised or settled. Deferred tax is calculated with application of the tax rates and tax rules that have been adopted or adopted in practice as of the closing day. Deferred tax assets regarding deductible temporary differences and deficit deductions are reported only to the extent it is likely these can be utilised. The value of deferred tax assets is reduced when it is assessed to be no longer likely that these can be utilised.

Any additional income tax that arises through dividends is reported at the same time as the dividend is reported as a liability.

(r) Fixed assets held for sale

The implication of a fixed asset classified as held for sale is that its reported value will be recovered, in the main, through its sale and not through use.

Immediately before classification as held for sale, the reported value of the assets must be determined in accordance with applicable standards. When first classified as held for sale, fixed assets are reported at whichever is the lowest, the reported value or fair value with deduction for selling expenses. According to IFRS 5.5, certain balance sheet items are exempt from the valuation rules that apply to IFRS 5. For each subsequent report, the fixed asset must be valued as a whole at the fair value with deductions for selling expenses.

Losses as a result of a drop in value on initial classification as held for sale are included in the income statement, even when it is a question of revaluation. The same is applied to profits or losses on subsequent revaluations. A company may not write off a fixed asset as long as it is classified as being held for sale.

(s) Contingent liabilities

A contingent liability is reported when there is a possible commitment arising from an event that has occurred and whose occurrence is confirmed only by one or more uncertain future events, or when there is a commitment that is not being reported as a liability or provision because it is unlikely that an outflow of resources will be required.

The parent company's accounting principles

The parent company has drawn up its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RR32:06, Accounting for Legal Entities. RR 32:06 means that the parent company in the annual accounts for the legal entity must apply all IFRS and statements approved by the EU, provided this is possible within the framework of the Annual Accounts Act and with regard to the connection between accounting and taxation. The recommendation states which excep-

tions and additions are to be made to IFRS. The differences between the group and parent company's accounting principles are described here.

The accounting principles mentioned below for the parent company have been applied consistently in all periods recorded in the parent company's financial reports.

Income

Sale of goods and implementation of service assignments

Service assignments are reported as profit in the parent company in accordance with the Annual Accounts Act chap. 2 § 4 once the service is completed. Until then, ongoing work on behalf of others with regard to service assignments is reported at whichever is the lowest, the acquisition value or net sales value on the closing day.

Dividends

Dividend income is reported when the shareholders' right to receive payment is deemed to be certain.

Financial instruments

The parent company applies Annual Accounts Act chap. 4 § 14 a–e, which permits the valuation of certain financial instruments at fair value.

Derivatives and hedge accounting

Derivatives not used for hedging are valued in the parent company at their fair value as per the Annual Accounts Act. Reporting of derivatives used for hedging is controlled by the hedged item. This means that the derivative is treated as an off balance-sheet item, provided the hedged item is not included in the balance sheet or is in the balance sheet at acquisition value. Once the hedged item is reported in the balance sheet, the derivative is reported in the balance sheet at its fair value.

Tangible fixed assets

Owned assets

Tangible fixed assets in the parent company are reported at acquisition value after deductions for accumulated depreciation and any impairment loss in the same way as for the group, but with the addition of any written-up values.

Taxes

The parent company reports untaxed reserves including deferred tax liability. In the consolidated accounts, untaxed reserves are allocated between deferred tax liability and equity.

Group contributions and shareholders' contributions for legal entities

The company reports group contributions and shareholders' contributions in accordance with the statement from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force. Shareholders' contributions are transferred directly to equity for the receiver and are capitalised as assets in shares and participating interests by the giver, to the extent no write-down is required. Group contributions are reported according to financial substance. This means that group contributions made for the purpose of minimising the group's total tax are reported directly to profit brought forward after deductions for its current tax effect.

Fixed assets held for sale and discontinued operations

A parent company applies IFRS 5 with the exceptions specified in RR 32.7–8. According to IFRS 5.33 a and IFRS 5.38, certain information must be submitted in the income statement and balance sheet. However, this does not conform to the standard layouts in the appendices to the Annual Accounts Act. The information in question, like other information specified in accordance with IFRS 5, will, therefore, be given in notes. IFRS 5.25, which prescribes that fixed assets held for sale are not to be written off, will not be applied. Instead, depreciation will be carried out in accordance with chap. 4 § 4 of the Annual Accounts Act.

2 Segment reporting

Segment reporting is used for the group's lines of business (Product Tanker and Large Tanker/VLCC) and geographical areas (America and Other). The group's internal reporting system is based on monitoring the return from the group's various freight services, which is why lines of business are the primary basis for division. There is no internal trade between the different segments.

The result, assets and liabilities for each segment include directly attributable items and items that can be divided by segment in a reasonable and reliable manner.

Non-divided items consist of interest and dividend income, profits from the disposal of financial investments, interest expenses, losses from the disposal of financial investments, tax expenses and general administrative costs. Assets and liabilities that have not been divided by segment are deferred tax assets and deferred tax liabilities, financial investments or financial liabilities, or other assets or liabilities that are not directly attributable to a specific segment. Investments in

property, plant and equipment for the segment include all investments, apart from investments in short-term equipment and equipment of lesser value.

Lines of business

Lines of business constitute the group's primary segments. The group consists of the following lines of business:

- Product tankers
- Large tankers/VLCC

Geographical areas

The group's segments are divided into the following two geographical areas: America and Other. Geographical areas comprise the group's secondary segments. The information presented with regard to segment income refers to the geographical areas grouped according to where customers are located.

3 Division of income

Income by material type of income, SEK million	The group		The parent company	
	2007	2006	2007	2006
Net sales:				
Freight income		28.9		
Time-charter income	457.2	352.3	51.7	31.7
Total	457.2	381.2	51.7	31.7

Cont. note 3

Lines of business

The group	Product tankers		Large tankers/VLCC		The group	
	2007	2006	2007	2006	2007	2006
Net sales	275.6	167.6	181.6	213.6	457.2	381.2
Result from ship sales						
Total income	275.6	167.6	181.6	213.6	457.2	381.2
Result per line of business	85.7	51.9	-40.7	-35.9	45.0	16.0
Unallocated costs					-11.0	-11.3
Operating result					34.0	4.7
Financial net					14.0	47.8
Tax expenses					14.9	-0.6
Net result for the year					62.9	51.9
Assets	1,913.0	1,276.8	272.1	337.7	2,185.2	1,614.5
Unallocated assets					625.0	618.0
Total assets					2,810.2	2,232.5
Liabilities	1,109.5	467.5	27.5	38.5	1,137.0	506.0
Unallocated liabilities					46.7	99.5
Total liabilities					1,183.7	605.5
Investments	832.8	748.0	3.9	19.2	836.7	767.2
Depreciation	56.5	34.0	1.0	0.0	57.5	34.0
EBITDA before administration costs (cash flow measurement)	156.0	112.1	-37.3	-9.9		

Geographic areas

The group	America		Other	
	2007	2006	2007	2006
Net sales	208.9	214.9	248.3	166.3

The parent company's income is attributable to Other.

4 Employee and personnel costs

Remuneration expenses for employees

The group	2007	2006
Salaries and remuneration etc.	40.4	31.9
Pension expenses, contribution-based pensions	1.3	2.1
Social security expenses	2.9	2.7
	44.6	36.7

Average number of employees

The parent company	2007 of which men		2006 of which men	
Sweden	2	100%	2	100%
Total parent company	2	100%	2	100%
Subsidiaries				
Switzerland	2	50%	2	50%
Bermuda	1	100%	1	100%
Total for subsidiaries	3		3	
Seagoing personnel	161	100%	96	100%
Group, total	166	99%	101	99%

Information on absence due to illness is not provided, as the parent company in Sweden has fewer than 10 employees.

Gender distribution of company management

	2007 of women	2006 of women
Parent company		
The board of directors	0%	0%
Other senior executives	0%	0%
The group		
The board of directors	0%	0%
Other senior executives	25%	25%

Salaries, other remuneration and social security expenses

Parent company	2007		2006	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
The parent company	5.7	3.8	6.3	3.8
(of which pension expenses)		1.1 ¹⁾		1.3 ¹⁾

1) Of the parent company's pension expenses, SEK 1,104 (1,242) thousand relates to the group board of directors, the management group and the President.

Salaries and other remuneration by country and between board members, etc. and other employees

	2007		2006	
	Board of directors, President and management group	Other employees	Board of directors and President	Other employees
Parent company: Sweden	6.2		6.6	
Subsidiaries: Switzerland	4.0	0.1	3.5	
Subsidiaries: Bermuda	0.1		0.2	
Seagoing personnel		32.0		21.6
Group, total	10.3	32.1	10.3	21.6
(of which bonus payments etc.)	(2.0)		(1.8)	

For further information, see note 16.

5 Auditors' fees and costs

SEK million	The group		The parent company	
	2007	2006	2007	2006
KPMG				
Audit assignments	1.1	1.6	0.5	0.8
Other assignments	0.1	0.2	0.0	0.0

Audit assignments refer to the examination of the Annual Report, the accounts and the administration of the board of directors and the President; other tasks included in the duties of the company's auditor as well as advice and other assistance occasioned by observations made during his/her examination or performance of these other tasks. Everything else falls under other assignments.

6 Net financial income/expenses

The group, SEK million	2007	2006
Interest income on bank balance	2.3	2.9
Interest income on financial assets valued at fair value	39.7	51.0
Dividends on financial assets available for sale	24.2	25.9
Net exchange rate differences		4.3
Financial income	66.2	84.1
Interest expenses on financial liabilities valued at fair value	38.5	25.6
Other financial costs	0.4	1.9
Net loss due to disposal of financial assets valued at fair value	0.1	1.4
Net value change due to revaluation of financial assets	13.0	7.4
Net exchange rate differences	0.2	
Financial costs	52.2	36.3
Financial net	14.0	47.8
	Result from participating interests in group companies	
The parent company, SEK million	2007	2006
Dividends from the group company	0	20.0
	0	20.0

The parent company, SEK million	Result from other securities and receivables		Interest income and similar profit/loss items	
	2007	2006	2007	2006
Interest income, other			1.7	3.0
Interest income on financial assets valued at fair value			2.8	3.0
Net result on disposal of financial assets valued at fair value		0.5		
Net value change due to revaluation of financial assets		3.1		
Net exchange rate fluctuations			99.7	141.1
	3.6		104.2	147.1
			Interest expenses and similar items	
The parent company, SEK million			2007	2006
Interest expenses, group companies			3.5	10.8
Interest expenses on financial liabilities valued at fair value			51.5	40.5
Net value change due to revaluation of financial assets			0.5	
			55.5	51.3

7 Taxes

Reported in the income statement

The group, SEK million	2007	2006
Deferred tax expense (-) /tax income (+)	0.1	-0.9
Deferred tax with regard to temporary differences	-20.7	0.3
Deferred tax income during the year capitalised as tax loss carry forward	11.7	
Tax reported against equity	23.8	
Total reported tax expense for the group	14.9	-0.6
The parent company, SEK million	2007	2006
Deferred tax expense (-) /tax income (+)		
Deferred tax income during the year capitalised as tax loss carry forward	11.7	5.7
Deferred tax expense resulting from excess depreciation	-20.6	-28.0
Total reported tax expense for the parent company	-8.9	-22.3

Cont. note 7

Reconciliation of effective tax

The group, SEK million	2007, %	2007	2006, %	2006
Result before tax		48.0		52.5
Tax as per applicable tax rate for parent company	28	13.4	28	14.7
Effect of other tax rates for foreign subsidiaries	-61	-29.0	-27	-14.0
Non-deductible expenses	1	0.4	1	0.4
Other untaxed income			-1	-0.5
Adjustment for previous years	1	0.3		
Reported effective tax	-31	-14.9	1	-0.6
The parent company, SEK million	2007, %	2007	2006, %	2006
Result before tax		28.6		100.0
Tax as per applicable tax rate for parent company	28	8.1	28	28.0
Non-deductible expenses	1	0.3	0	0.4
Tax-free dividend			-6	-5.6
Other untaxed income			0	-0.5
Adjustment for previous years	2	0.5		
Reported effective tax	31	8.9	22	22.3

Tax items reported directly against equity

The group, SEK million	2007	2006
Tax attributable to hedging	23.8	21.6
	23.8	21.6

*Reported in the balance sheet**Deferred tax assets and liabilities***Reported deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

The group, SEK million	Deferred tax assets		Deferred tax liability	
	2007	2006	2007	2006
Provisions			9.7	9.9
Tax loss carry forwards	39.4	27.7		
Excess depreciation			48.6	28.0
Tax assets/liabilities	39.4	27.7	58.3	37.9
Offset	-39.4	-26.6	-39.4	-26.6
Tax assets/liabilities, net	0.0	1.1	18.9	11.3

Reported deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

The parent company, SEK million	Deferred tax assets/liabilities	
	2007	2006
Tax loss carry forwards	39.4	26.6
Excess depreciation	-48.6	-28.0
Tax assets/liabilities, net	-9.2	-1.4

The parent company's change between the years has been reported as deferred tax income.

The group's tax loss carry forwards are distributed as follows:

SEK million	2007	2006
Sweden	140.6	98.9
Total	140.6	98.9

No tax loss carry forwards have a due date.

8 Tangible fixed assets

The group, SEK million	Vessels	Vessels under construction	Equipment	Total
Acquisition value				
Opening balance, 1 January, 2006	304.7	384.7	0.3	689.7
Purchases	41.9	725.3		767.2
Reclassification to vessels	843.9	-843.9		
Exchange rate differences	-103.6	-43.8		-147.4
Closing balance, 31 December, 2006	1,086.9	222.3	0.3	1,309.5
Opening balance, 1 January, 2007	1,086.9	222.3	0.3	1,309.5
Purchases	12.5	826.0	0.1	838.6
Reclassification to vessels	883.4	-883.4		
Exchange rate differences	-112.6	-6.6		-119.2
Closing balance, 31 December, 2007	1,870.2	158.3	0.4	2,028.9
Depreciation and write-downs				
Opening balance, 1 January, 2006	0.5		0.2	0.7
Depreciation for the year	34.0		0.0	34.0
Depreciation for the year by period maintenance	6.2			6.2
Exchange rate differences	-2.5			-2.5
Closing balance, 31 December, 2006	38.2		0.2	38.4
Opening balance, 1 January, 2007	38.2		0.2	38.4
Depreciation for the year	57.4		0.1	57.5
Depreciation for the year by period maintenance	10.1			10.1
Exchange rate differences	-5.1			-5.1
Closing balance, 31 December, 2007	100.6		0.3	100.9
Reported values				
1 January, 2006	304.2	384.7	0.1	689.0
31 December, 2006	1,048.7	222.3	0.1	1,271.1
1 January, 2007	1,048.7	222.3	0.1	1,271.1
31 December, 2007	1,769.6	158.3	0.1	1,928.0

Loan costs

The group 2007, SEK million	Vessels	Vessels under construction	Total
Loan costs included in asset acquisition values during the reporting period	7.6	2.6	10.2

The group 2006, SEK million	Vessels	Vessels under construction	Total
Loan costs included in asset acquisition values during the reporting period	6.1	10.8	16.9

The parent company, SEK million	Vessels	Equipment	Total
Acquisition value			
Opening balance, 1 January, 2006		0.3	0.3
Acquisitions	465.3		465.3
Closing balance, 31 December, 2006	465.3	0.3	465.6
Opening balance, 1 January, 2007	465.3	0.3	465.6
Acquisitions		0.1	0.1
Closing balance, 31 December, 2007	465.3	0.4	465.7
Depreciation			
Opening balance, 1 January, 2006		0.2	0.2
Depreciation for the year	11.6	0.0	11.6
Closing balance, 31 December, 2006	11.6	0.2	11.8
Opening balance, 1 January, 2007	11.6	0.2	11.8
Depreciation for the year	20.0	0.1	20.1
Closing balance, 31 December, 2007	31.6	0.3	31.9
Reported values			
1 January, 2006		0.1	0.1
31 December, 2006	453.7	0.1	453.8
1 January, 2007	453.7	0.1	453.8
31 December, 2007	433.7	0.1	433.8

Securities

As of 31 December, 2007, vessels with a reported value of SEK 1,769.6 million (1,048.7) have been offered as security for the available credit facility.

9 Participating interests in joint ventures

Group

The group has a 50 per cent holding in the joint-venture companies Terra LTD and Lacus LTD, two shipping companies.

The group's financial reports include the items below that constitute the group's ownership in the joint-venture company's assets, liabilities, income and expenses.

SEK million	2007	2006
Income	42.5	
Expenses	-40.1	0.0
Result	2.4	0.0
Fixed assets	292.0	117.7
Current assets	14.7	1.1
Total assets	306.7	118.8
Long-term liabilities	226.6	113.9
Current liabilities	16.0	0.8
Total liabilities	242.6	114.7
Net assets/net liabilities	64.1	4.1

10 Financial investments

The group, SEK million	2007-12-31	2006-12-31
Financial investments that are fixed assets		
Financial assets available for sale (valued via fair value reserve in equity)		
Shares and participating interests	218.5	246.5
	218.5	246.5

Short-term investments that are current assets		
Financial assets valued at fair value via the income statement		
Interest-bearing securities	365.7	486.3
Other holdings	31.4	31.3
	397.1	517.6

11 Long-term receivables and other receivables

The group, SEK million	2007-12-31	2006-12-31
Long-term receivables that are fixed assets		
Endowment insurance for pension commitments	7.7	9.0
	7.7	9.0

Other receivables that are current assets		
Bunker storage		6.1
Other short-term receivables	28.1	16.4
Derivatives held for hedging	128.7	42.0
	156.8	64.5

The parent company, SEK million	2007-12-31	2006-12-31
Long-term receivables		
Endowment insurance for pension commitments	7.7	9.0
	7.7	9.0

Other receivables (short-term)		
Other receivables	1.2	3.1
Derivatives held for hedging	38.8	26.6
	40.0	29.7

Long-term receivables		
Accumulated acquisition values		
At the start of the year	9.0	10.7
Payments	-1.3	-1.7
Closing balance, 31 December	7.7	9.0

12 Prepaid expenses and accrued income

SEK million	The group		The parent company	
	2007-12-31	2006-12-31	2007-12-31	2006-12-31
Prepaid time-charter hire	21.5	70.0		
Other prepaid expenses	9.1	3.6	0.5	1.2
Accrued financial income	15.9	18.9	3.1	1.3
	46.5	92.5	3.6	2.5

13 Cash and cash equivalents

The group, SEK million	2007-12-31	2006-12-31
<i>The following sub-components are included in cash and cash equivalents:</i>		
Cash and bank balances	46.6	13.7
Deposits	9.0	16.5
Total as per balance sheet	55.6	30.2
Total as per cash flow statement	55.6	30.2

14 Profit per share

During 2007 or 2006 the company has not carried out any transactions that affect the number of issued shares henceforth. See list below. There has therefore been no dilution. The calculation is applied to the average number of shares outstanding. There are no outstanding financial instruments that can cause a dilution effect in the future.

Profit per share for total, residual and discontinued activities

SEK	2007	2006
Profit per share	1.32	1.09
Profit per share from remaining activities	1.32	1.09

List of issued shares

Number	2007	2006
Class A shares	4,000,000	4,000,000
Class B shares	43,729,798	43,729,798
Total	47,729,798	47,729,798

15 Interest-bearing liabilities

The group, SEK million	2007-12-31	2006-12-31
Bank loans (Revolving credit facility)	1,063.0	506.2
Total non-current liabilities	1,063.0	506.2

The group, SEK million	2007-12-31	2006-12-31
Bank loans (Revolving credit facility)	10.0	
Total short-term liabilities	10.0	0

The parent company, SEK million	2007-12-31	2006-12-31
Bank loans (Revolving credit facility)	836.4	460.5
Total non-current liabilities	836.4	460.5

The group has credit arrangements totalling USD 368.3 million, of which USD 166.8 million had been utilised at the year-end. The arrangement is conditional on achieving certain financial key figures. For more information on the company's exposure to interest risk and risk from exchange rate fluctuations, refer to note 20.

16 Remuneration to employees

Defined-contribution pensions

In Sweden the group has defined-contribution pension plans for its employees that are totally financed by the company.

Outside Sweden, there are defined-contribution plans for which the costs are partially borne by subsidiaries and partially by employee contributions.

Payment for these plans is made continually as per the rules for each plan.

SEK million	The group		The parent company	
	2007	2006	2007	2006
Costs of defined-contribution pensions	1.3	2.1	1.1	1.3

Benefits for senior executives

Remuneration and other benefits during the year

SEK thousand	Basic salary, board of director's fees	Variable remuneration	Other benefits	Pension cost	Total
Chairman of the board	350				350
Deputy Chairman of the board	350				350
Board members	920				920
President	2,437	1,740	93	1,011	5,281
Other senior executives (3 people)	3,763	543	75	280	4,661
Total	9,180	2,283	168	1,291	11,562

See Corporate governance section for information regarding remuneration, benefits and agreements for the board, President and senior executives.

17 Provisions

The group, SEK million	2007-12-31	2006-12-31
Provisions that are long-term liabilities		
Commitments relating to ship management	6.1	19.6
Total	6.1	19.6

Provisions that are current liabilities		
Commitments relating to ship management	9.5	13.1
Ongoing dispute concerning ship sale		
Total	9.5	13.1

Group: Commitments relating to ship management

The group, SEK million	2007-12-31	2006-12-31
Reported value at start of period	32.7	47.5
Amount used during the period	-17.1	-14.8
Reported value at end of period	15.6	32.7

Group: Ongoing dispute concerning ship sale

The group, SEK million	2007-12-31	2006-12-31
Reported value at start of period		18.3
Provisions made during the period		
Amount used during the period		-18.3
Reported value at end of period	0.0	0.0

Total provisions for the group

The group, SEK million	2007-12-31	2006-12-31
Total reported value at start of period	32.7	65.8
Provisions made during the period ¹⁾		
Amount used during the period	-17.1	-33.1
Total reported value at end of period	15.6	32.7

Of which total long-term element of provisions	6.1	19.6
Of which total short-term element of provisions	9.5	13.1

1) Provisions made during the year include existing provisions.

Payments

The group, SEK million	2007-12-31	2006-12-31
Amount of the provision expected to be paid after more than twelve months	6.1	19.6

18 Other liabilities

The group/parent company, SEK million	2007-12-31	2006-12-31
Other long-term liabilities		
Pension commitments (covered by endowment insurance)	7.7	9.0
	7.7	9.0

The group, SEK million		
Other short-term liabilities		
Liabilities to other related parties	0.9	
Tax liability	3.4	4.1
Other short-term liabilities	4.6	
	8.9	4.1

19 Accrued expenses and deferred income

SEK million	The group		The parent company	
	2007-12-31	2006-12-31	2007-12-31	2006-12-31
Accrued voyage costs ships	16.5	3.7	3.8	3.0
Accrued personnel costs	0.9	1.8	0.6	1.4
Other accrued expenses	10.7	28.8	3.6	2.1
Accrued interest costs	7.2		5.1	
Deferred income	24.2	7.4		
	59.5	41.7	13.1	6.5

20 Financial risks and finance policies

As a result of its activities, the group is exposed to various types of financial risks. Financial risks refer to fluctuations in the company's income and cash flow as a result of changes in exchange rates, interest levels, refinancing and credit risks. The group's finance policy for managing financial risks has been drawn up by the board and forms a framework of guidelines and rules in the form of risk mandates and limits for financial activities. The responsibility for the group's financial transactions and risks is handled centrally by the parent company's finance department. The overall objective for the finance function is to supply cost-effective financing and to reduce the negative effects of market fluctuations on the group's earnings.

Liquidity risks

The term liquidity risk (also referred to as the financing risk) refers to the risk that financing cannot be obtained at all, or only at significantly increased cost. According to the finance policy, there must always be sufficient ready cash and guaranteed credit facilities to cover the next six months. The group has guaranteed borrowing of up to approx. 80% of the total investment sum for ten P-MAX tankers. Borrowing has also been guaranteed up to around 80% for the two Panamax tankers being built as a joint venture. Guaranteed borrowing together with available

Cont. note 20

financial assets mean that the group will have a low debt/equity ratio when investments in the new fleet are concluded in 2010.

Interest risks

The interest risk is the risk that the value of a financial instrument will vary due to changes in market interest rates. Interest risk may consist of both changes in fair value – price risk, and changes in cash flow – cash flow risk. A significant factor affecting the interest risk is the fixed-rate period. Long fixed-rate periods mainly affect the cash-flow risk, while shorter fixed-rate periods affect the price risk.

Management of the group's interest exposure is centralised, which means that

the central finance function is responsible for identifying and managing this exposure. No hedging of future interest expense has been initiated. No hedging has been carried out for the interest-bearing instruments held by the group (consisting of corporate bonds). The finance department continually follows the interest market and submits a recommendation to the board regarding any interest-rate hedging required.

Effective rate and due-date structure

Interest-bearing financial assets and liabilities. The table below shows the effective rate on the closing day, and the due-date structure of financial assets and liabilities.

The group, SEK million	Interest rate %	Fixed-rate period	Effective rate %	Currency	Nominal sum in original currency	2007-12-31	2006-12-31
Corporate bond portfolio	10.03	Fixed during term	10.12	USD	54,600	365.7	486.2
Revolving credit facility		Variable 3 months	5.70	USD	130,000	-836.4	-506.2
Bank loans		Variable 3 months	3.99	USD	36,800	-236.7	

The group, SEK million	2007						2006					
	Total	Within 1 year	2 years	3 years	4 years	5 years and longer	Total	Within 1 year	2 years	3 years	4 years	5 years and longer
Corporate bond portfolio	365.7		214.4	34.7		116.6	486.2	82.8		240.5	37.9	125.0
Revolving credit facility	-836.4					-836.4	-506.2					-506.2
Bank loans	-236.7	-10.0	-10.0	-10.0	-10.0	-196.7						

Credit risks

Credit risks for financial activities

Financial risk management involves exposure to credit risks. It is primarily counter-party risks in connection with claims on banks and other counter-parties that arise when purchasing derivative instruments. The finance policy contains a special counter party clause that specifies that derivatives and similar items are only made for a selection of banks. In terms of the credit risk for other financial assets, such as corporate bonds, the group primarily invests in the sector and branch which the group is active in and thus knows, which is judged to reduce the risk significantly.

Credit risks for Accounts receivable

The risk that the company's/group's customers do not meet their obligations, i.e. that payment is not received for Accounts receivable, constitutes a customer credit risk. The majority of the group's customers have good or very good credit. A bank guarantee or other security is required for customers with a low credit rating or insufficient credit history. On the closing day, there was no significant concentration of credit exposure. The maximum exposure to credit risk is shown by the reported value in the balance sheet for each financial asset.

Credit risks for investments

The group's investments in ships involve advances being paid on an ongoing basis to the shipyard during the construction period. Bank guarantees are issued to secure repayment of advances in the event of the counter-party being unable to meet its obligations.

Currency risk

Translation exposure

The group is exposed to various types of currency risk as specified below. It should be noted that currency risk are hedged in their entirety when they are attributable to a financial asset or liability in a currency other than SEK and USD. As per the policy, standardised derivatives must be used. In the accounts, hedge accounting is applied. See note 1.

Currency risk equity

A weak US dollar reduces Concordia Maritime's equity and net asset value, and vice versa. The exchange rate effect that arises during translation to Swedish krona (SEK) involving foreign subsidiaries is reported directly against equity in the consolidated balance sheet. The company's overall currency policy is to partially hedge this exposure. The policy states that around 50% of the equity is hedged against exchange rate fluctuations. This mainly takes place through the use of currency futures. During 2007, USD 135 million was hedged against SEK. Hedging against SEK has been reported, in accordance with IAS 39, as hedging of net investments

in foreign activities (i.e. against equity). The exchange rate was 6.87 as of 31 Dec 2006 and 6.43 as of 31 Dec 2007. The negative net effect on equity from a weaker dollar is SEK -75,7 (-177,7) million, corresponding to SEK -1.59 per share (-3.72). The sum includes a positive effect of SEK 45.3 (77.1) million on the hedging of the US Dollar against SEK.

The accumulated exchange rate differences reported directly to equity are SEK -231.7 (-156.0) million, corresponding to SEK -4.85 per share (-3.27). A change in the USD exchange rate of SEK 0.10 is deemed to affect Concordia Maritime's equity by around SEK 16 million or SEK 0.34 per share.

Currency risk in current activities (transaction exposure)

The group's entire income is in US Dollars. The cost side is also strongly dominated by the US Dollar, except for certain administrative costs in SEK and the Swiss franc. Exchange rate variations thus affect neither the cash flow nor earnings significantly. The exchange rate difference in the business amounts to SEK 0.0 (4.3) million. No hedging against exchange rate variations in current activities has been implemented.

Some future shipyard payments will be in Euro. When the contract started in 2006, these were hedged against the US Dollar. In total, EUR 77.2 million has been hedged against the US Dollar. As at 31 December, 2007, a total of SEK 89.9 (15.4) million has been reported as a hedging reserve in equity (see also the section on cash flow hedging in Note 1). This EUR 77.2 million will be paid in sequence with the new construction programme and will only affect asset acquisition values. For further information on the expected time of payment, see Note 22 Investment commitments.

Financial exposure – outstanding derivative instruments

The group's borrowing takes place in the investment currency of US Dollars and is thus not affected by currency exposure.

Sensitivity analysis

The group aims to reduce short-term fluctuations in the group's earnings by managing its interest rate and currency risks. In the long term, however, permanent changes in exchange rates and interest rates will have an effect on the consolidated earnings.

A general increase of 1 per cent in SEK against the US Dollar has been estimated to reduce the consolidated earnings before tax by approx. SEK 0.9 million for the year ending 31 December, 2007 (SEK 2.4 million). Changes in the value of currency futures have been included in this estimate.

As of 31 December, 2007, a general increase in the US LIBOR interest rates of 1 per cent is estimated to reduce the group's result before tax by approx. SEK 8.4 (2.5) million.

Assessment of financial assets and liabilities

Fair value and reported value are reported in the balance sheets below.

The group 2007, SEK million	Financial assets valued at fair value via the income statement	Derivatives used in hedge accounting	Available- for-sale financial assets	Accounts and loans receivables	Financial liabilities valued at fair value via the income statement	Other liabilities	Total reported value	Total fair value
Financial investments				218.5			218.5	218.5
Long-term receivables			7.7				7.7	7.7
Other receivables		128.7					128.7	128.7
Short-term investments	397.1						397.1	397.1
Total	397.1	128.7	7.7	218.5			752.0	752.0
Long-term interest-bearing liabilities					1,063.1		1,063.1	1,063.1
Other long-term liabilities						7.7	7.7	7.7
Short-term interest-bearing liabilities					10.0		10.0	10.0
Accounts payable and other liabilities							0	0
Total					1,073.1	7.7	1,080.8	1,080.8
Unreported profit/loss	0	0	0	0	0	0	0	0

The group 2006, SEK million	Financial assets valued at fair value via the income statement	Derivatives used in hedge accounting	Available- for-sale financial assets	Accounts and loans receivables	Financial liabilities valued at fair value via the income statement	Other liabilities	Total reported value	Total fair value
Financial investments				246.5			246.5	246.5
Long-term receivables			9.0				9.0	9.0
Other receivables		42.0					42.0	42.0
Short-term investments	517.6						517.6	517.6
Total	517.6	42.0	9.0	246.5			815.1	815.1
Long-term interest-bearing liabilities					506.2		506.2	506.2
Other long-term liabilities						9.0	9.0	9.0
Accounts payable and other liabilities						0	0	0
Total					506.2	9.0	515.2	515.2
Unreported profit/loss	0	0	0	0	0	0	0	0

The group 2007, SEK million	Financial assets valued at fair value via the income statement	Derivatives used in hedge accounting	Available- for-sale financial assets	Accounts and loans receivables	Financial liabilities valued at fair value via the income statement	Other liabilities	Total reported value	Total fair value
Long-term receivables			7.7				7.7	7.7
Other receivables		38.8					38.8	38.8
Short-term investments	61.6						61.6	61.6
Total	61.6	38.8	7.7				108.1	108.1
Long-term interest-bearing liabilities					836.4		836.4	836.4
Other long-term liabilities						7.7	7.7	7.7
Accounts payable and other liabilities						34.4	34.4	34.4
Total					836.4	42.1	878.5	878.5
Unreported profit/loss	0	0	0	0	0	0	0	0

The group 2006, SEK million	Financial assets valued at fair value via the income statement	Derivatives used in hedge accounting	Available- for-sale financial assets	Accounts and loans receivables	Financial liabilities valued at fair value via the income statement	Other liabilities	Total reported value	Total fair value
Long-term receivables			9.0				9.0	9.0
Other receivables		26.6					26.6	26.6
Short-term investments	64.0						64.0	64.0
Total	64.0	26.6	9.0				99.6	99.6
Long-term interest-bearing liabilities					460.5		460.5	460.5
Other long-term liabilities						9.0	9.0	9.0
Accounts payable and other liabilities								
Total					460.5	9.0	469.5	469.5
Unreported profit/loss	0	0	0	0	0	0	0	0

Cont. note 20

Assessment of fair value

The following summarises the methods and assumptions primarily used to determine the fair value of the financial instruments reported in the table above.

Securities

The fair value is based on listed market prices on the closing day without deductions for transaction costs.

Derivative instruments

Forward agreements are either valued at the actual market price by using listed market prices or by discounting the forward price and then deducting the current spot

rate. Outstanding currency futures contracts as at 31 Dec 2007 against the US Dollar are EUR 77.2 (77.2) million, and against the SEK are US Dollar 135 (120) million.

Accounts receivable and creditors

For Accounts receivable and creditors with a remaining economic life of less than one year, the reported value is regarded as reflecting the fair value.

Interest-bearing liabilities

Fair value for liabilities that are not derivative instruments is assessed on the basis of the future cash flow of equity and of interest rates, discounted to current market rates on closing day.

21 Operating leases

The group's contracts with respect to time charters in and out of vessels are classified as operating leases. Non-declared options are not included in the estimation of accounts.

Leasing agreements where the company is the lessee (time charter in)

Non-terminable leasing payments amount to:

SEK million	The group	
	2007	2006
Within one year (2008)	170.2	171.1
Between one and five years (2009–2012)	150.0	325.5
Longer than five years		
	320.2	496.6

The group time-chartered for five years the vessels *Stena Vision* and *Stena Victory*, which were sold to Arlington Tankers LTD in 2004. During the fourth and fifth year of the agreement, in addition to a fixed charter rate, a variable charter rate must be paid amounting to 50% of what the vessels generate in freight receipts, in addition to the fixed hire. There are no agreements running beyond 2010.

22 Investment commitments

The group

Contractual obligations with respect to investment in vessels amount to SEK 260.0 (598.1) million in 2008, of which joint ventures constitute SEK 0.0 (195.0) million. For 2009 and onwards, this obligation amounts to SEK 1,083.1 (1,589.5) million.

SEK million	The group	
	2007	2006
Time-chartering costs	195.5	204.8
Time-charter income for objects that are chartered out amounts to	185.5	213.6

Leasing agreements where the company is the lessor (chartering out)

The future non-terminable leasing payments are as follows:

SEK million	The group	
	2007	2006
Within one year (2008)	520.2	431.4
Between one and five years (2009–2012)	1,563.9	1,357.0
Longer than five years	828.2	1,015.3
	2,912.3	2,803.7

Agreements to charter out vessels have been signed for nine of the twelve tankers in the new construction programme and for the two time-chartered tankers *Stena Vision* and *Stena Victory*. The assessment above is based on the fixed charter rates specified in the agreements to charter out vessels; where relevant, profit-split clauses are not observed. The time-charter agreements are in US dollars and are translated at the closing day rate.

23 Pledged assets, contingent liabilities and contingent assets

SEK million	The group		The parent company	
	2007-12-31	2006-12-31	2007-12-31	2006-12-31
Pledged assets				
<i>In the form of pledged assets for own liabilities and provisions</i>				
Vessel mortgages	1,788.1	869.8	257.3	274.9
Shares in subsidiaries (in group equity)	1,314.4	1,019.2		
Total pledged assets	3,102.5	1,889.0	257.3	274.9
Contingent liabilities				
The parent company's guarantees for implementing time-charter agreements in subsidiaries. The sum consists of minimum payments during the term of the contract.				
			352.4	496.6
Total contingent liabilities			352.4	496.6

The rights for certain insurance, new construction and time-charter agreements have been pledged on behalf of the banks that have issued credit commitments.

24 Related parties

Relationships with related parties

The parent company is closely affiliated to its subsidiaries. See note 25.

List of transactions with related parties

Affiliated party The group, SEK million	Year	Purchase of and services from affiliated	Liabilities to affiliated at 31 December	Claim on affiliated party at 31 December
Other affiliated parties	2007	22.2	0.9	
Other affiliated parties	2006	24.6		0.3

Affiliated party The parent company, SEK million	Year	Purchase of and services from affiliated	Liabilities to affiliated at 31 December	Claim on affiliated party at 31 December
Subsidiaries	2007		30.7	
Subsidiaries	2006			46.6
Other affiliated parties	2007	4.1	0.9	
Other affiliated parties	2006	2.4		0.3

Concordia Maritime's organisation is limited and therefore it buys services from the affiliated company Stena Bulk, which runs similar tanker operations. Accordingly, there is an agreement which regulates the relationship between the two companies with respect to new business. This agreement gives Concordia Maritime the right to decline or partake to the extent of 50 or 100 per cent in any new business opportunity. Services in the following areas are bought from Stena Bulk or other companies within the Stena Sphere on a regular basis:

- Vessel charter. Payment is based on a commission of up to 1.25 per cent of freight rates.
- Commission for purchase or sale of vessels. Remuneration is based in a commission of one per cent.
- Operation and manning of the group's vessels, so-called ship management. Ship management fees are based on a fixed price per year and vessel.

- Purchases of bunker oil. Remuneration is based on a fixed commission per purchased tonne.
- Administration, marketing, insurance services, technical follow-up and development of Concordia Maritime's fleet. Payment is based on a fixed price per month and vessel, while insurance services are covered by a variable price per vessel. In the case of technical consultancy services for new building projects, an hourly rate is charged on an ongoing basis, which is then charged to the project.
- Office rent and office services for Concordia Maritime's personnel. A fixed price per year is charged

All company transactions between affiliated parties take place on commercial terms and at market prices.

25 Group companies

Significant subsidiary holdings

	Subsidiary's registered office, country	Ownership in %	
		2007	2006
Concordia Maritime Chartering AB	Sweden	100	100
Concordia Maritime AG	Switzerland	100	100
Concordia Maritime (Bermuda) Ltd	Bermuda	100	100
CM V-MAX I Ltd	Bermuda	100	100
CM V-MAX II Ltd	Bermuda	100	100
CM P-MAX I Ltd	Bermuda	100	100
CM P-MAX II Ltd	Bermuda	100	100
CM P-MAX IV Ltd	Bermuda	100	100
CM P-MAX V Ltd	Bermuda	100	100
CM P-MAX VI Ltd	Bermuda	100	100
CM P-MAX VII Ltd	Bermuda	100	100
CM P-MAX VIII Ltd	Bermuda	100	100
CM P-MAX IX Ltd	Bermuda	100	100
CM P-MAX X Ltd	Bermuda	100	100
Terra Ltd	Bermuda	50	50
Lacus Ltd	Bermuda	50	50

The parent company, SEK million	2007-12-31	2007-12-31
Accumulated acquisition values	754.2	754.2
Closing balance, 31 December	754.2	754.2

There have been no write-downs or write-ups.

Cont. note 25

Specification of the parent company's direct holdings of shares in subsidiaries

Subsidiary/Corporate ID/Registered office	Number of shares	Share in %	31 Dec 2007 Reported value	31 Dec 2006 Reported value
Concordia Maritime Chartering AB, 556260-8462, Gothenburg	250,000	100	38.0	38.0
Rederi AB Concordia, 556224-6636, Gothenburg	3,000	100	0.4	0.4
Concordia Maritime AG, Switzerland	15,000	100	715.8	715.8
			754.2	754.2

26 Cash flow statement**Cash and cash equivalents**

The group, SEK million	2007-12-31	2006-12-31
<i>The following sub-components are included in cash and cash equivalents:</i>		
Cash and bank balances	46.6	13.7
Deposits	9.0	16.5
Total as per balance sheet	55.6	30.2
Total as per cash flow statement	55.6	30.2

The parent company, SEK million	2007-12-31	2006-12-31
<i>The following sub-components are included in liquid assets¹:</i>		
Cash and bank balances	271.5	58.5
Utilised current account credit	-34.4	
Total as per balance sheet	237.1	58.5
Total as per cash flow statement	237.1	58.5

Interest paid and dividend received

SEK million	The group		The parent company	
	2007	2006	2007	2006
Dividend received	24.2	25.9		
Interest received	53.9	53.9	4.6	6.0
Interest paid	-49.2	-25.6	-54.9	-51.3
	28.9	54.2	-50.3	-45.3

Adjustments for items not included in cash flow

SEK million	The group		The parent company	
	2007	2006	2007	2006
Depreciation	57.5	34.0	18.5	11.7
Write-off of periodic maintenance	10.1	6.2	1.5	
Unrealised exchange rate differences			-42.9	-29.9
Changes in the value of financial instruments	12.6	7.4	0.5	-3.1
Provisions				
Income from sale of financial assets	0.3	0.5		-0.5
Other	-5.5	1.1	0.1	
	75.0	49.2	-22.3	-21.8

27 Events after the closing day

No significant events have occurred since the closing day.

28 Information on the parent company

Concordia Maritime AB (publ) is a Swedish-registered limited company with its registered office in Gothenburg. The company's shares are listed on the OMX Nordic Exchange Stockholm. The address of the head office is SE-405 19 Gothenburg, Sweden.

The consolidated accounts for 2007 consist of the parent company and its subsidiaries, together referred to as the group. The group also includes the owned share of joint-venture companies.

Stena Sessan Rederi AB, whose parent company is Stena Sessan AB, corp. ID 556112-6920, with its registered office in Gothenburg, owns around 52% of the capital and around 73% of the total number of votes in Concordia Maritime AB.

Verification of the board of directors

The consolidated accounts and the annual report have been compiled in accordance with international accounting standards as adopted by the European Parliament through ordinance (EG) no. 1606/2002 of 19 July 2002 for the application of international accounting standards and accepted accounting principles respectively,

and they give an honest picture of the group's and the parent company's positions and results. The board of directors' report for the group and the parent company, respectively, give an honest account of the group's and the parent company's operations, positions and results, and, in addition, explain the considerable risks and uncertainties facing the parent and the group companies in the future.

Gothenburg, 7 March, 2008

Per Bjurström

Stefan Brocker

Bert Åke Eriksson

Mats Jansson

C. Mikael von Mentzer
Deputy Chairman

Morten Chr. Mo

Hans Norén
President

Dan Sten Olsson
Chairman

Jens Ole Hansen

Jörgen Lorén

My audit report was submitted 7 March 2008

Johan Kratz

Authorised Public Accountant

Audit report

To the Annual General Meeting of Concordia Maritime AB (publ) Corp. ID 556068-5819

I have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the President of Concordia Maritime AB (publ) for the year 2007. The company's annual report is included in the printed version of this document on pages 45–73. It is the board of directors and the President who bear the responsibility for the accounting records and management, for the application of the Annual Accounts Act in the preparation of the Annual Report, and that the IFRS international reporting standard, as adopted by the EU and the Annual Accounts Act, is applied in the preparation of the consolidated accounts. My responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on my audit.

This audit was conducted in accordance with generally accepted auditing standards in Sweden. Those standards require that I plan and perform the audit to obtain a high but not absolute assurance that the annual accounts and consolidated accounts are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the President and assessing significant estimates made by the board of directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation

of information in the annual accounts and the consolidated accounts. As a basis for my opinion concerning discharge from liability, I examined significant decisions, actions taken, and the circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President. I have also examined whether any board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. I believe that my audit provides a reasonable basis for my opinion as set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's financial position and results in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international accounting standards (IFRS) as adopted by the EU and the Annual Accounts Act and provide a true and fair view of the group's financial position and results. The board of directors' report is consistent with the various parts of the annual accounts and the consolidated accounts.

I recommend to the Annual General Meeting of shareholders that the income statement and balance sheet for the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the directors' report and that the members of the board of directors and the President be discharged from liability for the financial year.

Gothenburg, 7 March 2008

Johan Kratz

Authorised Public Accountant

Corporate governance

Concordia Maritime AB is a Swedish public company whose shares are listed on the OMX Nordic Exchange Stockholm. The company is managed in accordance with Swedish company law, but also complies with other applicable Swedish and overseas laws and regulations.

Concordia Maritime is not covered by the Swedish Corporate Governance Code, but the board of directors and management strive, through openness, to make it easier for individual shareholders to follow the company's decision paths and to clarify where in the organisation responsibility and authority lie.

Annual General Meeting

The Annual General Meeting (AGM) is the highest decision-making body at Concordia Maritime AB. At the AGM, the financial situation is discussed, and decisions are made on a number of important matters, such as the dividend, changes to the Articles of Association, appointment of auditors, remuneration for the board and the auditors, the granting of discharge of liability to the board and election of the board for the period until the next AGM.

All shareholders have the same right of proposal and participation at the AGM. Each class A share entitles the shareholder to ten votes, while each class B share entitles the shareholder to one vote. A summons to the AGM shall be issued no earlier than six weeks and no later than four weeks before the meeting.

Formalities for the AGM are regulated by both the Companies Act and the Articles of Association.

AGM 2007

The most recent AGM was held on 26 April, 2007 in Gothenburg, with 95

shareholders present, representing 79.5 per cent of the votes. The meeting re-elected the sitting board members Per Bjurström, Bert Åke Eriksson, Mats Jansson, C. Mikael von Mentzer, Morten Chr. Mo and Dan Sten Olsson who was also elected Chairman of the board. Additionally, Stefan Brocker was elected to the board. The share dividend for 2006 was set in accordance with the board of directors' proposal at SEK 1.00 per share.

The board of directors

The board of directors bears the ultimate responsibility for the company's organisation and administration. In addition to supervising the President, the board of directors also monitors that the company's financial circumstances are reviewed in a satisfactory manner. The board of directors' considerations and decisions are entirely aimed at promoting shareholders' interest in value development and returns. The board of directors is responsible for weighing up Concordia Maritime's risk-taking and has established rules for decision-making procedures, financial reporting and financing. In addition, the company has guidelines for work within the areas of quality, the environment, ethics, information, personnel, IT activities and safety monitoring.

The work follows rules of procedure established each year which cover the issues the board of directors will deal with at each ordinary meeting, the division of work within the board of directors, with special

duties for the Chairman and Deputy Chairman. The rules of procedure also specify rules for financial reporting to the board and more detailed rules concerning the President's responsibilities and powers.

Chairman

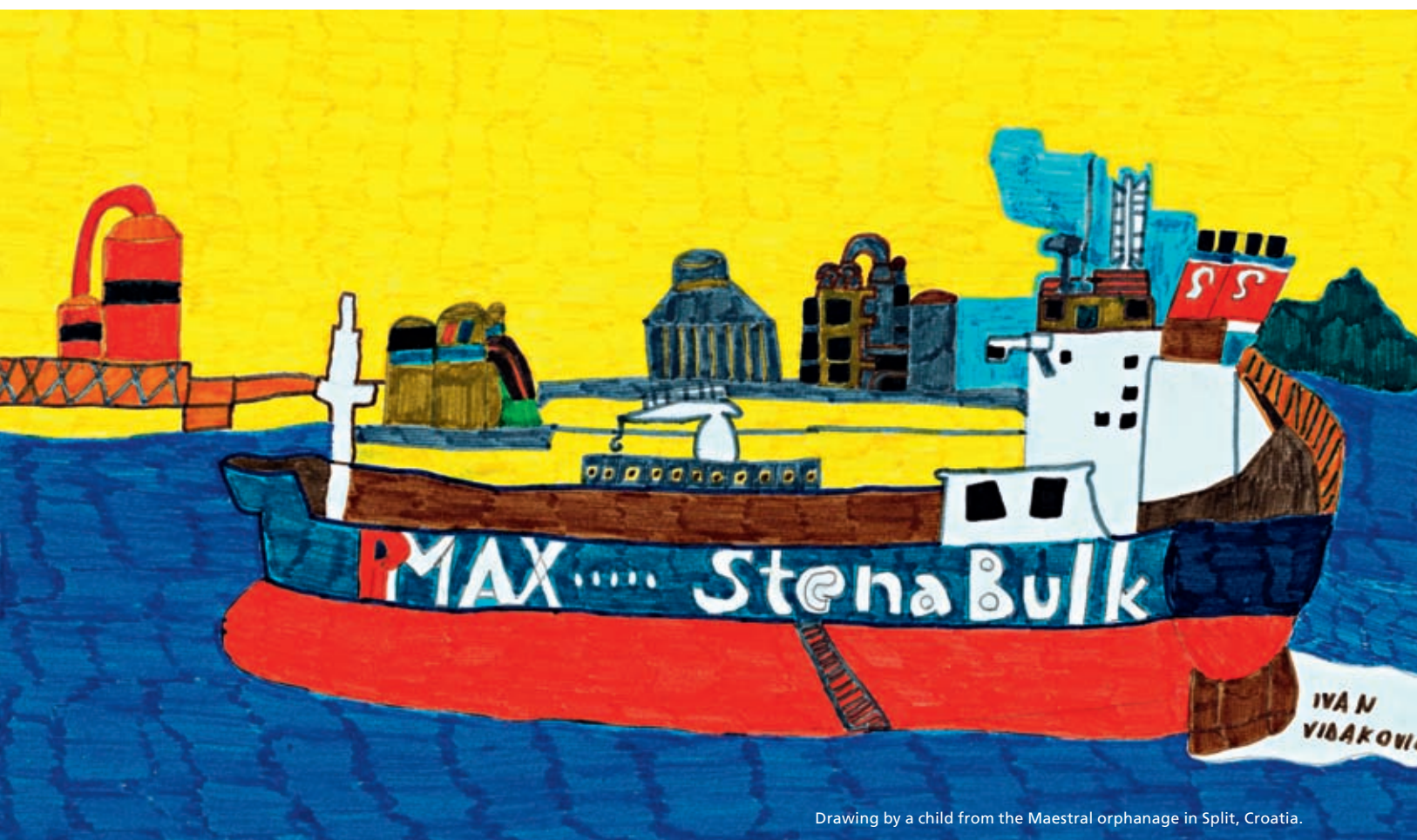
The Chairman of the board of directors shall, through contact with the President, follow the company's development between board meetings, and is responsible for board members always receiving the information they need to be able to complete their tasks. In addition, the Chairman shall lead the work of the board of directors.

Committees of the board of directors

Nomination committee

The task of the nomination committee is to submit proposals to the AGM for board members and auditors (in the event of an election) and fees for the board and the auditors. The nomination committee must also submit proposals for remuneration for the work of members on special committees. The nomination committee consists of the board's Deputy Chairman and one representative of each of the two largest shareholders in terms of votes. These representatives must not be board members. The chairman of the nomination committee must be the representative of the largest shareholder.

The mandate period for the nomination committee runs until a new nomination committee is appointed. If any of the



Drawing by a child from the Maestral orphanage in Split, Croatia.

shareholders ceases to be one of the two largest, a member appointed by such a shareholder must make his/her place available, and the shareholder(s) who replace(s) the former largest shareholder shall appoint a new member. If any shareholder renounces the right to appoint a member, the shareholder that is the next largest in terms of votes may appoint a member.

If a member leaves the nomination committee before its work is complete, the shareholder who appointed the member in question must appoint a new member. If the member in question was appointed by a shareholder who was one of the two largest, but is no longer such when the member leaves the post, the shareholder who has taken the aforementioned shareholder's place must appoint a new member. A shareholder who appoints a member to the nomination committee is entitled to discharge

the member and appoint a new member. The names of the nomination committee's members and the shareholders they represent shall be published on the company's website at least six months before the AGM.

The nomination committee for the 2008 AGM consists of Karl-Magnus Sjölin (Stena Sessan Rederi AB), Ivar Virgin (Mariedals Lantbruk) and C. Mikael von Mentzer (Deputy Chairman, Concordia Maritime). Prior to the 2008 AGM, the members met once.

Salary compensation committee

A salary compensation committee is set up to make decisions on the salary and other terms of employment for the President. The committee consists of the Chairman of the board of directors and the Deputy Chairman. In 2007, the committee met twice.

Audit committee

There is no separate audit committee; instead, issues concerning an audit are dealt with by the entire board of directors.

The work of the board of directors in 2007

The instructions issued by the AGM are followed when nominating board members.

Concordia Maritime's board of directors consists of seven ordinary members elected by the AGM, and two employee representatives and a deputy appointed by the employees. Members elected at the AGM are elected for one year. There is no limit to how long a member may sit on the board. The board of directors' assignments are regulated by the Companies Act and the Articles of Association.

The current Chairman has held the post since 1993, and the Deputy Chairman since 2002.

In 2007, six ordinary and one extraordinary board meetings were held. Each ordinary meeting dealt with the minutes from the previous meeting, safety and the environment, the President's report on the business situation, including a report from the subsidiaries, the President's report on the current status compared to the business plan/objectives, as well as a report on income and the financial position.

Assessment of the work of the board of directors

In 2007, the work of the board of directors was assessed within the following three main areas:

- Is the board of directors dealing with the appropriate issues?
- Is the board of directors working in the right way?
- How does the board of directors function as a group?

The assessment as a whole gave a positive picture of the work of the board of directors.

Remuneration

The members of the board of directors elected by the Annual General Meeting

receive a fee determined by the AGM, distributed between the members in accordance with a decision by the board. The board of directors decided at the first board meeting on 26 April, 2007, that the total board fee determined by the AGM, amounting to SEK 1,575,000 should be distributed as follows: SEK 350,000 each to the Chairman and Deputy Chairman, and SEK 175,000 to each of the other members elected by the AGM. Apart from expenses incurred in the board's work, no other remuneration or benefits have been paid. Each of the employee representatives received remuneration of SEK 15,000.

President and group management

Concordia Maritime's group management, which consists of the President, Financial Manager and Technical Director, is based primarily in Gothenburg. The President leads daily activities, produces information and decision documentation prior to board meetings and acts as a rapporteur at such meetings.

Pursuant to the rules of procedure, which among other things regulate the relation-

ship between the President and the board of directors, the group management is responsible for formulating the group's overall strategy, business management, division of financial resources within activities and the group's financing and risk management. These tasks also include issues concerning company acquisitions and other major projects. The group management is also responsible for compiling the group's financial reports, communications with the stock market, and a number of other issues of general interest to the group.

Incentive program and bonus system

In order to attract and retain expertise, Concordia Maritime aims to offer employees attractive, competitive remuneration, with a bonus system linked to targets met and earnings. All Concordia Maritime employees receive remuneration in the form of a fixed salary. There is also a bonus program for all employees. The bonus for the President is determined by the salary compensation committee on the basis of a number of qualitative and quantitative objectives.

Annika Grell and Göran Hermansson accepting the prize.



Best Financial Reporting award for 2006

At Finforum in November, 2007, Concordia Maritime was named the winner in the Small Company category in the "Best Financial Reporting 2006" competition.

The jury's motivation: Concordia Maritime gives the reader, in a very balanced manner, relevant information about its business concept, strategy and financial goals. The

graphics are very harmonious with a stylish interplay between text, pictures, tables and charts. To sum up, an annual report that in many ways serves as a very good example for other small companies.

Finforum is arranged by the Swedish Society of Financial Analysts SFF, FAR, SRS, OMX and Irev.

Remuneration for the President and group management

Remuneration and terms for the President are determined by Concordia Maritime's salary compensation committee. Remuneration for other senior executives is prepared and determined by the President. All remuneration paid to the President and group management in 2007 is shown in note 16 to the financial report.

Pension terms for the President and group management

Pension premiums for the President of SEK 1,104 thousand have been expensed. The President is contractually entitled to retire at the age of 65. A premium corresponding to 35 per cent of the President's monthly pensionable salary at any time is paid into the pension. For other senior executives, pension terms comply with the relevant collective agreements.

Periods of notice and severance pay

The President has an agreement for severance pay amounting to two years' salary on

termination by the company. Compensation from Concordia Maritime remains if remuneration is received from another employer. The President himself cannot claim severance pay. The period of notice by the President is twelve months and by Concordia Maritime twelve months.

Other benefits

Other benefits consist mainly of company car benefits.

Organisation

The Concordia Maritime group consists of the parent company Concordia Maritime AB (publ) and two subsidiaries, which report directly to the President. Reporting takes place every month.

Audit

An auditor is proposed by the main owner and elected by the AGM for four years.

The current auditor is Johan Kratz, KPMG, whose mandate expires in 2011. The auditor provides an auditor's report for Concordia Maritime AB's Annual Report and consolidated accounts, the adminis-

tration by the board and the President, plus the annual reports for the other subsidiaries. The audit is carried out in accordance with the Companies Act and IFRS.

The auditor's fee is charged on an ongoing basis. Each year the auditor reports the results of his review to the board. KPMG has been in charge of audits at Concordia Maritime since 1984. The audit comprises mainly an ongoing audit and examination of the annual accounts.

KPMG also assists Concordia Maritime with advice in the field of accounting. In recent years, this has involved issues primarily relating to the introduction of accounting in accordance with IFRS. KPMG has also assisted with some tax issues. No circumstances have been found that are felt to have affected the impartiality and independence of the auditors as a result of this advice. In 2007, KPMG received fees totalling SEK 1.2 million.

Presence at board and committee meetings during 2007

	Board meetings (7 meetings in all)	Salary compensation committee (2 meetings in all)	Born	Member since	Nationality	Function	Independent ¹⁾
Per Bjurström	7	—	1939	1988	Swedish	Member, not employed	Independent
Stefan Bocker	5	—	1966	2007	Swedish	Member, not employed	Independent
Göran Dahlman	6	—	1953	1995	Swedish	Member, not employed	Independent
Bert Åke Eriksson	7	—	1944	1998	Swedish	Member, not employed	Dependent
Jens Ole Hansen	7	—	1951	1995	Danish	Member, not employed	Independent
Mats Jansson	7	—	1945	2005	Swedish	Member, not employed	Independent
Jörgen Lorén	6	—	1961	2003	Swedish	Member, not employed	Independent
Morten Chr. Mo	6	—	1948	2000	Norwegian	Member, not employed	Independent
C. Mikael von Mentzer	7	2	1944	1998	Swedish	Member, not employed	Independent
Dan Sten Olsson	7	2	1947	1984	Swedish	Member, not employed	Dependent
Sten A. Olsson	Honorary Chairman	—	1916				

1) Independent is defined as independent of the company, its management or its major shareholders.

The main points discussed at board meetings during the last year were:

- 15 Feb Ordinary, accounts
- 26 Apr Ordinary, AGM
- 26 Apr Ordinary, first meeting
- 14 May Telephone meeting. Chartering out of *Stena Progress*, extension of charters for *Stena Paris* and *Stena Provence*
- 14 Aug Ordinary, half-yearly report
- 19 Oct Ordinary, 9-month report
- 18 Dec Ordinary, budget, business plan for 2008

Board of directors



Dan Sten Olsson

Born 1947. Chairman of the board. MBA. President and CEO Stena AB. Board member since 1984. Employed by the Stena Group since 1972.

Current assignments: Chairman of Stena Line Holding B.V., Stena Metall AB, Stena Bulk AB, Stena Sessan AB, Chairman of the Swedish Shipowners' Association.

Shares held in Concordia Maritime: Via companies (see page 38). Regarded as dependent in relation to Concordia Maritime's major shareholders.



C. Mikael von Mentzer

Born 1944. Deputy Chairman. M. Pol. Sc. Consultant, UK. Board member since 1998.

Current assignments: Board member of Teekay Offshore Partners L.P.

Shares held in Concordia Maritime: 50,000 B shares



Per Bjurström

Born 1939. Master Mariner. B.A. L.Sc. business economics. Director. Board member since 1988.

Current assignments: Chairman of the board Dolphin Holding AB, Reseriet AB, Ondina Invest AB, Board member of O.F. Ahlmark & Co. Eftr. A.-B, Romulus B.V.

Shares held in Concordia Maritime: 0



Mats Jansson

Born 1945. B.A. President and CEO NYKool AB. Board member since 2005.

Current assignments: Board member of MGA Holding, Österströms Rederi AB, NYKool AB and LCL Sweden AB

Shares held in Concordia Maritime: 0



Morten Chr. Mo

Born 1948. Certified economist BI (Oslo) and IMEDE (PED), Lausanne. Board member since 2000.

Current assignments: Chairman of Stemoco Holding AS, Stemoco Partners AS, MCM Shipping & Investments AS, Finance Development AS, Pecamo AS, BituTank AS, MOCO Projects AS. Board member of CellVision AS, Bitutank Pte. Ltd. Singapore and Ashgrove Shipping Ltd. Cyprus.

Shares held in Concordia Maritime: 0



Göran Dahlman

Born 1953. Deputy, employee representative. Company management training, LO-skolan. Employed by the Stena Group since 1989. Board member since 1996.

Current assignments: Club chairman SEKO Sjöfolk, ordinary board member of Torslanda Kulturhus. Deputy board member of Stena Marine Management AB and Gatubolaget AB.

Shares held in Concordia Maritime: 0



Stefan Bocker

Born 1966. Lawyer.
Managing Partner, Mannheimer
Swartling Advokatbyrå AB.
Board member since 2007.

Current assignments: Board member of
Mannheimer Swartling Advokatbyrå AB.

Shares held in Concordia Maritime: 0



Bert Åke Eriksson

Born 1944. B.A.
President, Stena Sessan AB
Board member since 1998.

Current assignments: Board member
of Stena Sessan AB, Meda AB, Beijer
Electronics AB, Catella Capital AB.

Shares held in Concordia Maritime: 0
Regarded as dependent in relation
to Concordia Maritime's major share-
holders.



Sten A. Olsson

Honorary Chairman
Shipowner, Hovås.
Chairman of the board 1984–1990.



Jens Ole Hansen

Born 1951. Employee representative.
Company management training, LO-skolan
Employed by the Stena Group since 1973.
Board member since 1995.

Current assignments: Club chairman SEKO
Sjöfolk, board member SEKO Sjöfolk.
Employee representative at Stena Rederi
AB, Stena AB, Stena Line Scandinavia AB.
Board member of Stena Marine Manage-
ment AB.

Shares held in Concordia Maritime: 0



Jörgen Lorén

Born 1961. Employee representative.
Master Mariner. Dipl CMO (Commercial
Management and Organisation in
Nautical Science).
Employed by the Stena Group since 1985.
Board member since 2003.

Current assignments: Chairman of
Sveriges Fartygsbefälsförening, Club
chairman of SFBF Stena Line, Employee
representative at Stena AB, Stena Line
Scandinavia AB.

Shares held in Concordia Maritime: 0

Auditor

Johan Kratz

Authorised Public Accountant,
KPMG. Engagement since 2007.

Annual General Meeting and dates for information

Annual General Meeting

The Annual General Meeting will be held at Lorensbergsteatern in Gothenburg on 22 April, 2008 at 2 p.m. when the interim report for the first three months of the year will be issued.

Participation

Shareholders who wish to participate in the AGM must be registered in the share register maintained by VPC AB no later than Wednesday 16 April, 2008, and must register with the company at the following address:

Concordia Maritime AB
SE-405 19 Gothenburg, Sweden

or by telephone +46 (0) 31-85 50 19
fax +46 (0) 31-12 06 51
e-mail: arsstamma@concordia-maritime.se
or via the website: www.concordia-maritime.se,
no later than Wednesday 16 April, 2008.

Dividend

The board of directors proposes a dividend of SEK 1.00 per share. The proposed registration day for dividends is Wednesday, 25 April, 2008. If the AGM adopts the proposal, the dividend will be paid out by VPC AB on Wednesday, 30 April, 2008.

Nominee shares

In order to be entitled to participate in the AGM, shareholders must have temporarily registered their shares in their own name with VPC AB through a bank's trust department or an individual fund manager. Shareholders who wish to re-register shares in their own names must inform the manager of this well before 16 April, 2008.

Reporting dates

The Annual Report for 2007 will be sent to all registered shareholders. The interim report for the first three months will be published on 22 April, the interim report for the first six months on 13 August and the 9-month report on 23 October, 2008.

Company management



Hans Norén

Born 1957. President.
B.Sc. Economics.
Employed since 1994

External assignments: Board member of Nordisk Skisrederforening

Call options in Concordia Maritime: 0
Shares held in Concordia Maritime: 0



Göran Hermansson

Born 1975. Financial Manager.
Master of Science in international Accounting and Control.
Employed since 2005 (at Stena since 2001)

External assignments: None

Call options in Concordia Maritime: 0
Shares held in Concordia Maritime: 0



Barbara Oeuvray

Born 1966. President, Concordia Maritime AG. Swiss Certified Finance and Accounting Specialist.
Employed since 2005 (at Stena since 1989)

External assignments: None

Call options in Concordia Maritime: 0
Shares held in Concordia Maritime: 0

Glossary

Barrel Unit for trading oil. One barrel is the equivalent of around 159 litres.

Brent Type of North Sea oil that functions as a commercial benchmark.

Bunker, bunkering The name for the ship's fuel, i.e. the oil burnt in the ship's machinery. Bunkering refers to the taking aboard of bunker.

Charterer A cargo owner or the party leasing the ship. Charterer is also the professional term for shipping clerks or clerks at brokers that conduct business on the freight market.

Daily cost Costs of the ship's crew, insurance and maintenance.

Deadweight/dwt The weight of the load, bunker and loose equipment the ship is able to carry.

Distance minute (nautical mile) = 1,852 metres.

Freight rate The agreed price expressed in USD per day.

IMO International Maritime Organisation. The UN's international regulatory maritime organisation.

Intertanko Organisation for independent tanker companies.

ISM International Safety Management Code. Standardised regulations for organising companies in relation to ship safety and prevention of environmental pollution.

Knot A unit of speed for nautical vessels. One knot = one distance minute per hour, i.e. 1.85 km/hour.

MARPOL International convention under IMO that regulates pollution at sea.

Spot market The part of the maritime market that leases ships for individual journeys.

Time charter The shipping company charters out its ships complete crewed for a payment based on a certain sum per day or a certain sum per DWT and month. The party chartering the ship pays for bunker and port fees.

Addresses

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Corp. ID: 556068-5819
Registered office: Gothenburg

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Hans Norén
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Financial Manager
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www.concordia-maritime.se

Per Låbom retires after many years

Concordia Maritime's technical director, Per Låbom, will retire in spring, 2008. Since he began his career at Broströms in the 1960s, Per has established himself as one of the most experienced figures in shipbuilding.

How many newbuildings have you worked on?

"All in all, about 20 newbuildings, I guess. First gas tankers in Germany at the end of the 1960s, then RoRo vessels in Japan in the 1970s and, finally, container carriers and tankers."

How do today's ships differ from the ships built in those days?

"Oh, a lot. Above all, today's ships are larger and far more technically complex and don't require such large crews. Then there's a big difference in how the shipping companies are organised. In those days, all the different functions were most often in-house. Today, nearly all of companies outsource operation and crewing, for example, to specialised management companies. Similarly, the level of standardisation has increased. Today, few companies develop their own



concepts; instead, they order standard tonnage. But here, Concordia Maritime and Stena Bulk have chosen a somewhat different path."

What part of your work has been most fun?

"I've appreciated working together with shipyards that want to do a good job. Negotiating, reaching an agreement and then beginning to build the ship. Then it's always a bit special when the first in a series of ships has been completed; for example, when we launched the first P-MAX tanker, the *Stena Paris*, at the end of 2005.

A photo competition for the crews on board Concordia Maritime's ships was held in 2007. 34 entries were received and we are happy to present two of them on pages 33 and 34.

First prize went to Viktor Surnakin on the *Stena Primorsk*, whose photo can be seen on page 34.

The jury's motivation: "A picture that describes reality at sea. It is not always the same as in our brochures and this picture is a good reminder of that".

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