

Concordia Maritime

INTERIM REPORT I JANUARY – 31 MARCH 2008

Net sales: SEK 132.7 (118.1) million

Profit after tax: SEK 20.4 million (5.2) million

Profit per share after tax: SEK 0.43 (0.11)

EBITDA of USD 6.6 (2.0) million, an increase of approx. 55% compared with 4th quarter, 2007 (USD 4.2 million)

CONCORDIA
MARITIME



Concordia Maritime is an international tanker shipping company listed on the OMX Nordic Exchange Stockholm. The company has a newbuilding program comprising ten tankers, which are being built in accordance with the MAX concept. Six of these tankers have been delivered. These vessels, P-MAX, are product tankers of about 65,200 dwt. The MAX concept means that the vessels are designed for maximum loading capacity in shallow waters. They have been designed according to a new concept for safer oil transportation with double main engines in two completely separate engine rooms, double rudders and steering gear, two propellers and double control systems. www.concordia-maritime.se.

Innovation and Performance the mission is to generate a profit by providing the customers with safe, cost-efficient tanker transportation based on innovation and performance.

Stena

P-MAX

President's views

DURING THE PERIOD, the company's activities proceeded smoothly and in line with expectations. All the vessels are signed to time charter contracts. These contracts generated higher revenues than in the open market for the third consecutive quarter. The product tanker segment generated an EBITDA^{*)} of USD -0.4 (-2.8) million in the first quarter.

The product tanker market continues to be weak, primarily due to a surplus of tonnage. The product tanker fleet is expected to continue to increase in size during the rest of 2008 as well as in 2009 and this will probably continue to exert downward pressure on freight rates. This market scenario has been anticipated by the company and was one of the main reasons for the company signing long-term contracts at an early stage.

The company's large-tanker segment is proceeding according to plan and the vessels are performing well. As is the case in the product tanker segment, these vessels are signed to time-charter contracts. In the first quarter, the segment generated an EBITDA of USD -0.4 (-2.8) million. Equity per share is SEK 33.75.

^{*)} EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is a cash flow measurement that measures the company's operating result excluding depreciation.



Concordia Maritime fleet

Class	Vessel	DWT	Delivery	Employment (on delivery)
P-MAX	<i>Stena Paris</i>	65,200	2005	TOTAL, five plus two years
	<i>Stena Provence</i>	65,200	2006	TOTAL, five plus two years
	<i>Stena Primorsk</i>	65,200	2006	Argo Shipping, ten years
	<i>Stena Performance</i>	65,200	2006	Hess, five years
	<i>Stena President</i>	65,200	2007	Argo Shipping, ten years
	<i>Stena Perros</i>	65,200	2007	TOTAL, five years
	<i>Stena Progress</i>	65,200	Q4, 2009	TOTAL, five years
	<i>Stena Polaris</i>	65,200	Q4, 2009	Open
	<i>Stena Penguin</i>	65,200	Q4, 2010	Open
	<i>Stena Premium</i>	65,200	Q4, 2010	Open
Panamax	<i>Stena Poseidon (50%)</i>	74,900	2007	Neste Shipping, ten years
	<i>Palva (50%)</i>	74,900	2007	Neste Shipping, ten years
V-MAX	<i>Stena Vision</i>	313,000		Time-chartered until end of 2010
	<i>Stena Victory</i>	313,000		Time-chartered until end of 2009
TOTAL		1,427,800		

Summary of business activities

Product tankers

Six P-MAX tankers were in service during the first quarter – the sisters *Stena Paris*, *Stena Provence* and *Stena Perros* for TOTAL, the *Stena Performance* for Hess Corporation and the *Stena Primorsk* and *Stena President* for Argo Shipping. These vessels had for the most part already been sailing on the transatlantic route for our customers transporting refined petroleum products. Since the market has been weak for some time, the vessels have also been employed in other trades. Some of them have also done an excellent job in transporting so-called heavy products (e.g. heavy oil).

The two Panamax tankers, the *Palva* and the *Stena Poseidon*, which are owned by Concordia Maritime via a joint venture with Nest Shipping, continued to sail for Neste.

The segment reports an EBITDA of USD 7.0 (5.2) million, which is equivalent to SEK 44.0 (36.6) million.

Large tankers

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

The sister ship *Stena Vision* will continue to sail for Sunoco until autumn, 2008. Subsequently, the vessel 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 segment reports an EBITDA of USD -0.2 (-2.8) million, which is equivalent to SEK -2.8 (-19.6) million. The comparative figure for the 1st quarter of 2007 includes costs of a non-recurring nature amounting to the equivalent of SEK -17.6 million.

The freight market

Since summer, 2007, there has been downward pressure on the freight rates in the product tanker market due to, among other things, the growing product tanker fleet. Freight rates in the first quarter were on a par with the rates in the fourth quarter, but far lower in comparison with the first quarter of 2007. The low freight rates have begun to affect the time-charter market, which has weakened somewhat compared with the previous year. In the product tanker market, forward contracts for the transatlantic traffic are being signed at USD 15,000–16,000 per day for the rest of the year.

At the end of 2007, there was a sharp upswing in the VLCC market, partly as a consequence of Saudi Arabia's decision to lower the price of crude oil to the US, which resulted in imports rising after several months of low imports and dwindling stocks. This strong market continued during the first quarter of 2008. The analysis and brokerage company Clarkson reports that the freight rate for a modern VLCC during the first quarter was USD 91,000 per day. Forward contracts for the rest of 2008 are being signed at USD 60,000 per day.

The shipbuilding market

During the first quarter, VLCC newbuilding prices increased somewhat and are currently about USD 144 million, while the prices of MR product tankers remained unchanged at USD 51 million. The prices of tankers on the second-hand market are still on a par with newbuilding prices. A standard MR tanker is valued at around USD 52 million. P-MAX tankers, with their unique design and, among other things, substantially larger cargo intake, should therefore not be compared with standard tonnage. External shipbrokers' valuations are in the region of USD 62-73 million. Note that ship values are based on immediate delivery for the open market (spot market).

Financial summary

Sales and result

Sales amounted to SEK 132.7 (118.1) million. The result after financial items was SEK 20.7 (5.2) million. The result after tax was SEK 20.4 (5.2) million, which corresponds to a profit per share after tax of SEK 0.43 (0.11).

Liquidity and financing

The Group's disposable liquid funds, including unutilised credit facilities, amounted to SEK 595.5 million on 31-03-2008 (SEK 515.9 million on 31-12-2007).

Investments

Investments in the first quarter of 2008 amounted to SEK 6.9 million (SEK 836.7 million for the whole of 2007) and consist of advance payments to the shipyard and project costs relating to the vessels on order in addition to final payments.

Equity

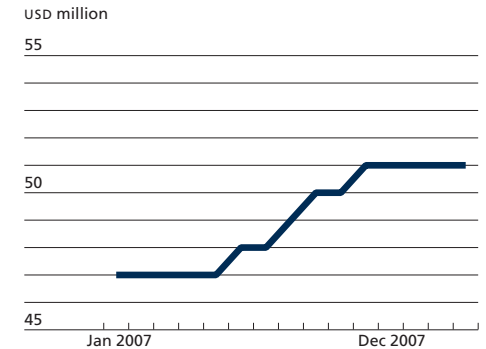
Equity per share is SEK 33.75 (34.70). The SEK/USD exchange rate on 31-03-2008 was 5.94 (31-12-2007: 6.43). The increase in value of the SEK in the SEK/USD exchange rate since the beginning of the year has reduced equity by SEK -68.2 (6.8) million, which corresponds to SEK -1.43 (0.14) per share. The accumulated exchange rate differences, including the effects of hedging, recorded directly to equity amount to SEK -299.9 (-149.2) million.

Currency and currency hedging

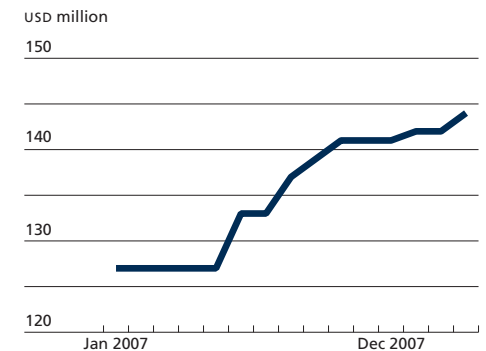
Concordia Maritime's functional currency is the US dollar, i.e. the majority of the income and costs as well as the balance sheet are nominally in USD. The increase in the value of the SEK in the SEK/USD exchange rate in 2008 has reduced the company's profit in SEK, although in USD it has remained unchanged. Concordia Maritime has chosen to utilise so-called equity hedging, i.e. to protect itself against exchange rate changes arising in equity. The company has chosen to hedge approx. 50%, corresponding to USD 135 million, of its equity. The result of this hedging is recorded directly to equity in the item "Change in translation reserve".

In conjunction with the order for a further four P-MAX tankers, a cash flow hedge, USD against EUR, was entered into for future payments to the shipyard. The change in value is recorded directly to equity under "Hedge reserve". The change for the period amounted to SEK 44.3 million and the total amount is now SEK 134.2 million.

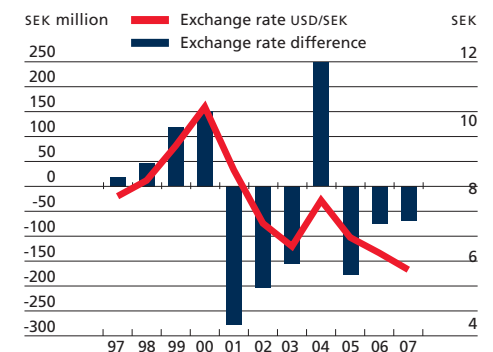
Shipyard prices MR



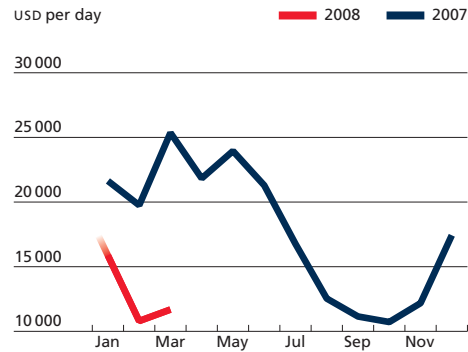
Shipyard prices VLCC



Equity

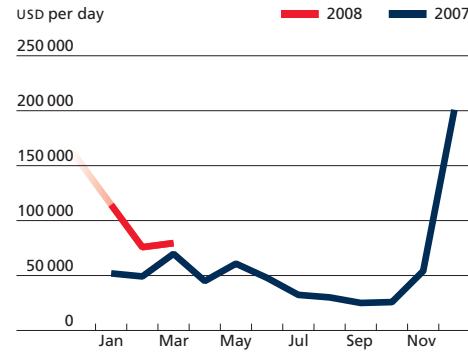


Earnings MR



Source: Fearnleys

Earnings VLCC



Source: Fearnleys

Securities and short-term investments

Arlington Tankers

Concordia Maritime’s shareholding consists of 1,534,785 shares, which is equivalent to 10% of the total number of shares. The price of the share on 31-03-2008 was USD 21.00 (31-12-2007: USD 22.13). The holding has been valued at its market value in the balance sheet.

Short-term investments

Concordia Maritime has an investment portfolio consisting mainly of corporate bonds. Excess liquidity has been invested in a portfolio with a due-date structure that corresponds well with the investment program. These corporate bonds are revalued at their market value in the Income Statement in an amount of SEK -3.2 (-3.9) million. These securities provide a return of 7-8% (also called purchase yield). As has been mentioned, the effect on the result is unrealised and does not affect the anticipated return. The bond portfolio consists of Gazprom, Vimpelcom and DDI Holding corporate bonds.

Parent company

The Parent Company’s sales totalled SEK 11.7 (12.3) million. Intergroup invoicing accounted for SEK 0.0 (12.3) million of this amount. The result after financial items was SEK 93.9 (-42.0) million. The Parent Company’s disposable liquid funds, including unutilised credit facilities, amounted to SEK 660.1 million.

Segment reporting Q1 2008

	Product tanker	Large tanker	Others	Total
Sales ⁽¹⁾	84.2	48.5	–	132.7
Operating costs, ships ⁽²⁾	-36.4	-50.9	–	-87.3
Distribution of costs ⁽³⁾	-3.7	-0.4	-2.5	-6.6
EBITDA	44.1	-2.8	-2.5	38.8
Depreciation	-17.9	-0.3	–	-18.2
Operating result	26.2	-3.1	-2.5	20.6

⁽¹⁾ Approx. 8% of sales in the product tanker segment is related to profit-sharing clauses.

⁽²⁾ The company reports depreciation of periodic maintenance (dry-docking) as operating costs related to ships. During the period, these costs amounted to SEK 3.2 million. For more information, see the annual report for 2007.

⁽³⁾ The distribution of the portion of personnel costs and other external costs not directly related to ship operation, so-called overhead costs.

Forecast for 2008

The forecast for 2008 is unchanged. It is estimated that the fleet will be able to generate an EBITDA of approx. USD 26 million, giving a result before tax of approx. USD 11 million or approx. USD 0.23 per share. Recalculated at the closing rate of exchange, this corresponds to a result before tax of approx. SEK 70 million or SEK 1.47 per share.

Information about risks and uncertainty factors

Shipping is a highly cyclical business. The demand for shipping petroleum and chemical products is largely determined by the consumption of these products. This in turn is to a high degree determined by the state of the economy. The effects of an economic recession in the short term are largest in the spot market and freight rates in tanker shipping can fluctuate significantly from time to time. A downturn in freight rates may be due to both reduced demand for transport capacity and an increased supply of vessels. A change in rates can have a large impact on the profitability of the business. Protecting against an economic downturn in the long term is difficult. Freight rates on the spot market normally fluctuate more than the rates in the futures market. With a large part of the fleet signed to long-term charters, Concordia Maritime's exposure to changes in freight rates, from a 5-year perspective, is relatively limited.

The Group's business activities mean that it is exposed to different types of financial risks. Financial risks refer to fluctuations in the company's result and cash flow due to changes in exchange rates, interest levels and refinancing and credit risks. The Group's financial policy for handling 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 applying to financial activities. The overall objective for the finance function is to provide cost-effective financing and to minimise negative effects on the Group's result caused by market fluctuations. In the case of risks related to the actual operation of the vessels, Concordia Maritime has taken out insurance policies customary in the industry. The vessels are insured against damage and loss (Hull & Machinery) for amounts representing

their market value. The vessels are covered by third party insurance (Protection & Indemnity) without limitation of amount with the exception of oil spills where the limitation of amount is USD 1 billion. The vessels are also insured against loss of revenue (Loss of Hire). In addition to the above-mentioned insurance policies, Concordia Maritime has also taken out the customary insurance for operating in specific waters. Here, one example is COFR insurance (Certificate of Financial Responsibility), which is required in order to operate vessels in US waters. A 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 stipulated in the US Oil Pollution Act, OPA 90.

Despite insurance coverage, etc., damage to a vessel or the like results in costs to the company. Despite insurance coverage, an accident could have a 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 could, in addition to negative environmental consequences, seriously damage the Concordia Maritime brand name. Ever since it was established in 1984, the company has projected an image of a quality shipping company with exacting demands on all aspects of safety. This is a position that requires an extremely high level of control and responsibility. Guarding against this type of risk is difficult and can only be achieved by means of far-reaching protective work and complete transparency in the event of an accident. For further information on risks, see the Annual Report for 2007.

Related company transactions and charter cooperation with Stena Bulk

Concordia has a small organisation and purchases services from Stena Bulk, an associated company, which conducts similar tanker business. Accordingly, there is an agreement, which regulates the relationship between the two companies with respect to new business. According to the terms of this agreement, Concordia Maritime has the right to choose whether it wishes to participate 0%, 50% or 100% in the deal in question. Concordia purchases services on a regular basis from Stena Bulk or other companies in the Stena Sphere in the following areas:

- » Vessel charter. Payment is based on a commission of 1.25% on freight rates
- » Administration, marketing, insurance, technical follow-up and development of Concordia Maritime's fleet. Payment is based on a fixed price per month and vessel. In the case of technical consulting services for newbuilding projects, an hourly rate is charged on current account, which is then charged to the project
- » Commission on the purchase and sale of vessels. Payment is based on a commission of 1%
- » Office rent and office services for Concordia Maritime's personnel. A fixed price per year is charged.
- » Operation and manning of the Group's vessels, so-called ship management. Payment is based on a fixed price per year and vessel
- » Purchases of bunker oil. Payment is based on a fixed commission per ton purchased

All related company transactions take place on commercial terms and at market-related prices.

Reports and information

The interim report for the first six months will be published on 13 August and the 9-month interim report on 23 October. Historical and current reports, together with news and comments on the Company and the tanker markets, can be found on our web site www.concordia-maritime.se

This interim report presents a fair overview of the operations, financial position, and performance of the Group and describes the essential risks and uncertainty factors faced by the Group.

Gothenburg, 22 April, 2008
CONCORDIA MARITIME AB (publ)



Hans Norén

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

Group income statement

(SEK million)	Q1 2008	Q1 2007	Full Year 2007
Average exchange rate SEK/USD	6.29	7.01	6.76
Net sales	132.7	118.1	457.2
Total income	132.7	118.1	457.2
Ships operating costs	-71.9	-79.0	-282.2
Seagoing personnel costs	-13.2	-7.2	-42.5
Other external costs	-6.4	-14.5	-31.0
Personnel costs	-2.4	-3.8	-10.0
Depreciation	-18.2	-13.3	-57.5
Total operating costs	-112.1	-117.8	-423.2
Operating result	20.6	0.3	34.0
Dividend	5.4	6.1	24.2
Interest income and similar profit/loss items	9.0	12.4	42.0
Interest expenses and similar profit/loss items	-14.3	-13.6	-52.2
Exchange rate differences	0.0		
Financial net	0.1	4.9	14.0
Result after financial net	20.7	5.2	48.0
Tax	-0.3	-	14.9
Net result after tax	20.4	5.2	62.9
Per-share data			
(SEK)	Q1 2008	Q1 2007	Full Year 2007
Shares at end of period	47 729 798	47 729 798	47 729 798
Profit per share after tax SEK	0.43	0.11	1.32
Equity per share SEK	33.75	34.70	34.08

Group balance sheet



(SEK million)	31 March 2008	31 March 2007	31 December 2007
Closing exchange rate SEK/USD	5.94	6.98	6.43
Assets			
Ships and equipment	1 615.7	1375.0	1 769.7
Ships under construction	150.6	193.9	158.3
Financial Assets	199.0	264.6	226.1
Total Fixed Assets	1 965.3	1 833.5	2 154.1
Current receivables	220.7	171.4	203.2
Short term investments	358.2	437.8	397.1
Cash and bank balances	134.1	38.2	55.6
Total Current Assets	710.8	647.4	655.9
Total Assets	2 678.3	2 480.9	2 810.0
Equity and Liabilities			
Equity	1 611.1	1656.4	1 626.5
Long term provisions	21.2	16.4	24.9
Long term liabilities	951.0	743.0	1 070.7
Short term provisions	8.8	13.3	9.5
Short term liabilities	86.2	51.8	78.4
Total Equity and Liabilities	2 678.3	2 480.9	2 810.0

Summary of group's cash flow analysis

(SEK million)	Q1 2008	Q1 2007	Full Year 2007
Cash flow from operations			
Result after financial net	20.6	5.2	48.0
<i>Adjustment items:</i>			
Depreciation according to plan	18.8	13.3	61.2
Other items	5.1	1.0	11.9
Cash flow from operating activities before changes in working capital	45.4	19.5	121.1
Change in working capital	16.9	-13.5	37.6
Cash flow provided by operating activities	61.4	6.0	158.7
Cash flow from investing activities			
Ships under construction	-6.9	-290.6	-836.7
Investments in financial assets	8.1	84.1	81.1
Cash flow provided by investing activities	1.2	-206.5	-755.6
Cash flow from financing activities			
New loan	0.0	226.2	694.1
Amortization of credit facility	-41.0	–	-69.6
Dividend	–	–	-47.7
Other financing	47.3	-17.2	35.6
Cash flow provided by financing activities	6.3	209.0	612.4
Cash flow for period	68.9	8.5	15.5
Balance at beginning of period (Note 1)	55.6	30.2	30.2
Exchange rate (Note 2)	9.6	-0.6	9.9
Balance at end of period (Note 1)	134.1	38.1	55.6
Note 1. Balance consists of cash and bank balances			
Note 2. Exchange rate difference relate ro:			
Balance at the beginning of year	14.2	-0.5	2.0
Cash flow for the year	-4.6	-0.1	7.9
	9.6	-0.6	9.9

Changes in equity, group

(SEK million)	Share-capital	Restricted reserves	Translation reserve	Hedging reserve	Fair value reserve	Non-restricted equity	TOTAL
Changes January–March 2008							
Opening balance 01-01-2008	381.8	61.9	-231.7	89.9	21.0	1 303.6	1 626.5
Change in translation reserve	–	–	-68.2	-9.9	-1.0	–	-79.1
Change in reserves	–	–	–	54.2	-10.9	–	43.3
Result for the period	–	–	–	–	–	20.4	21.3
Closing balance 31-03-2008	381.8	61.9	-299.9	134.2	9.1	1 324.0	1 611.1
Changes January–March 2007							
Opening balance 01-01-2007	381.8	61.9	-156.0	15.4	35.5	1 288.4	1 627.0
Change in translation reserve	–	–	6.8	0.2	0.6	–	7.6
Change in reserves	–	–	–	11.3	5.3	–	16.6
Result for the period	–	–	–	–	–	5.2	5.2
Closing balance 31-03-2007	381.8	61.9	-149.2	26.9	41.4	1 293.6	1 656.4

Seven year summary

	March 2008	2007	2006	2005	2004	2003	2002
Profit/loss items (SEK million)							
Net sales	132.7	457.2	381.2	254.0	354.0	649.7	768.6
Operating costs	-112.1	-423.2	376.5	312.0	271.2	575.7	877.9
Operating result	20.6	34.0	4.7	-1.8	729.4	58.9	-98.2
– of which profit/loss on ship sales	–	–	–	56.2	646.6	-15.1	11.1
Resultat after financial items	20.7	48.0	52.5	42.7	740.2	35.1	-142.4
Cash flow from operating activities	44.5	121.1	100.0	20.4	136.2	150.5	40.0
Balance-sheet items (SEK million)							
Ships	1 615.7	1 769.7	1 048.8	304.2	32.5	1223.9	1907.0
(Number of ships)	(7)	(7)	(4)	(1)	(1)	(4)	(6)
Ships under construction	150.6	158.3	222.3	384.7	128.0	55.4	-
(Number of ships)	(4)	(4)	(7)	(6)	(7)	(6)	-
Liquid funds	492.3	452.7	547.8	839.5	1254.1	40.3	115.2
Other assets	419.7	429.3	415.3	368.9	313.4	87.8	216.7
Interest-bearing liabilities	951.0	1 073.1	506.2	0.0	0.0	300.7	926.6
Other liabilities and provisions	116.2	110.4	101.0	126.4	111.2	80.2	159.3
Equity	1 611.1	1 626.5	1 627.0	1 770.9	1 616.8	1 026.5	1 153.0
Total assets	2 678.3	2 810.0	2 234.2	1 897.3	1 728.0	1 407.4	2 238.9
Key ratios (percent)							
Equity ratio	60	58	73	93	94	73	51
Return on total capital	4	4	4	5	47	3	-4
Return on capital employed	4	4	5	5	49	3	-4
Return on equity	4	3	3	3	56	7	-11
Equity per share (SEK)	33.77	34.08	34.09	37.10	33.87	21.51	24.16

Definitions: as in annual report 2007. Figures for 2002–2003 has not been recalculated according to IFRS.

Income statement and balance sheet for parent company

Income statement (SEK million)	2008-03-31	2007-03-31
Net sales	11.7	12.3
Ships operating costs	-3.7	-3.2
Seagoing personnel costs	-3.4	-4.5
Other external costs	-3.7	-3.0
Personal costs	-2.1	-3.9
Depreciation	-4.9	-5.0
Total operating costs	-6.1	-7.3
Interest income and similar profit/loss items	111.2	1.9
Interest expenses and similar profit/loss items	-11.2	-36.7
Financial net	93.9	-42.1
Tax	-26.3	11.8
Net result after tax	67.6	-30.3

Balance sheet (SEK million)	2008-03-31	2007-03-31
Assets		
Ships and equipment	428.9	449.0
Financial assets	7.6	9.0
Shares in group companies	754.2	754.2
<i>Total fixed assets</i>	1 190.7	1 212.2
Current receivables	61.1	27.1
Short term investments	55.4	64.1
Cash and bank balances	198.7	52.0
<i>Total current assets</i>	315.2	143.2
Total Assets	1 505.9	1 355.4
Equity and Liabilities		
Equity	706.5	639.3
Long term liabilities	753.4	478.3
Short term liabilities	46.0	237.8
Total equity and liabilities	1 505.9	1 355.4

Contacts

Hans Norén, President

+46 31-85 51 01 or +46 704-85 51 01

hans.noren@concordia-maritime.se

Göran Hermansson, Financial Manager

+46 31-85 50 46 or +46 704-85 50 46

goran.hermansson@concordia-maritime.se



Hans Norén

Göran Hermansson

Teleconference invitation

Concordia Maritime invites you to a teleconference on 23 April, 2008, 10:00 CEST. The Interim Report for Q1, 2008, will be presented and questions answered.

Attending

Hans Norén, President

Göran Hermansson, Financial Manager

Phone

+44 (0)20 7162 0025 or +46 (0)8 5052 0110

Conference title: Concordia Maritime

For Recorded version

+44 (0)20 7031 4064 or +46 (0) 8 505 203 33

Code: 792870 (available until 30 April 2008)