CONCORDIA
MARITIME AB

Concordia owns seven large tankers built in the mid-1970s as well as a product tanker and two self-discharging bulk carriers. In terms of quality, the Group's large tankers are comparable with many younger vessels. They were built to very high specifications as regards both customer satisfaction and life-span. The quality of the vessels and the management and manning organisations is documented by quality certificates from Det Norske Veritas and the American Bureau of Shipping.

Two 314,000 DWT VLCCs, with a new and innovative design, were ordered in December, 1998, at Hyundai Heavy Industries in South Korea for delivery in the first half of 2001. These two vessels have been chartered to an American oil company on a period of three years.

REPORT ON FINAL ACCOUNTS, 1999

- **Very weak freight market during the year**
- **High scrapping rate. 35 (16) VLCCs scrapped**
- **Result after financial net SEK -72.0 (114.0) million**
- **Refinancing completed**
- **Construction of Stena V-MAX proceeding according to plan**
- **Continued effective ship operation with low operating and docking costs**
- **Dry-docking as planned and budgeted.**

Result for 1999

The Group's revenue amounted to SEK 773.6 (1,102.9) million. The result after financial items was SEK -72.0 (114.0) million. The result after tax was SEK -62.5 (117.3) million, corresponding to a result per share after tax of SEK -2.30 (4.38) and after full conversion SEK -0.96 (2.79).
Compared with the previous year, both sales and result were negatively affected by lower freight rates in 1999. The average freight rate during the year was USD 19,300 (33,700) per day for the ULCCs and USD 13,300 (24,400) for the VLCCs. The joint charter business with Stena Bulk diminished during the year with two Aframax tankers redelivered during the year and one VLCC due to be delivered in January, 2000. This leaves one profitable multi-year freight contract providing employment for one VLCC.

Voyages in progress at year-end, where the operating expense was higher than the revenue, are charged to 1999. SEK 5 million has thereby been charged to 1999 instead of 2000. Accordingly, the result is lower than the forecast of SEK -65 million published earlier.

Liquidity, financing and investments

The Group's disposable liquid funds, including unutilised credit facilities, amounted to SEK 699.9 (128.1) million. The increase in the Group's liquidity is the result of a bank loan of USD 165 million raised during the spring which replaced an earlier bank loan of

USD 65 million. This loan is intended to refinance the existing fleet and finance the two Stena V-MAX design VLCCs ordered at the end of 1998.

The change in the financial net between 1998 and 1999 is primarily due to the advance repayment in 1998 of the USD 110 million Private Placement Loan raised in 1994. The sale of bonds, purchased in 1998, at a profit of SEK 6.8 million had a positive effect on the 1999 financial net.

Investments during the year amounted to SEK 295 (255) million. A substantial portion of the investments consists of part payments relating to the two Stena V-MAX vessels under construction in South Korea.

Equity ratio and net worth
The equity ratio was 37% (42) while the adjusted equity ratio, i.e. including surplus values in ships, was 44% (51). After full conversion, these figures were 48% (56) and 55% (62), respectively. Compared with the end of last year, the equity ratio has fallen, mainly as a result of the increase in loans raised to finance the newbuildings.

Shareholders' equity per share after full conversion amounted to SEK 19.70 (20.31) on 31-12-1999. The fleet was appraised on 30-11-1999 by three independent shipbrokers. The fleet's average value according to these appraisals was USD 157.2 (181.5) million, equivalent to SEK 1,340 (1,464) million. Compared with the end of last year, the ship values have fallen 13%. Net worth per share, before deferred tax, was estimated to be SEK 33.78 (38.14) as of 31 December. This corresponds to SEK 24.17 (26.64) after full conversion.

Dividend
The result level and liquidity are considered to be insufficient to warrant a dividend. Accordingly, the Board of Directors will propose to the Annual General Meeting that no dividend be paid for 1999. Last year, the dividend was SEK 0.50 per share.

Market

Freight market 1999 – ship revenues
During the good shipping years of 1997 and 1998, with a healthy demand, Concordia was able to report a profit of SEK 270 million before tax. 1998 was positively affected to a certain degree by the fact that more oil was transported than was justified by consumption. Stocks were built up as oil price was decreasing. In 1999, the stocks built up were consumed and this resulted in lower demand for transportation. In other words, transportation intended for 1999 was utilised in 1998.

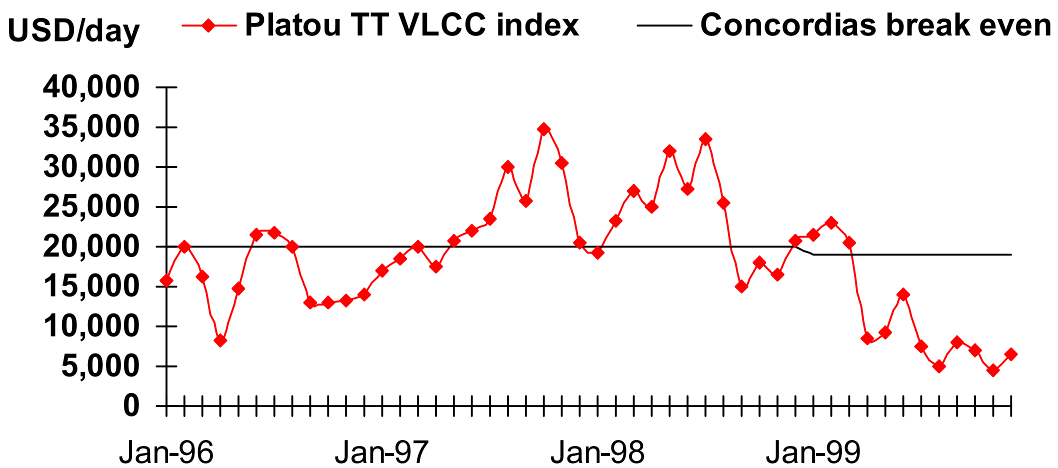
At the beginning of 1999, oil prices were at a historically very low level of about USD 9.50 per barrel, even though the OPEC countries had cut production a number of times in 1998. In order to raise prices, OPEC decided to cut production by a further 15%.

Some non-OPEC countries, including Norway and Mexico, followed suit and also reduced production.

This decision, and the fact that it was loyally adhered to, resulted in sharply rising oil prices which, at the end of the year, had increased to 24.50 per barrel for oil from the Middle East. With rising oil prices, the oil companies' immobilisation of capital in oil stocks increases. Consequently, the oil companies are working actively to keep their stocks at a low level and this results in lower transportation volumes. Low stocks in combination with increased demand in cold weather can generate a sudden high demand for oil and tanker tonnage. This occurred last week and resulted in a shortage of large-tanker tonnage and thus rising freight rates.

The combination of production cuts and reduced stocks caused demand for large-tanker tonnage from both the Middle East and West Africa to drop. The demand for transportation fell, mainly from the Middle East and round the Cape of Good Hope to the US, which is an important route for ULCC/VLCCs, from about 181 cargoes in 1998 to 103 in 1999. The number of cargoes for ULCC/VLCCs also fell on other routes, but not as heavily. The exception was South Korea, which increased its oil imports from the Middle East from about 2.1 million barrels per day to 2.3 million barrels per day during the year.

According to Platou Economic Research, freight rates for Concordia-type VLCCs fell from USD 23,700 per day in 1998 to USD 11,000 per day in 1999. The average freight rate for Concordia's VLCCs was USD 24,400 per day in 1998 and USD 13,300 per day in 1999, which was USD 2,300 (700) higher per day than Platou's index. The Stena King and the Stena Queen, Concordia's two ULCCs, continued to trade between the Middle East and the US. In 1999, the average freight rate was USD 19,300 (33,700) per day. A portion of Concordia's bunker consumption was covered by forward contracts and this is not included in the TC net figures above. The forward contracts correspond to extra revenues of USD 800 per day.



Partly as a result of the downturn in the large-tanker segment, 35 (16) ULCC/VLCCs were sold for scrap or converted for offshore service. During the year, 31 (11) new VLCCs were delivered. The greater efficiency of these new vessels has increased the supply somewhat. At the end of 1999, the ULCC and VLCC fleet consisted of 437 vessels.

Assumptions for the year 2000
Economies all over the world should be able to develop positively in the years ahead. They may develop most strongly in Asia, with the exception of Japan. For large tankers,

this means that the demand for transportation could develop positively during the year. OPEC has announced, however, that its lower production levels will continue to be applied until April, 2000. Stocks of oil all over the world are at their lowest level since 1990 and our assessment is that they can not continue to diminish without a shortage occurring. Accordingly, the freight market for large tankers will fluctuate widely during the next few months, after which OPEC is expected to increase production to meet demand. This will result in more stable freight rates and rising revenues.

FPSO
Concordia has two alternatives when it comes to utilising its present fleet: Continued oil transportation or sale to the offshore industry.

Concordia will continue to market its VLCCs for the FPSO market and is currently holding discussions with two oil companies, which are expected to make a decision in the months immediately ahead on whether to purchase vessels.

Chartering older tonnage
Concordia's existing tonnage is about 25 years old and with current laws and regulations, it will be possible to continue to transport oil until the vessels are 30 years old. Subsequently, they can continue to be utilised in the offshore industry. A technical evaluation of our VLCCs by the American Bureau of Shipping has resulted in a certificate in which it is stated that the structural strength of the tankers is sufficient to enable them to be utilised in this sector for about another 30 years.

A number of charterers have chosen to refrain from using older vessels. In 1995, Japan introduced what was in practice a 20-year limit. Several oil companies have an upper limit of 25 years, but about 50% of the market is available for our type of tanker. This includes a large number of oil companies and practically all oil traders.

For Concordia and many others, it is very important that ships, as in industry in general, are judged according to their actual quality and not their age. Age limits tend to result in lower quality ambitions if all ships are treated equally, irrespective of the condition they are in.

Bearing in mind Concordia's CAP certificates, which confirm the structural strength of our vessels, the good work done by our large crews and our good track record with practically no incidents, we consider it likely that the vessels can continue to be used for oil transportation until they can be sold for FPSO. However, it is important to point out that shipping could be affected by different events that could change the prerequisites both for the better and the worse.

Technical management and operation
In 1999, four of Concordia's VLCCs and one ULCC were dry-docked. All these dry-dockings proceeded as planned and budgeted. The VLCCs were dry-docked for an

average of 18 days at a cost of USD 750,000 per vessel. Docking costs are evenly distributed over the years.

Annual General Meeting and future information
The Annual General Meeting with shareholders will be held at Lorensbergteatern in Gothenburg, Sweden, on 13 April, 2000, at 2.00 p.m.

The Annual Report for 1999 will be sent to all registered shareholders and holders of convertibles at the beginning of April. The annual report will be complemented on an on-going basis with news and comments. From February, 2000, Concordia will provide information on its business operations on its homepage www.concordia-maritime.se under the heading of Concor-Dialog. Our intention is to be able to give detailed information on important factors in tanker shipping and our activities and to invite qualified persons and companies to participate in a dialogue in order to shed better light on market events and conditions. Shareholders and other interested parties, who prefer paper-based information, can request a copy of the information on our homepage.

The Interim Report for the first three months of the year 2000 will be issued in conjunction with the Annual General Meeting on 13 April. The Interim Report for the first six months of the year 2000 will be published on 14 August, and the 9-month Report on 20 October.

Further information
If you are interested in additional information , you can reach us at the following phone numbers:

Lars Carlsson, President	+46-31 855003 or +46-704-855003
Jan Erik Hammer, Financial Manager	+46-31 855046 or +46-704-855046
Jonas Kamstedt, shipping economist	+46-31 855080 or +46-704-855080

You can also reach us via E-mail: info@concordia-maritime.se, or fax +46-31 120651.
Homepage: www.concordia-maritime.se.

Appendices:
- Income Statements
- Balance Sheets
- Statement of Changes in Financial Position
- Five Year Summary

Gothenburg, 24 January, 2000

Concordia Maritime AB

Lars Carlsson
President

THE GROUP'S INCOME STATEMENT

(SEK million)	1999	1998
Average exchange rate SEK/USD	8.26	7.95
Net sales	**773.6**	**1 102.9**
Total income	**773.6**	**1 102.9**
Operating costs, ships	**-505.9**	**-593.8**
Other external costs	**-43.1**	**-56.7**
Personnel costs	**-167.5**	**-154.7**
Depreciation according to plan	**-101.2**	**-95.9**
Total operating costs	**-817.7**	**-901.1**
Operating result	**-44.1**	**201.8**
Other interest income and similar profit/loss items	**13.3**	**15.4**
Interest expenses and similar profit/loss items	**-41.2**	**-103.2**
Financial net	**-27.9**	**-87.8**
Result after financial items	**-72.0**	**114.0**
Tax on profit for the year	**9.5**	**3.3**
Net result for the year	**-62.5**	**117.3**

SUMMARY OF GROUP'S BALANCE SHEET

(MSEK)	12-31-1999	12-31-1998
SEK/USD exchange rate on accounting date	8.53	8.07
Assets		
Fixed assets	**1 701.8**	**1 417.1**
Current assets	**172.3**	**205.8**
Cash and bank balances	**16.2**	**128.1**
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Total assets	**1 890.3**	**1 751.0**
Equity and liabilities		
Equity	**705.7**	**735.0**
Provisions	**31.3**	**53.1**
Convertible debenture loan	**237.7**	**237.7**
Long-term liabilities	**758.2**	**582.5**
Current liabilities	**157.4**	**142.7**
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Total equity and liabilities	**1 890.3**	**1 751.0**

SUMMARY OF GROUP'S STATEMENTS OF CHANGES IN FINANCIAL POSITION

(SEK million)	**1999**	**1998**
Cash flow from operating activities before changes in working capital	15.9	205.8
Change in working capital	61.7	51.6
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Cash flow provided by operating activities	77.7	257.4
Cash flow from investing activities	-294.9	-253.5
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Cash flow after investing activities	-217.2	3.9
Cash flow from financing activities	116.4	-375.2
Group adjustment, exchange rate difference	-15.0	-10.8
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Cash flow for the year	-115.8	-382.1
Balance at beginning of year	128.1	503.4
Exchange rate differences, cash and bank balances	3.9	6.8
Balance at end of year	16.2	128.1

FIVE-YEAR SUMMARY

	1999	1998	1997	1996	1995
Profit/loss and balance sheet items (SEK million)					
Net sales	773.6	1 102.9	1 114.5	734.9	714.1
Operating result	-44.1	201.8	236.2	90.6	64.2
Result after financial items	-72.0	114.0	156.3	11.4	-25.6
Cash flow	29.2	205.8	246.4	91.4	63.6
Equity	705.7	735.0	613.6	358.5	325.2
Surplus value in ships	214.0	303.3	605.1	508.3	399.3
Total assets	1 890.3	1 751.0	1 932.5	1 574.9	1 525.6
Key ratios (%)					
Equity ratio	37	42	32	23	21
Adjusted equity ratio	44	51	48	42	38
Adjusted equity ratio after full conversion	55	62	58	55	52
Return on total capital	-2	12	15	7	4
Return on capital employed	-2	13	17	7	5
Return on equity	-9	17	32	4	-6
Pre-share data* (SEK)					
Profit after tax	-2.30	4.38	6.23	0.57	-0.88
Profit after tax after full conversion	-0.96	2.79	3.68	0.68	-0.17
Cash flow	1.07	7.69	9.72	3.78	2.66
Cash flow after full conversion	0.96	4.64	5.52	2.30	1.86
Equity	25.92	27.00	23.35	14.66	13.58
Equity after full conversion	19.70	20.31	18.00	13.11	12.54
Net worth	33.78	38.14	46.37	35.48	30.25
Net worth after full conversion	24.17	26.64	30.64	23.73	20.87
Share price at year-end	11.80	11.50	23.50	17.80	16.20
Dividend**	0.00	0.50	1.00	0.00	0.00
Miscellaneous					
P/E ratio	neg.	2.62	3.77	31.27	neg.
P/E ratio after full conversion	neg.	4.12	6.39	26.04	neg.
Number of shareholders	5 293	6 305	5 923	5 406	6 065

Definitions: See Annual Report 1998

*) Per-share data have been adjusted to reflect the bonus element included in the issue of the 1995 convertible debenture loan. Debenture loans in an amount equivalent to 1,583 shares were converted during the year after which the number of shares is 27,223,855. The total number of shares after full conversion is 47,894,136.

**) Proposed dividend