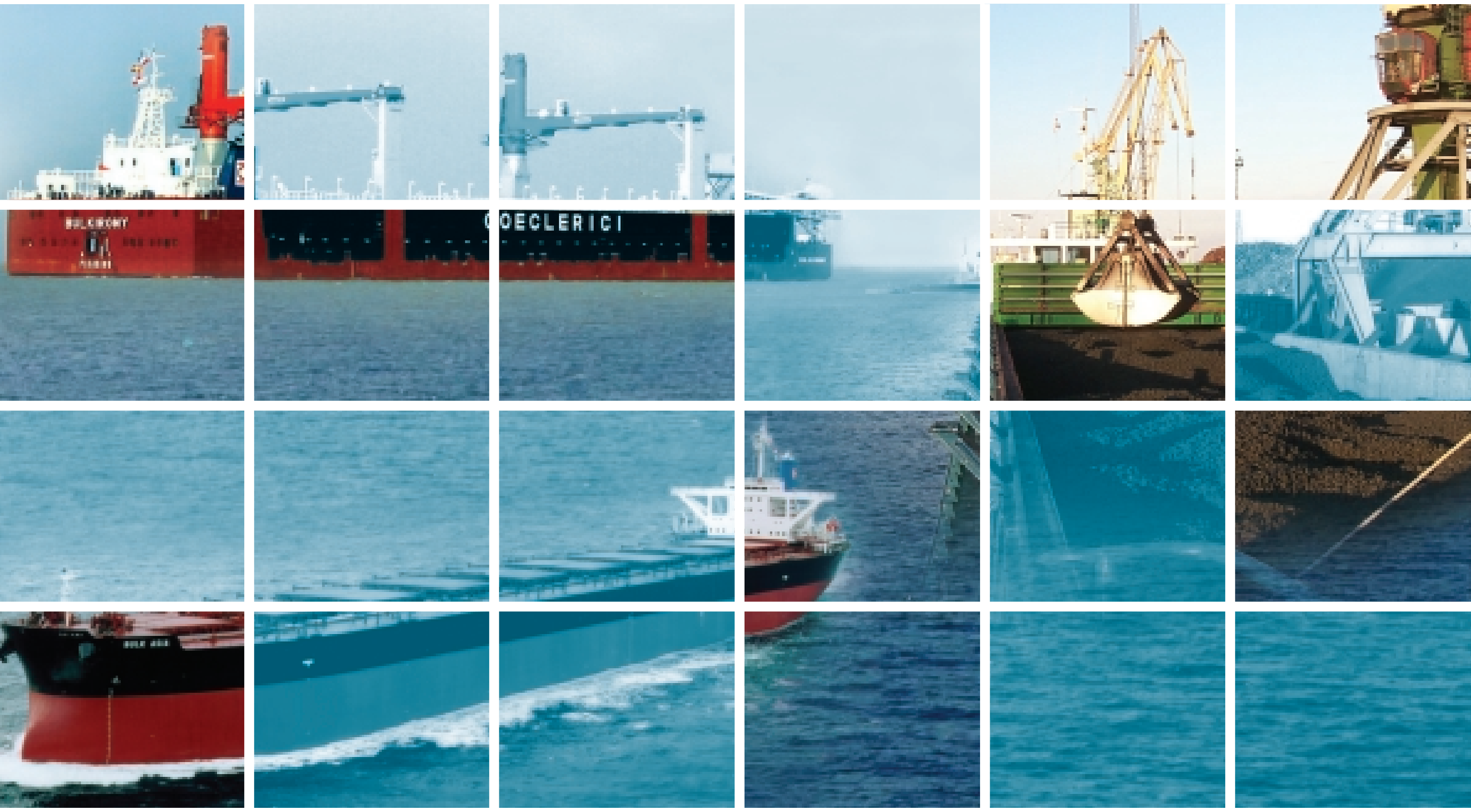

COECLERICI
GROUP

Annual Report 2002

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GROUP

Annual Report 2002

Coeclerici S.p.A.

Head office:
Via di Francia, 28
16149 Genoa, Italy

Capital Stock:
Eur 8,000,000.00
fully paid-up

Chamber of Commerce -
Genoa
Companies' Register n. 7556
Genoa Court

Tax Code n. 12307910153
VAT n. 03762760100

Index

Group Structure
at May, 19 2003

Coeclerici S.p.A.

- **100% Coeclerici International NV**
  - **100% Coeclerici Shipping NV**
    - **100% Coeclerici Armatori SpA**
      - **100%** Coeclerici Transport
      - **100%** Coeclerici Transport Panamax Ltd.
    - **66% Coeclerici Ceres Bulk Carriers NV**
      - **100%** Porto Cervo Shipping Co. Ltd.
      - **100%** Coal Trade Ship Co. Ltd.
      - **100%** Fern Shipping Co. Ltd.
      - **100%** Red Tirreno Shipping Co. Ltd.
      - **100%** Ignazio Shipping Corp.
      - **100%** Bulk Hellas Corp.
      - **100%** Bulk Genova Corp.
      - **100%** Bulk Nike Corp.
      - **100%** El Motores Inc.
      - **100%** El Seguro Inc.
      - **100%** Blue Cedar Shipping Co.
      - **100%** Blue Panagiotis Shipping Co.
      - **87,50%** Bulk Africa Ltd.
      - **87,50%** Bulk Australia Ltd.
      - **87,50%** Bulk Venture Ltd.
        - **100%** Bulk Europe Ltd.
        - **100%** Bulk Asia Ltd.
      - **50%** Staines Holding Inc.
      - **50%** Bulk Ispat Shipping Inc.
      - **25%** Ship. Manning Services Phil. Inc.
  - **100% Coeclerici Logistics SpA**
    - **100%** Shipping Services Srl
    - **100%** Sud Est Srl
    - **100%** Somocar International NV
      - **51%** CC Steel Shipp. & Logistics AD
      - **50%** Viann NV
        - **100%** MBS NV
      - **4%** Terminal Offshore Piombino SpA
    - **100%** Capo Noli Transportes Maritimos LDA
    - **100%** CC Logistics India Ltd.
    - **100%** Bulk Conversions & Constructions Ltd.
    - **90%** Bulkguasare Ltd.
      - **100%** Bulkguasare de Venezuela SA
    - **89%** Affinity Co. Ltd.
    - **80%** Bulk Bourgas Ltd.
    - **50%** Kidekrane Corporation SA
  - **100% Coeclerici Coal and Fuels SpA**
    - **100%** Coeclerici Coal and Fuels Int. BV
      - **100%** Charfer Trading SA
        - **100%** New Cedar Shipping Co. Ltd.
        - **100%** Bulktiger Shipping Co. Ltd.
  - **100% Coeclerici Carbometal Srl**

Excluding companies in liquidation or non-operational.

Coeclerici S.p.A. Officers

Board of Directors

Members of the Executive Committee		
	Paolo Clerici	Chairman and CEO
	Urbano Faina	Deputy Chairman
	Corrado Papone	Deputy Chairman
	Antonio Belloni	Director
	Sergio Ungaro	Director

Giorgio Cefis	Director
Giuseppe Valenzano Menada	Director
Jody Vender	Director

The term of office expires upon the approval of the financial statements for the year ended December 31, 2003

Board of Statutory Auditors

Guglielmo Calderari di Palazzolo	Chairman
Ettore Cavo	Standing member
Alfredo Durante	Standing member
Giorgio Carbone	Alternate
Domenico Borghetti	Alternate

The term of office expires upon the approval of the financial statements for the year ended December 31, 2003

Independent Auditors

Deloitte & Touche Italia S.p.A.

Management report

(translation from the original issued in Italian)

Chairman's Letter

To the Stockholders,

2002 was an extremely difficult year for the world economy as a whole as a result of the slowdown of industrial production and consumption which was already in place in the second half of 2001, and which was further aggravated by the tragic events of September 11 that same year.

The Coeclerici Group also suffered from the world economic situation, particularly the Shipping sector. In fact, as described in greater detail in the following pages, throughout 2002 the freight market continued to show signs of extreme weakness, contrary to expectations of a recovery originally foreseen for the second half of the year.

Despite the extremely negative macroeconomic scenario, the Coeclerici Group closed 2002 with a consolidated net income of EUR 1.2 million, and with the Shipping and Coal and Fuels sectors reporting higher volumes than in 2001. Through the two Capesize and Panamax shipping pools, the Shipping segment shipped 63 million tons, compared to 52 million in 2001; the Coal and Fuels sector traded 8.4 million tons, compared to 8.2 million in 2001.

With regards to the Logistics sector, whereas 9.4 million tons were handled abroad also in 2002, as in the prior year, on the Italian front problems occurred with the customer Enel, already analyzed in previous years but considered to be connected to a foreseeable understanding also with reference to the regulation of the existing contract deriving from the unexpected decrease in volumes from 5.2 million tons in 2001 to 2.7 million tons in the year under examination, on the basis of the handling requested.

With reference to the Shipping segment, in 2001 an agreement had been signed with the Greek shipping group Ceres Hellenic to set up a joint venture, in which the Coeclerici Group has a 66% stake, the purpose being to unite the bulk-carrier fleets operated by the two groups. This agreement became effective as of January 1, 2002 when the capital increase by the subsidiary Coeclerici Investments NV, renamed Coeclerici Ceres Bulk Carriers NV, was subscribed to by the Greek partner against the contribution of both ships and cash.

Furthermore, negotiations are in progress with the Greek partner with the aim of further strengthening the alliance, by increasing the partner's participation also in the commercial management of the shipping pool, and augmenting the Group's activities in the distribution of services associated with Shipping operations.

After the excellent results reported in 2001, the Coal and Fuels sector continued to record positive results, even though, as predicted, not on the same scale as the extraordinary results reported the previous year. Furthermore, in the year under examination, an important strategic agreement was signed standpoint; this agreement, the purpose of which was to continue to consolidate relationships with sources of coal procurement, led to the following:

- a loan by the sector holding company Coeclerici Carbometal S.p.A., re-named Coeclerici Coal & Fuels S.p.A., of USD 10 million, repayable with interests in 36 months and guaranteed by a lien on 100% of the shares held by the debtor in a Russian company which owns a mine and 22% of the shares, again held by the counterpart, in the company which operates the Murmansk harbor, from which Coeclerici exports a good part of the Russian coal it trades;

- an agreement for the supply of a minimum annual quantity of coal to Coeclerici Coal & Fuels S.p.A., the amounts of which will increase annually up to 3 million tons a year in 2006;

- extension of Coeclerici's exclusive contract for the use of the wharf at the Murmansk harbor which enables Capesize vessels to dock. This exclusive contract, which is already effective and which expires on October 1, 2003, has been extended until December 31, 2004 and will apply to a larger area of said port.

Returning to the Logistics sector, the construction of two self-propelled barges was completed during the year, one of which is to operate in Italy for the customer Lucchini under an eight-year contract for the lightening and transport of raw materials, and the other in India for the customer Ispat Industries, under a ten-year contract.

Whereas operations at Piombino properly started at the beginning of 2003, in India the operations originally scheduled to start in October 2002 have still not begun, mainly because of the customer's economic and financial problems. Negotiations are in progress to reach an out-of-court settlement to resolve the problem and to begin to operate the vessel with other customers, either in India or in other geographical areas where commercial research activities are already in progress. More will be said about the negotiations with Ispat later in the report.

In conclusion, the fact that the Group reported a positive economic result, achieved in an extremely negative economic context and with the critical commercial circumstances already mentioned, can be regarded as a factor of satisfaction. The Group can therefore look towards 2003 with considerable optimism since the strong recovery of the freight market at the end of 2002, the expected results of the investments in Russia by the Coal and Fuels sector, the start of the contract with Lucchini and the pursued solution of the problems in India and with Enel for the Logistics sector will lead to better economic results.

To the management, the employees and all those who have contributed to the operations of the Group, we would like to express our particular thanks.

The Chairman and CEO
Paolo Clerici

Consolidated results

The consolidated highlights of the Coeclerici Group for 2002, compared to those of 2001, can be summarized as follows (in thousands of EUR):

	2002	2001
Revenues	530,770	752,387
Contribution margin	21,685	41,904
Total operating profit	8,512	24,032
Net income - Coeclerici Group	1,194	7,170
Ebitda	30,337	45,956
Number of employees (at year-end)	589	590

As far as revenues are concerned, it should be pointed out that starting with the financial statements for the year ended December 31, 2002, the companies operating in the shipping pools for Capesize and Panamax vessels are consolidated using the proportional method. In fact, the pool shipping business, which began in 1999 with the majority of vessels being owned by the Coeclerici Group, after four years has grown to such an extent that in 2002 participation in terms of the vessels belonging to the Group has fallen to 54% for the Panamax pool and 66% for the Capesize pool.

The application of the proportional consolidation method led to the exclusion from the scope of consolidation of EUR 127.4 million in revenues attributable to the vessels not owned by the Group. The reduction in revenues compared to 2001, excluding the aforementioned effect, is EUR 94 million and can be ascribed to the strengthening of the Euro against the U.S. Dollar, the currency in which almost all of the Group's transactions are denominated, and the reduction in the value of freights and the prices of coal.

Profitability is lower compared to 2001, with declines in the contribution margin from EUR 41.9 million to EUR 21.7 million and the operating profit from EUR 24 million to EUR 8.5 million. Contributing to this reduction were the negative performance of the Shipping sector owing to the extremely weak freight market and profitability in the Coal and Fuels sector that is below the exceptional levels of 2001.

For a more complete analysis of the performance of the Group, highlights of each sector of the Coeclerici Group are presented below (in thousands of EUR):

	2002	2001
Revenues		
- Shipping	351,666	499,294
- Logistics	38,292	41,102
- Coal and Fuels	145,089	216,045
- Infragroup	(4,277)	(4,054)
Total	**530,770**	**752,387**
Contribution margin		
- Shipping	6,100	21,714
- Logistics	8,155	7,712
- Coal and Fuels	8,528	13,614
- Infragroup	(1,098)	(1,136)
Total	**21,685**	**41,904**
Operating profit		
- Shipping	720	12,796
- Logistics	4,733	3,621
- Coal and Fuels	3,831	8,574
- Infragroup	(772)	(959)
Total	**8,512**	**24,032**

As previously mentioned, contributing to the reduction in revenues of the Shipping sector are the consolidation of the shipping pools using the proportional method for EUR 127.4 million, the strengthening of the Euro against the U.S. Dollar for about EUR 20 million and the lower value of freights, net of the increase in the volumes shipped.

The already mentioned problems with the customer Enel resulted in a reduction of revenues in the Logistics sector. However, despite the decrease in volumes, profits in this sector, net of the negative economic effect deriving from the problems with Enel, increased by EUR 0.4 million in terms of the contribution margin and by EUR 1.1 million in terms of the operating profit, compared to 2001. This can be attributed to the positive performance of foreign projects, particularly on-going contracts in Bulgaria and Venezuela. Yet again, this confirms the wisdom of the strategic vision of the Group which, in 1995, embarked on a gradual expansion of foreign operations with the aim of reducing dependence on its long-standing customer Enel, thus realizing the conditions to progressively balance the effects on the overall result.

The strengthening of the Euro and the drop in prices are the factors which led to a contraction in the revenues of the Coal and Fuels sector, whereas the volumes traded were slightly higher than in 2001. Profitability is always quite positive, with a contribution margin equal to EUR 8.5 million, although lower than in 2001. It should again be mentioned that 2001 was an exceptional year for the sector and one that will not easily be duplicated. For comparison purposes, the contribution margin in 2000 was slightly higher than EUR 9 million, thus close to the margin for 2002.

The balance sheet structure of the Group is summarized in the following table (in thousands of EUR):

	12/31/2002	**12/31/2001**
Net working capital	33,247	57,359
Employees' leaving indemnity	(2,520)	(2,233)
	30,727	55,126
Fixed assets:		
- fleet	320,570	229,359
- government grants	(1,245)	(1,677)
- other tangible and intangible fixed assets	9,729	11,111
- equity investments	3,642	8,112
Invested capital	**363,423**	**302,031**
Net financial position	272,026	214,861
Deferred income taxes and other provisions	8,132	11,109
Stockholders' equity Group and minority interests	83,265	76,061
Sources of financing	**363,423**	**302,031**

In reading the balance sheet figures and comparing them to the figures at December 31, 2001, consideration should be given to the accounting effect arising from the entry of the new stockholder Ceres Hellenic in the capital of the consolidated subsidiary Coeclerici Ceres Bulk Carriers NV. In fact, the value of the fleet and the bank debt for loans did not increase only as a result of new acquisitions made by the Coeclerici Group, but also as a result of the contribution of assets and liabilities by the new stockholder. At the same time, obviously, there was also an increase in the stockholders' equity under "minority interest".

The amounts in the transaction refer to the contribution of the fleet of roughly USD 72 million and the bank debit related to the fleet of some USD 57 million giving rise to an increase in total stockholders' equity of USD 27 million, taking into account the contribution of cash and working capital by the new stockholder of about USD 12 million.

Moreover, the Bulk Africa motor vessel was put into operation during the year. This is a DWT 173,000 ton Capesize for a total investment of USD 39.3 million, 87.5% of the cost of which was sustained by Coeclerici Ceres Bulk Carriers NV.

Costs of USD 19.2 million also incurred for the construction of the Bulk Australia motor vessel, the sister ship of the Bulk Africa motor vessel above, delivered in the first few days of 2003, always to Coeclerici Ceres Bulk Carriers NV.

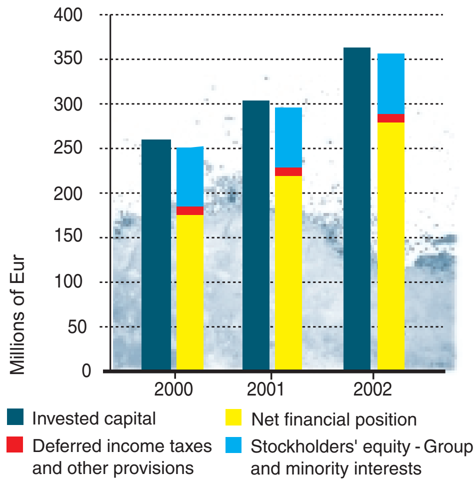
The Logistics sector increased its fleet as a result of the construction of two barges destined to operate in India and at Piombino, for a total investment of USD 24 million. However, the balance sheet only includes the investment made for the Ispat contract, while the company which owns the barge operating in Piombino was not included in consolidation as it was not yet operational at the end of 2002.

The reduction in net working capital should be viewed in relation to the reduction in revenues, to the new accounting policy for the proportional consolidation of the companies in the commercial pools, to the reduction in the value of the US Dollar against the Euro (0.8813 at the end of 2001 compared to 1.0487 at the end of 2002), as well as to the ever-increasing attention placed on credit management by the Group.

The increase in the net financial position, in turn, should be considered from the standpoint of the investments made by the Shipping and Logistics sectors, in addition to the already mentioned contribution of vessels, and the related debts, by the Greek partner. As a whole, the debt/equity ratio at the end of 2002 is equal to 3.2, which is in line with the average of a sector with high invested capital such as that of shipping and port logistics.

Net equity also shows a reduction in the nominal value as a result of the strengthening of the Euro. In fact, the stockholders' equity of the Group shows a decrease of EUR 15.8 million due to the contraction in cumulative translation adjustments.

Net invested capital/ Sources of financing



Further comments on the business sectors

Shipping Sector

The sector is engaged mainly in the transport of dry bulk cargoes (coal, iron ore, bauxite, etc.), primarily intended for the electrical energy producing industries and the steel & iron and metallurgy industries. In particular, the Shipping sector operates with dry bulk carriers having between a 60,000 and 80,000 gross ton capacity (Panamax vessels) and between a 120,000 and 180,000 gross ton capacity (Capesize vessels).

The market

As anticipated, throughout 2002 the shipping market was fairly weak as a result of the fact that industrial production increased only marginally and, more generally, the growth rate of the world economies was also extremely slow.

In particular, in 2002, the economy grew by 2.5%, contrary to expectations, which were at the beginning of the year much more optimistic. However, figures for the various geographical areas are much more significant, since global growth was led by China, which reported growth of 8%, whereas the more mature economies of Europe and the USA reported very unsatisfactory growth rates. Europe registered growth of 0.9%, having already posted growth of only +1.5% in 2001. In the United States, growth was even lower, with an increase of only 0.7%. Finally, Japan, which is a fundamental area for the dry bulk sector, closed 2002 with negative growth (-0.2%). Overall, as a consequence of the above-mentioned slowdown in economic growth, demand for the sea transport of raw materials increased by 2.4%, while supply of tonnage increased by 2.8% as a result of a positive net balance of 8.4 million tons of gross tonnage between new deliveries and the scrapping of vessels.

Demand for sea transport of dry bulk cargo

(millions of tons)	2002	2001	2000	1999
Iron Ore	476	451	448	403
Met Coal	184	188	186	176
Steam Coal	385	381	327	303
Grain	267	263	253	242
Other	641	624	619	607
Total	**1,953**	**1,907**	**1,833**	**1,731**

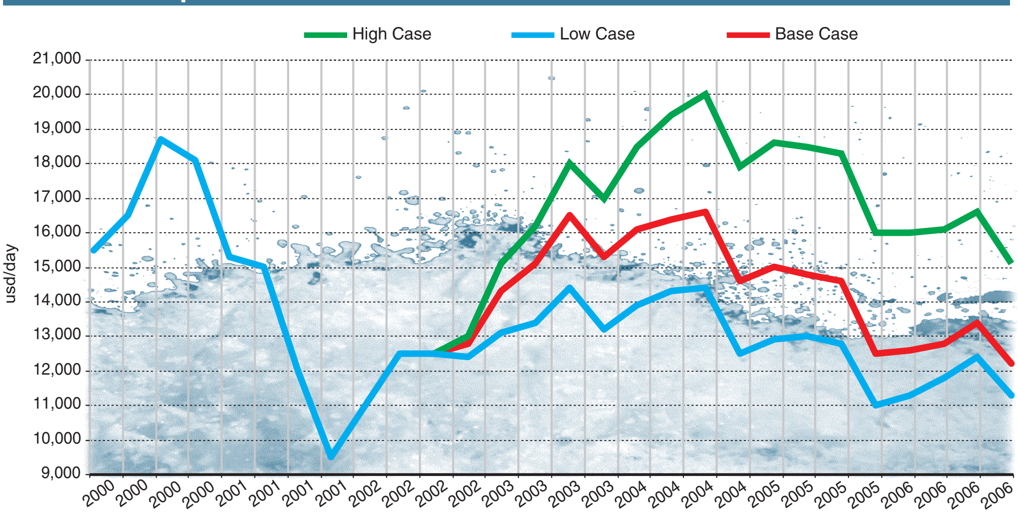
Source: Clarksons

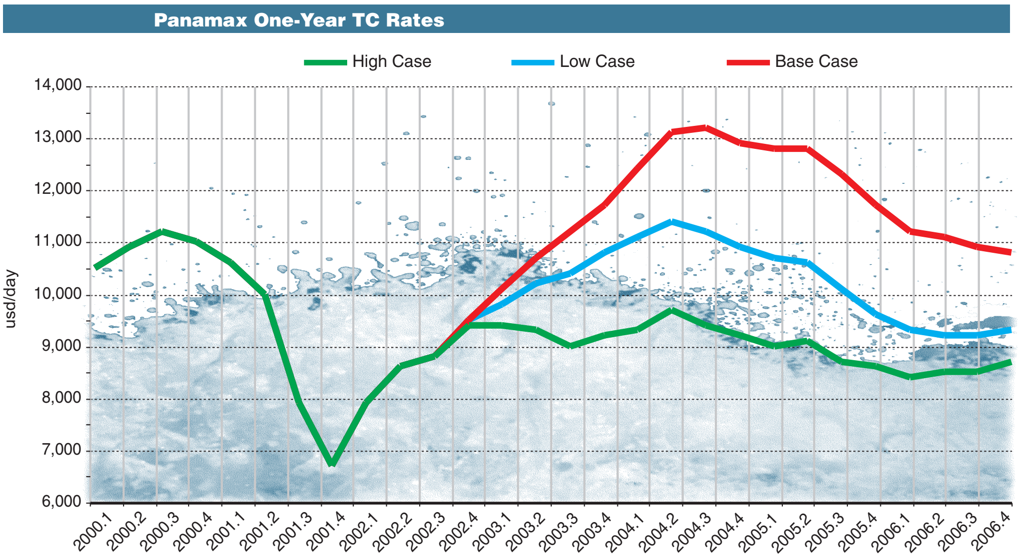
On the other hand, at the end of the year there was suddenly an explosion in freight rates, with the Biffex index rising to 1,738 points at the end of December from an average of 1,007 points for the first months of the year. To be more precise, at the end of 2002, the Capesize index rose by 143% compared to the end of 2001 and the Panamax index rose by 113%.

China again played a fundamental role in this market increase. It began 2003 with growth rates between 8% and 9%. Furthermore, in Japan, it was announced that many of the nuclear power plants would be closed down, a factor that will lead to an increase in energy production at coal-powered power plants and, hence, an increase in the consumption and sea transport of this raw material.

The year 2003 therefore promises to be extremely favorable for the Shipping sector, despite the fact that the macroeconomic context continues to be turbulent.

Capes One-Year TC Rates





The fleet

In 2002, the Shipping sector operated with 18 owned vessels, 22 owned by third parties participating in the Coeclerici pools and time-chartered vessels belonging to third parties (32 at the end of 2002). At the end of the year, the fleet was composed of the following vessels:

Vessel	DWT	Size
Owned vessels		
Bulk Africa (**) built 2002	170,578	Cape
Bulk Asia (**) built 2001	170,578	Cape
Bulk Europe (**) built 2001	170,578	Cape
Nike built 1995	151,738	Cape
Bulk Hellas built 1995	151,053	Cape
Bulkispat Leher (*) built 1992	149,532	Cape
Bulkatalanta (*) built 1990	149,495	Cape
Bulkprosperous built 1990	149,000	Cape
Bulktirreno built 1992	145,856	Cape
Bulkgenova built 1988	135,000	Cape
Bulkignazio built 1990	134,978	Cape
Bulktiger built 1982	134,806	Cape
Porto Cervo built 1983	81,574	Panamax
Red Cedar built 1998	73,300	Panamax
Red Fern built 1998	73,300	Panamax
Capt. John built 1982	64,583	Panamax
Capt. George built 1982	64,583	Panamax
Panagiotis built 1983	64,166	Panamax
Total DWT owned vessels	**2,234,698**	
Third-party vessels in the pools		
Anangel Solidarity built 1993	161,545	Cape
Anangel Ambition built 1994	161,526	Cape
Mercurian Virgo built 1991	150,149	Cape
Deep Blue built 1991	150,108	Cape
Anangel Dawn built 1994	149,321	Cape
Ariston built 1992	135,364	Cape
Olimpia built 1990	135,364	Cape

Formosa Trident (***) built 1978	81,776	Panamax
George (***) built 1984	77,078	Panamax
Lake Camellia built 2001	75,933	Panamax
Yomoshio (***) built 2001	75,921	Panamax
North Friendship built 1999	74,732	Panamax
World Ribbon (***) built 1998	74,522	Panamax
Belgrano built 1998	74,000	Panamax
Blumenao built 2000	74,000	Panamax
Jiu Long Feng built 2002	74,000	Panamax
Lian Hua Feng built 2002	74,000	Panamax
Bahia Blanca built 1999	74,000	Panamax
Red Cherry (***) built 1999	73,762	Panamax
Giovanni (***) built 1996	72,000	Panamax
Angele N. built 1990	69,315	Panamax
Ispat Umang built 1989	69,315	Panamax
Total DWT third-party vessels in the pools	**2,157,731**	

Time-chartered vessels

Diamond Warrior	197,091	Cape
Night Whisper	172,428	Cape
Channel Navigator	172,058	Cape
Alpha Century	170,451	Cape
Star Europe	170,698	Cape
Alpha Cosmos	170,387	Cape
Ingenious	170,201	Cape
Paschalis D.	170,188	Cape
Eric Ld	169,883	Cape
Aquafaith	167,102	Cape
Erradale	163,554	Cape
Leviathan	160,993	Cape
Sea Gloria	157,600	Cape
Gateway Bulker	151,439	Cape
Santa Margherita	76,000	Panamax
Santa Vitoria	76,000	Panamax
Kamari	75,686	Panamax
Leonardo Lembo	75,000	Panamax
United Sage	74,557	Panamax
World Rye	74,500	Panamax
Apj Jit	74,000	Panamax
Ocean Crystal	73,000	Panamax
Matilde Corrado	73,000	Panamax
Marine Prosperity	73,000	Panamax
Konkar Aliki	73,000	Panamax
Nicos L	73,000	Panamax
Denak A	72,000	Panamax
Henza	70,000	Panamax
Agie Sb	69,000	Panamax
Laconia	68,000	Panamax
Francesco	66,042	Panamax
Sea Beauty	50,000	Panamax
Total DWT time-chartered vessels	**3,649,858**	
Total DWT fleet controlled	**8,042,287**	

(*) Held 50% by Coeclerici Ceres Bulk Carriers NV

(**) Held 87.5% by Coeclerici Ceres Bulk Carriers NV

(***) Controlled on a time-charter basis by the Coeclerici Group

As anticipated, participation in the Coeclerici pools by third parties rose again in 2002 and at the end of the year the participating vessels, in total, were 7 Capesize and 9 Panamax. In particular, during the course of the year, new entries in the pools included the Chinese group China Shipping (2 Panamax) and the Greek group Agelef owned by Angelicoussis (3 Capesize).

Summary of economic and financial highlights

Highlights of the Shipping sector are as follows (in thousands of EUR):

	2002	2001
Economic highlights		
Revenues	351,666	499,294
Contribution margin	6,100	21,714
Total operating profit	720	12,796
Financial highlights		
Invested capital	271,939	201,598
Stockholders' equity Group and minority interests	57,017	44,506
Net financial position	212,553	150,838
Other information		
Ebitda	19,376	28,446
Debt/Equity	3.7	3.3
Tons transported (in millions)	63.0	52.0

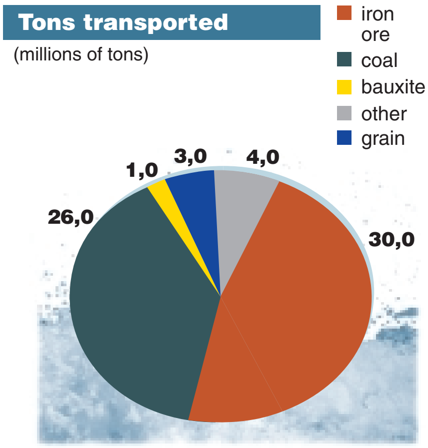
It should again be mentioned that for a meaningful reading of the balance sheet, consideration should be given to the accounting effects arising from setting up the joint venture with the Ceres group. The joint venture, effective as of January 1, 2002, led to an increase in the value of the fleet of USD 72 million, bank debt of USD 57 million and stockholders' equity of USD 27 million.

The owned fleet also increased as a result of the already mentioned investment in two newly built Capesize vessels. The first, named Bulk Africa, became operational in May 2002, and the second (Bulk Australia) was delivered at the beginning of 2003.

The total investment of about USD 78.5 million was paid for USD 58.5 million in 2002, while the remaining sum relating to the delivery price of the motor vessel Bulk Australia was paid at the beginning of 2003.

With regards to profitability, because of the depressed freight market, the year 2002 basically ended with a breakeven, compared to an operating profit of EUR 12.8 million in 2001. The vertical recovery of the market at the end of 2002, which continued into the first months of 2003, makes it appear that during the current year results will be in line with, if not higher than, those reported in 2001 and also 2000.

Also this forecast does not take into account the justifiable recovery of greater income deriving from the correct performance of the contract with Enel, which expired in February 2003 as due date, for which verifications with the counterpart are carried out on the statements showing substantial credits, the definition of which is obviously linked to forecasted commercial evaluations.



Logistics Sector

The Logistics sector is headed by the operating subholding company Coeclerici Logistics S.p.A. and operates in the market for the port logistics of raw materials. The strategy followed by the Group since 1995 has led the sector to offer lightening and transport of raw material services also in foreign markets. Since then Coeclerici Logistics proposes itself as a problem solver in all areas where insufficient infrastructures impose high costs on operators deriving from inefficiency in the operations of loading and unloading raw materials.

For the Logistics sector, 2002 was a year of highs and lows. On the one hand, existing contracts in Bahrain, Bulgaria and Venezuela generated important results and contributed in a major way to stabilizing the result of both the sector and the Coeclerici Group as a whole. In addition, construction of the vessel destined to operate in Italy with the customer Lucchini was completed in 2002; in January 2003 the vessel was tested and, in February, the operations satisfactorily began.

With reference to the contract existing in Bulgaria, it must be pointed out that in 2002, as already happened in 2001, the client has not fulfilled the contract in terms of granted minimum quantities; however, the contracts states that these minimum quantities have to be paid also in the case of non complete performance. The 2002 financial statements include the provision of the penalty the client will have to pay and this is endorsed by an agreement signed at the beginning of 2003 stating, between other clauses, the issue of an appropriate bank guarantee in favor of the Group to cover the accomplishment of the contractual deals.

The less positive notes, as commented on by the President, are projected by the trend of the relationships with the customer Enel which, once again, failed to meet the terms of the existing contract. The contract established that the floating storage vessel belonging to the Group and operating at Trieste should have handled a minimum of 1.5 million tons a year (and therefore 1/5 of the total guaranteed volumes, equal to 7.5 million tons over 5 years), whereas also in 2002 volumes have been lower, precisely 925,143 tons.

We stress that the above matter is under discussion on the basis of the contract and that already in 1999 the state electricity company, Enel, partially changed its coal procurement strategies unilaterally, also importing it on handy-size and Panamax vessels directly destined to the electrical power plants located on the Adriatic coast. Furthermore, in 2001, Enel began to further use the terminals at Koper and Bakar in the Northern Adriatic. Coeclerici Logistics was compelled, until the expiry date, to serve Enel with a floating storage vessel in the Trieste harbor equipped with a system of cranes and belts that can unload coal arriving on Capesize vessels and store it in the hold; the coal is then transported by a fleet of owned barges according to the needs of the Enel power plants.

This commitment was settled with costs and charges connected to the granted result, but the change in strategy on the part of Enel already in 1999 led to the handling of only 1.1 million tons through the Trieste deposit, which increased until 1.3 million tons in 2000 but still considerably lower than the granted minimum to be performed. However, in 2001 the coal tonnage handled returned to the unsatisfactory levels of 1999 and, in 2002, as already stated, quantities handled fell below the 1 million-ton mark; this caused specific requests to obtain the performance or the economic equivalent of the result.

The five-year contract, sealed in 1998, terminated at the end of 2002, when the total quantity not handled during the entire contract period amounted to more than 1.8 million tons, as a result of the above mentioned problems.

During the first months of 2003, however, operations continued with the aim of recovering the deal and balancing the negative differences caused to the contract by the quantities not handled during the years covered by the contract, while negotiations are also in progress with the customer to work out how to proceed with operations from 1 January 2003.

It should also be mentioned that, in 2002, operations were scheduled to begin in India with the customer Ispat Industries Ltd. Under this contract, the Logistics sector made an investment of approximately USD 12 million to build a self-propelled barge equipped with cranes. As already mentioned, as a result of the change in market conditions and financial difficulties, the customer was not willing to start operations and, on the contrary, indicated that it wished to rescind the contract. Having begun arbitration proceedings in London, in March 2003 an agreement was reached to cancel the contract against payment of an indemnity of USD 1.75 million. Once the agreement is finalized and the contract canceled, the vessel will be used for other customers, with whom commercial negotiations have already begun.

Finally, the contract for the lightening and transport of raw materials in Bahrain being near its expiry date, during 2002 negotiations have been held to renew it. Not having attained economic conditions to the Group's satisfaction, the contract terminated.

As a consequence, on November 25, 2002, the consolidated subsidiary owning the motor vessel Bulk Gulf, namely the vessel used for the operations in Bahrain, concluded a contract to sell the vessel to third parties for a sum that will make it possible to recover in full the carrying value at the date of sale.

The fleet

At December 31, 2002, the Logistics sector operated with the following fleet:

	DWT	Year built
Bulktrieste	122,417	1975
Bulkwayuù	64,400	1978
Bulkgulf	51,659	1982
Capo Noli	23,794	1981
Bulk Kremi I	14,364	1973
Bulk Irony	14,000	2002
Bulk Challenger	13,000	2002
Socarquattro	11,757	1981
Socarsette	11,757	1984
Socarcinque	5,500	1984
Socarsei	5,500	1984

The barge Socartre was disposed during 2002 without significant economic effect. Furthermore, as already mentioned, two vessels were built and completed in 2002, destined to operate at Piombino and in India, for a total investment of USD 24 million, of which USD 9 million had already been incurred in 2001.

Summary of economic and financial highlights

Highlights of the Logistics sector are as follows (in thousands of EUR):

	2002	2001
Economic highlights		
Revenues	38,292	41,102
Contribution margin	8,155	7,712
Total operating profit	4,733	3,621
Financial highlights		
Invested capital	52,008	52,715
Stockholders' equity Group and minority interests	30,081	33,667
Net financial position	18,178	16,362
Other information		
Ebitda	11,533	11,001
Debt/Equity	0.6	0.5
Tons transshipped and transported (in millions):		
- Italy	2.7	5.2
- Outside Italy	9.1	9.3

The above figures show a contraction in revenues that can be attributed, on the one hand, to the reduction in volumes handled in

Italy for Enel and, on the other, to the reduction in nominal value of revenues of foreign projects, at comparable volumes, owing to the effect of the increase in the value of the Euro.

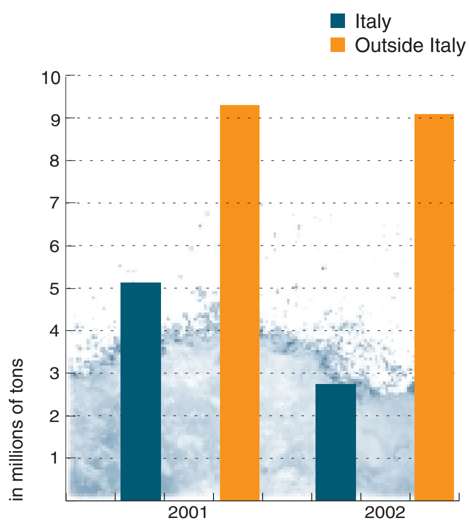
Despite such reduction, profitability increased, with a total operating profit of EUR 4.7 million, as a consequence of the good performance of the other contracts.

As for invested capital and the financial position, it should be pointed out that the balance sheet does not include the investment for the vessel that will operate at Piombino since the vehicle company which made the investment was not yet operational at December 31, 2002 and, therefore, the company was not included in the scope of consolidation.

The debt/equity ratio remains equal to 0.6 thanks to high levels of cash flows generated, attested to by the EBITDA at EUR 11 million with revenues of EUR 38.3 million.

These results were achieved even though the contract terms with Enel were not honored and operations did not start in India.

Tons transported and transshipped



Coal and Fuels sector

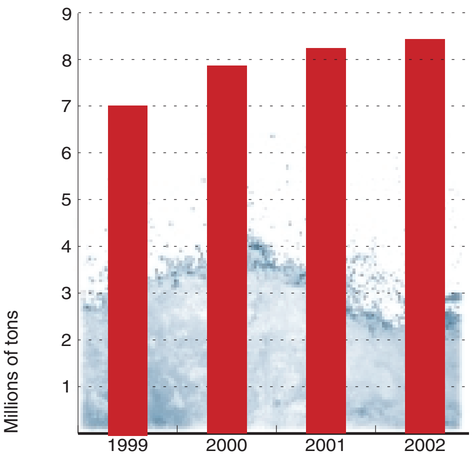
The sector operates through the operating subholding companies Coeclerici Coal and Fuels S.p.A. and Coeclerici Carbometal S.r.l. in the international trading activities of coal and is also the representative agent for Italy, and in some cases for outside Italy, for some of the major world producers of coal.

As mentioned earlier, during 2002, strategic relationships were strengthened in Russia, with the conclusion of the agreements already described with the partner Rusinkor. From this alliance, the Group expects to achieve a more stable flow of coal, better quality of the raw material, and the strengthening of its current strategic position in Murmansk harbor.

In addition, discussions are currently in progress to decide on actions that will further augment the Coeclerici Group's presence in Russia. Possible steps include investing in plants for Murmansk harbor that are able to remove impurities from coal.

Alongside trading activities, agency activities continued in 2002; 4.9 million tons of coal were traded, making an important contribution to the economic results. The coal procurement market continues to generate added value to the agency brokering activities, which the Coeclerici Group has performed for more than 90 years, thanks to its in-depth knowledge of the market and its long-standing relationships with producers and users.

Raw materials traded



In 2002, the Group traded 8.4 million tons, of which 3.5 million relative to the trading segment.

Summary of economic and financial highlights

Highlights of the Coal and Fuels sector are as follows (in thousands of EUR):

	2002	2001
Economic highlights		
Revenues	145,089	216,045
Contribution margin	8,528	13,614
Total operating profit	3,831	8,574
Financial highlights		
Invested capital	49,898	48,997
- of which fleet	21,852	21,773
Stockholders' equity Group and minority interests	10,423	12,009
Net financial position	28,040	34,621
- of which ship finance	13,827	17,588
Other information		
Ebitda	3,241	10,161
Debt/Equity	2.7	2.9
Tons traded (in millions)	8.4	8.2

The reduction in revenues in 2002 compared to the prior year, with higher volumes traded, should be viewed in relation to the decrease in sales prices and the strengthening of the Euro against the US Dollar.

The profitability of the sector is still quite positive, although not in line with 2001 which, as previously mentioned, was an exceptional year and not easily replicable.

As you will recall, in 2001, the sector invested in a Panamax vessel, also with the aim of partially covering the cost of chartering vessels for transporting coal sold on a CIF basis.

The invested capital comprises the value of the vessel of EUR 21.9 million and the financial position includes the residual value of the bank loan connected with the investment, equal to EUR 13.8 million. On the whole, nevertheless, the debt/equity ratio remains in line with that of 2001 (2.7). If the investment in the vessel is not considered and only data strictly related to the sector is taken into account, the debt/equity ratio is equal to 1.4. Lastly, invested capital, excluding the value of the vessel, which would thus consist of net working capital, is equal to EUR 28.0 million, a reduction from the prior year due to the contraction of revenues.

Research and development

The Group carries out mainly commercial research and development activities, particularly with reference to the Logistics and Coal and Fuels sectors.

As far as the former sector is concerned, activities are focused on the research and study of new projects associated with the transport and transshipment of raw materials. The Coal and Fuels sector, on the other hand, concentrates on searching for further opportunities to invest in mines, with the aim of having more direct and stable access to the sources of supply.

All the R&D costs are directly expensed to the income statement.

Treasury stock or stock of the parent company

The group holding company holds neither treasury stock nor stock in its parent companies, Cocler NV and Cocler S.p.A., neither has it acquired or sold treasury stock or shares of the parent companies.

Transactions with parent companies and related parties

The Group has no significant transactions with either the parent companies or related parties.

Future outlook

The strong recovery in the shipping market will certainly bring the Group to a better profitability in 2003. Additionally, an agreement has been reached with the partner DryLog Ltd on the basis of which Coeclerici Ceres Bulk Carriers NV, joint-venture set-up at the beginning of 2002, will sell the owned fleet in 2003, partly on the market and partly to the Greek partner, minor shareholder of Coeclerici Ceres Bulk Carriers NV. The Greek partner, in turn, is compelled to maintain the acquired fleet under the commercial management of Coeclerici Group through the existing commercial pools.

Meanwhile, Coeclerici Ceres Bulk Carriers NV, remaining unchanged in its shareholding structure, will keep on operating in the shipping segment with 14 new-buildings (both Panamax and Capesize), controlled on the basis of multi-year time-charter contracts (7 to 10 years), all of them with purchase option.

With this operation, the Group aims to focus even more on the commercial management as well as the chartering of vessels, in addition to the other two business units, Logistics and Coal and Fuels.

Significant subsequent events

In the scenario of the above mentioned strategic dealings, also considering the great increase in the value of vessels, in the early months of 2003 agreements have been already signed for the sale to third parties of the motor vessels Panagiotis, Capt. John, Capt. George, Bulktiger and Bulk Hellas; the sales generated a positive result.

The Logistics sector sold the barge Socarsei to third parties at a price in line with its carrying value.

There were no other significant events subsequent to the end of the year.

Consolidated Financial Statements at December 31, 2002

Consolidated balance sheet at December 31, 2002

(Translation from the original issued in Italian)

(Thousands of Eur)

Assets		Dec. 31, 2002		Dec. 31, 2001	Changes
A) Share capital issued and not yet paid		**0**		**0**	**0**
B) Fixed assets					
I Intangible fixed assets:					
Start-up and expansion costs		0		179	(179)
Industrial patents and intellectual properties		3		18	(15)
Concessions, patents, licenses, trademarks and similar rights		76		43	33
Consolidation difference		0		76	(76)
Other		2,292		1,266	1,026
Total intangible fixed assets		2,371		1,582	789
II Tangible fixed assets:					
Land and buildings		6,310		6,534	(224)
Plant and machinery:					
- fleet		302,224		215,022	87,202
- other plant and machinery		143		240	(97)
Industrial and commercial equipment		4		18	(14)
Other		901		891	10
Assets under construction and advance payments		18,346		14,337	4,009
Total tangible fixed assets		327,928		237,042	90,886
III Financial fixed assets:					
Equity investments in:					
Subsidiaries		150		322	(172)
Associated companies		2,845		7,206	(4,361)
Other companies		647		584	63
Receivables:	(1)		(1)		
Other	3,889	17,459	0	1,846	15,613
Total financial fixed assets		21,101		9,958	11,143
Total fixed assets		**351,400**		**248,582**	**102,818**
C) Current assets:					
I Inventories:					
Raw, ancillary and consumable materials		5,380		9,931	(4,551)
Charters in progress		12,870		16,900	(4,030)
Finished products and goods for resale		6,477		7,579	(1,102)
Advances		5,850		4,347	1,503
Total inventories		30,577		38,757	(8,180)
II Receivables:	(2)		(2)		
Trade		47,061		68,962	(21,901)
Associated companies		140		140	0
Parent companies		53		0	53
Other		16,172		25,921	(9,749)
Total receivables		63,426		95,023	(31,597)
III Current financial assets:					
Investments in subsidiaries		0		2,247	(2,247)
Other investments		455		850	(395)
Total current financial assets		455		3,097	(2,642)
IV Cash and banks:					
Bank and postal deposits		18,762		24,750	(5,988)
Cash on hand		60		80	(20)
Total cash and banks		18,822		24,830	(6,008)
Total current assets		**113,280**		**161,707**	**(48,427)**
D) Accrued income and prepaid expenses		**17,222**		**10,602**	**6,620**
Total assets		**481,902**		**420,891**	**61,011**

(1) Due within one year
(2) Due beyond one year

Liabilities and stockholders' equity		Dec. 31, 2002		Dec. 31, 2001	Changes
A) Stockholders' equity:					
I Capital stock		8,000		8,000	0
IV Legal reserve		3,562		2,849	713
VII Other reserves:					
Cumulative translation adjustments		(1,070)		14,709	(15,779)
VIII Retained earnings		42,538		40,241	2,297
IX Net income		1,194		7,170	(5,976)
Stockholders' equity - Group		**54,224**		**72,969**	**(18,745)**
Minority interests		29,041		3,092	25,949
Total stockholders' equity - Group and minority interests		**83,265**		**76,061**	**7,204**
B) Provisions for liabilities and expenses:					
Employees' pension and similar obligations		35		35	0
Income taxes		716		5,270	(4,554)
Other:					
- provision for losses of subsidiaries and associated companies		224		224	0
- other provisions		7,157		5,580	1,577
Total provisions for liabilities and expenses		**8,132**		**11,109**	**(2,977)**
C) Provision for employees' leaving indemnity		**2,520**		**2,233**	**287**
D) Payables:	(1)		(1)		
Bank borrowings	231,172	303,062	134,525	243,322	59,740
Payables to other financial companies		5,245		1,418	3,827
Advance payments		28,779		21,955	6,824
Trade		35,131		52,368	(17,237)
Parent companies		16		74	(58)
Taxes		1,810		1,851	(41)
Social security agencies		403		467	(64)
Other payables		723		1,934	(1,211)
Total payables		**375,169**		**323,389**	**51,780**
E) Accrued liabilities and deferred income:					
- government grants		1,361		1,677	(316)
- other		11,455		6,422	5,033
Total accrued liabilities and deferred income		**12,816**		**8,099**	**4,717**
Total liabilities and stockholders' equity		**481,902**		**420,891**	**61,011**

(1) Due beyond one year

Memorandum accounts	Dec. 31, 2002	Dec. 31, 2001	Changes
Unsecured guarantees granted:			
Guarantees	1,332	1,266	66
Other memorandum accounts:			
Receivables sold to factoring companies	8,499	8,787	(288)
Commitments	341,771	190,525	151,246
Total memorandum accounts	**351,602**	**200,578**	**151,024**

Consolidated income statement for the year ended December 31, 2002

(Translation from the original issued in Italian)

(Thousands of Eur)

	2002	2001	Changes
A) Production value:			
Revenues from sales and services	534,800	770,941	(236,141)
Changes in services in progress	(4,030)	(18,554)	14,524
Other income and revenues:			
- operating grants	38	41	(3)
- sundry	28,427	29,625	(1,198)
Total production value	**559,235**	**782,053**	**(222,818)**
B) Production costs:			
Raw, ancillary and consumable materials and goods for resale	(157,234)	(251,059)	93,825
Services	(320,338)	(445,120)	124,782
Leases and rentals	(913)	(1,612)	699
Personnel:			
wages and salaries	(20,130)	(16,302)	(3,828)
social security charges	(2,357)	(2,063)	(294)
employees' leaving indemnity	(798)	(726)	(72)
Amortization, depreciation and write-downs:			
amortization of intangible fixed assets	(838)	(799)	(39)
depreciation of tangible fixed assets	(26,948)	(19,926)	(7,022)
other write-downs of fixed assets	(77)	(4,927)	4,850
write-downs of receivables included under current assets	(118)	(147)	29
Change in inventories of raw, ancillary and consumable materials and goods for resale	(5,653)	(481)	(5,172)
Accruals for liabilities and expenses	(1,005)	(977)	(28)
Other accruals	0	(1,128)	1,128
Other operating expenses	(22,677)	(19,988)	(2,689)
Total production costs	**(559,086)**	**(765,255)**	**206,169**
Difference between production value and costs	**149**	**16,798**	**(16,649)**
C) Financial income and expenses:			
Investment income:			
- subsidiaries	516	703	(187)
- other companies	59	49	10
Other financial income:			
income other than the above			
- subsidiaries	0	643	(643)
- other	15,140	13,598	1,542
Interest and other financial expenses:			
- other	(23,341)	(24,359)	1,018
Total financial income and expenses	**(7,626)**	**(9,366)**	**1,740**
D) Adjustments to financial assets:			
Revaluations:			
equity investments	0	1,564	(1,564)
Write-downs:			
equity investments	(9)	(9)	0
securities recorded in current assets, other than equity investments	(506)	0	(506)
Total adjustments to financial assets	**(515)**	**1,555**	**(2,070)**
E) Extraordinary income and expenses:			
Extraordinary income			
- other	3,560	1,199	2,361
Extraordinary expenses			
- prior years' income taxes	(720)	0	(720)
Total extraordinary income and expenses	**2,840**	**1,199**	**1,641**
Income (loss) before income taxes	**(5,152)**	**10,186**	**(15,338)**
Income taxes	2,495	(3,307)	5,802
Net income (loss) before minority interests	**(2,657)**	**6,879**	**(9,536)**
Minority interests	3,851	291	3,560
Net income - Group	**1,194**	**7,170**	**(5,976)**

Notes

to the consolidated financial statements of Coeclerici Group at December 31, 2002

Structure and content of the financial statements

The consolidated financial statements at December 31, 2002 consist of the balance sheet and the income statement and the notes to consolidated financial statement, drawn up in accordance with provisions introduced by Legislative Decree No. 127 of April 9, 1991, and subsequent amendments.

The consolidated financial statements of the Coeclerici Group at December 31, 2002 have been prepared using the financial statements of Coeclerici S.p.A., the group holding company, and the financial statements of the Italian and foreign subsidiaries in which Coeclerici S.p.A. holds, directly or indirectly, more than 50% of capital stock.

The financial statements used in the preparation of the consolidated financial statements are those at December 31, 2002. These financial statements have been adjusted, where necessary, to reverse any entries made for fiscal purposes in order to obtain tax benefits which otherwise could not be obtained, or to conform with the accounting principles of the Group, which are in accordance with those laid down by the provisions introduced by Legislative Decree No. 127 of April 9, 1991 and later amendments, and by Consob. The effect of these adjustments, which mainly relate to depreciation, government grants and the dry dock provision is described in the following notes.

Significant subsequent events are described in the report on operations.

Balance sheet and income statement captions with a zero balance are omitted; all amounts are expressed in thousands of EUR.

Principles of consolidation

The assets and liabilities of the consolidated companies are consolidated using the line-by-line method, eliminating the book value of the investments against the related net equities of the companies.

Where the subsidiaries are controlled jointly with a third party, the companies are consolidated proportionally, and the proportional share of the investment, the individual assets, liabilities, costs and revenues are included in the consolidated financial statements.

The difference between the book value of the investments and the corresponding net assets has been allocated to the assets and liabilities based on the current values at the time of acquisition, or to the “consolidation difference”.

In particular:

- the differences between the price paid to acquire Fermar Group and Sidermar di Navigazione S.p.A. (merged by absorption in Coeclerici Armatori S.p.A.) and Porto Cervo Shipping Co. Ltd and the related net assets at the date of acquisition have been allocated mainly to the fleet to adjust it to current values and to the valuation of future risks for litigation;

- the higher price paid for the purchase of the shipping company which owns the motor vessel Bulktiger, in addition to 45% of the investment acquired in Coeclerici Logistics S.p.A., has been attributed to the current value of the fleet;

- the higher price paid for the purchase of 50% of Viann N.V. has been recorded in the consolidation difference.

Receivables and payables, revenues and costs and transactions involving significant amounts with companies included in consolidation are eliminated.

The minority interest in stockholders' equity and the results of consolidated subsidiaries is disclosed separately on the face of the balance sheet and income statement.

The translation of the foreign currency financial statements of the subsidiaries to EUR is based on the exchange rate ruling at year-end for the balance sheet items and at the average annual exchange rate for income statement items. The differences deriving from the translation of the financial statements expressed in foreign currency are allocated directly to "cumulative translation adjustments" in stockholders' equity.

Significant accounting policies

The most significant accounting policies adopted in the preparation of the consolidated financial statements at December 31, 2002 are disclosed below.

Intangible fixed assets

Intangible fixed assets are stated at purchase cost, including incidental costs, and are amortized on the straight-line method over the estimated period of benefit.

Start-up and expansion costs are recorded under intangible fixed assets. Advertising costs, since they do not benefit more than one year, are entirely expensed in the year incurred.

In the event of an impairment in the value of an asset, regardless of the amortization recorded to date, the asset will be written down accordingly.

Tangible fixed assets

Tangible fixed assets are stated at the cost of acquisition or construction. Acquisition cost includes incidental costs and direct and indirect costs for an amount that can be reasonably charged to the asset.

The buildings used by the Group under two financial leasing contracts (offices in Genoa and Rome), which the Group intends to purchase at the end of the leasing period, are accounted for in the financial statements in accordance with international accounting standard IAS 17. This standard states that the asset should be recorded at a value equal to the sum of the lease payments and the purchase option price covered by the leasing contract, net of interest, with a related entry under liabilities for a payable of the same amount. The same accounting treatment has been adopted for a vessel used by the Group under a bare boat charter contract with a purchase option.

Depreciation is calculated on the straight-line method at rates designed to write-off the assets over their estimated useful lives. The rates applied are disclosed in a subsequent note.

In the event of an impairment in the value of an asset, regardless of the depreciation recorded to date, the asset is written down accordingly; if in future years, the reasons for the write-down no longer apply, the asset is reinstated to its original value.

Ordinary maintenance costs are charged to the income statement. Maintenance costs which increase the asset value are attributed to the assets to which they refer and depreciated over the remaining useful life of the assets.

Financial fixed assets (equity investments)

Equity investments in unconsolidated companies where the Group exercises a dominant influence (where ownership generally comprises between 20% and 50% of the voting stock and the investment is of a permanent nature) are accounted for on the equity method.

Equity investments in other companies are stated at purchase or subscription cost, reduced for any permanent impairment in value as a result of losses which are not expected to be covered in the foreseeable future by profits sufficient to absorb the previous negative results. If in future years the reasons for the write-down no longer apply, the asset is reinstated to its original value.

Financial fixed assets (receivables)

Receivables in financial fixed assets are stated at their estimated realizable value.

Inventories

Inventories of lubricants and fuel on board ships at December 31, 2002 are stated at cost determined using criteria which approximate the FIFO method.

Inventories of goods are stated at the lower of the purchase cost of the inventories on hand at December 31, 2002, determined using the weighted average cost, and estimated realizable value based on the market price; any write-downs are eliminated in subsequent years if the reasons for the write-downs no longer apply.

Charters in progress are stated on the basis of charters pro-rated, days out-of-port; in the event of a voyage in a loss position, the loss is entirely charged to the year in which the voyage commenced.

Receivables

Receivables are stated at their estimated realizable value.

Current financial assets (investments in subsidiaries)

These are recorded at the cost of acquisition (including incidental costs) or at realizable value.

Accruals, prepayments and deferrals

Accruals, prepayments and deferrals include the portion of income and expenses common to two or more years calculated on the basis of the accrual principle.

Provisions for liabilities and expenses

The provisions for liabilities and expenses are accrued in respect of losses or liabilities, which, at the date of the balance sheet are either likely or certain to be incurred but uncertain as to the amount or as to the date on which they will arise. The accruals to the provisions represent the best possible estimates based on available information.

Possible risks that may result in a liability are disclosed in the notes without any amounts being set aside in a provision for liabilities and expenses.

Dry dock

As generally applied in international practice, the costs relating to cyclical maintenance incurred for purposes of renewing a ship's class are recorded in the income statement in the year incurred. Accordingly, annual accruals to the dry dock provision will no longer be made for future periodical maintenance.

Provision for employees' leaving indemnity

The provision for employees' leaving indemnity covers the entire liability provided in favor of employees at the balance sheet date, in accordance with existing legislation, collective national labor contracts and company agreements. This liability is subject to revaluations based on indices.

Payables

Payables are stated at their nominal value.

Government grants

Government grants to the shipping industry are credited to the income statement on the straight-line method over the estimated life of the vessels to which they refer.

The portion of the grants received in advance of the start of a vessel's operations are accounted for under "deferred income" and credited to income on the accrual basis.

Operating grants are recorded in the year to which they refer under "other income and revenues".

Recognition of revenues and expenses

Revenues from the sale of products are recognized at the time of passage of title or, if stated in the contracts or formally requested by the customer, then at the date the goods are delivered to the consignment warehouse.

Revenues derived from chartering out the company's own vessels or from transport and transshipment services are accounted for on the accrual basis.

Charter income relating to transports in progress at the balance sheet date is stated on a pro-rated days-out-of port basis.

Interest income and expenses and other income and expenses are recorded and shown in the financial statements on the accrual basis.

Dividend tax credits are recorded in the income statement in the year of receipt of the dividends to which they refer and are classified, where appropriate, as a reduction of the income tax charge for the year.

Income taxes

Income taxes are recorded on the basis of the estimated taxable income in conformity with existing laws, taking into account applicable exemptions and allowed tax credits. Deferred taxes are also recorded for temporary differences between the accounting value of the assets and liabilities and the corresponding amounts for tax purposes. Deferred tax assets on any temporary difference are recorded only if there is reasonable certainty of recovery and taking into account the probable tax charge applicable in the future. Tax benefits from tax loss carryforwards are only recorded if utilization is assured.

Translation of foreign currency balances

Receivables and payables expressed in foreign currency are translated to EUR at the historical exchange rate as of the transaction date.

Exchange differences arising upon the collection and payment of balances in foreign currency are recorded in the income statement.

As for currencies outside the euro-zone:

- if, at year-end, outstanding receivables and payables in foreign currency due within the next fiscal year are translated at year-end exchange rates and a net unrealized loss results, the loss is recorded in the income statement of the period with a contra-account entry to a provision for exchange fluctuations; if, on the other hand, a net gain results from the translation, for prudence and for fiscal reasons it is not recognized;

- if, at year-end, outstanding receivables and payables in foreign currency due after the next fiscal year are translated at year-end exchange rates and a net unrealized loss results, this amount is recorded in the income statement of the period with a contra-account entry to a provision for exchange fluctuations; if, on the other hand, a net gain results from the translation, it is deferred.

The above valuations take into account any existing currency hedging agreements.

Derivative contracts

Derivative contracts to hedge exchange rate and interest rate exposure or bunker purchases are shown in the memorandum accounts at their notional value and the related economic effects are reflected in the financial statements at the same time as the transactions, or the financial flows to which they relate. Derivative contracts for trading purposes, mainly in reference to charters and forward purchase / sale of coal, are shown in the memorandum accounts and reflected in the financial statements at the lower of purchase cost and market value.

Scope of consolidation

Pursuant to articles 38 and 39 of Legislative Decree No. 127/1991, the annexes to the notes to the financial statements provide a list of the companies consolidated using the line-by-line consolidation method and the investments in subsidiaries and associated companies valued using the equity method.

Investments in unconsolidated subsidiaries

Certain investments in subsidiaries have not been included in consolidation since they are more or less dormant and, consequently, their inclusion in the consolidated financial statements would not have been significant in terms of presenting a true and fair view of the financial position and results of operations of the Group.

These companies have been valued using the equity method.

All amounts in the notes are expressed in thousands of EUR. The amounts in parentheses refer to the prior year.

Comments on the consolidated balance sheet

Assets

Fixed assets

Intangible fixed assets

Eur 2,371 thousand (Eur 1,582 thousand)

The caption "consolidation difference" shows a zero balance at December 31, 2002 since the higher price paid in 1997 for the purchase of 50% of Viann N.V. was completely amortized during the year. The original amount was EUR 377 thousand.

"Other" intangible fixed assets include:

	12/31/2002	12/31/2001
Commissions on securing loans	1,988	898
Leasehold improvements	217	262
Software and other	87	106
TOTAL	**2,292**	**1,266**

Leasehold improvements are amortized over the duration of the lease contract and commissions to secure loans over the period of the loans to which they refer; other intangible fixed assets are amortized over a period of five years, with the exception of software which is amortized over three years. The consolidation difference is amortized over five years.

The amortization charge for the year was EUR 838 thousand.

Tangible fixed assets

Eur 327,928 thousand (Eur 237,042 thousand)

"Land and buildings", stated at EUR 6,310 thousand in the financial statements, comprise the Group's offices located in Genoa and Rome, acquired under leasing contracts.

Changes in 2002 to the Group's fleet, which shows a carrying value at year-end of EUR 302,224 thousand, are described below:

- investment in two newly-built Capesize vessels, the Bulk Africa and the Bulk Australia; the latter went into operation in 2003. The total cost is USD 78.5 million, of which USD 58.5 million was paid in 2002 and the residual amount in the early months of 2003 when the Bulk Australia motor vessel went into operation. The advance payments made to the shipyard for the latter vessel were recorded in the financial statements under "assets under construction and advance payments";

- as discussed in the report on operations, the value of the fleet increased by some EUR 69 million (USD 72 million), before the depreciation charge for the year, due to the contribution of ships made by the partner Ceres Hellenic. In fact, Ceres Hellenic became a new stockholder in Coeclerici Ceres Bulk Carriers NV, acquiring a 34% stake against the contribution of assets and liabilities (bank loans) in addition to a cash payment for the difference;

- the sale of the motor vessel Bulkamstelwal, a Capesize built in 1981. The vessel was recorded in the 2001 financial statements for EUR 2.8 million and the Group realized a gain of EUR 547 thousand on its sale;

- as far as the Logistics sector is concerned, the barge Socartre was sold during the year, with no significant economic impact. As described in the report on operations, in 2002 the sector took delivery of the barge intended for operations in India. The cost of the investment was USD 12 million, of which USD 7 million already paid in 2001.

"Other" tangible fixed assets refer to furniture and fixtures for EUR 475 thousand, electronic office equipment for EUR 369 thousand and motor vehicles for EUR 57 thousand.

Depreciation totaling EUR 26,948 thousand has been calculated using the straight-line method at the following rates designed to write-off the assets over their estimated useful lives:

Buildings	3%
Plant and machinery	10% - 20%
Other:	
- motor vehicles	25%
- office furniture and fixtures	12% - 15% - 20%
- electronic office equipment	20%

The fleet is depreciated over the estimated useful lives of the vessels, normally 20 or 25 years from the year of construction; depreciation is calculated net of the scrap value. Ships employed on specific contracts are depreciated over the contract period.

Financial fixed assets

Eur 21,101 thousand (Eur 9,958 thousand)

Equity investments

Eur 3,642 thousand (Eur 8,112 thousand)

Equity investments refer to the companies that are not consolidated on a line-by-line basis.

At December 31, 2002, equity investments in unconsolidated subsidiaries and associated companies are composed of the following:

	12/31/2002		**12/31/2001**	
	%	Net carrying value	%	Net carrying value
Subsidiaries				
Bulk Terminal Torres SpA	90%	69	90%	77
Terminal Offshore Piombino SpA	--	0	80%	10
Ferchim Srl (in liquidation)	75%	77	75%	77
CC Shipping Services Sam	--	0	100%	154
LS Service Srl	100%	4	100%	0
Other minor companies	--	0	--	4
		150		**322**
Associated companies				
Bulkispat Shipping Inc.	33%	2,384	50%	2,837
Consorzio Italcoast (in liquid.)	50%	5	50%	5
Freetravel Srl	22%	22	22%	22
MC Associates Ltd	20.46%	434	--	0
Bulk Nike Corp.	--	0	40%	2,859
Bulk Genova Corp.	--	0	20%	1,021
Sical CC Logistics Ltd	--	0	50%	462
		2,845		**7,206**
Total		**2,995**		**7,528**

The company Bulkispat Shipping Inc., whose capital stock is held by Coeclerici Group for 50% and by the Indian group Ispat for 50%, is the owner of the motor vessel Bulkispat, a Capesize used commercially in the Coeclerici pool. The investment has been valued using the equity method as de facto control of the company is exercised by the other partner.

Bulk Nike Corp. and Bulk Genova Corp. are the companies owning the two vessels which were contributed by the stockholder Ceres Hellenic to the joint venture with the Coeclerici Group. Specifically, the stockholder owned 60% in Bulk Nike and 80% in Bulk Genova. At the balance sheet date, the two subsidiaries are thus completely controlled and are consolidated on a line-by-line basis.

The investment in Consorzio Italcoast has been further written down by a provision for losses of subsidiaries and associated companies recorded under liabilities to bring the carrying value in line with the value arrived at by using the equity method and also to take into account the risk of not collecting the receivable shown under "receivables from associated companies".

"Equity investments in other companies" consist principally of investments in Telemar S.p.A. (EUR 304 thousand), Terminal Offshore Piombino S.p.A. (EUR 180 thousand), Levelseas Holdings Ltd (EUR 59 thousand) and Banca Carige S.p.A. (EUR 84 thousand).

Receivables

Eur 17,459 thousand (Eur 1,846 thousand)

Receivables include EUR 9,354 thousand, the equivalent amount of USD 8,889 thousand, relating to a loan made during the year to the Russian partner EPG Rusinkor, as described in the report on operations. The loan, for an original amount of USD 10 million, calls for equal monthly repayments with the final payment due in June 2005. The loan bears interest at rates that are more favorable than those offered on the financial markets.

Receivables also include loans for a total of EUR 5,492 thousand made during the year under contractual agreements reached with partners involved with the Coeclerici Group in the previously mentioned Piombino deal.

The remaining receivables mostly consist of permanent security deposits with third parties, in addition to the last installment on the building lease contract stipulated with Banca Carige S.p.A. and paid in advance (EUR 230 thousand) and by the taxes paid in advance on the provision for employees' leaving indemnity (EUR 283 thousand).

Current assets

Inventories

Eur 30,577 thousand (Eur 38,757 thousand)

Consumables are chiefly composed of lubricants and fuel oil on board the vessels owned by the Group or chartered.

Charters in progress consist of charters accrued on a pro-rated, days out-of-port basis at the balance sheet date. The decrease from the prior year should be viewed in relation to a different composition of the voyages in progress at the end of the year.

Goods for resale include anthracite inventories for EUR 549 thousand and fossil coal for EUR 5,928 thousand. As of this date, the entire inventory has been sold and no loss was realized.

Advances consist of payments to suppliers for the commodities of Russian origin.

Receivables

Eur 63,426 thousand (Eur 95,023 thousand)

Receivables may be analyzed as follows:

	12/31/2002	12/31/2001
Trade	47,061	68,962
Associated companies	140	140
Parent companies	53	0
Other receivables	16,172	25,921
Total	**63,426**	**95,023**

Trade

Eur 47,061 thousand (Eur 68,962 thousand)

Trade receivables from customers, shown net of the allowance for doubtful receivables of EUR 1,682 thousand, include trade receivables from third parties for normal trading transactions. As of today's date, most of the receivables have been collected.

The decrease in trade receivables compared to the prior year is due to the consolidation of the shipping pools using the proportional method, the decrease in revenues from the Shipping and Coal and Fuels sectors due to the price factor and the increase in value of the euro against the U.S. dollar. In fact, almost all of the Group's transactions are expressed in the United States currency.

Subsidiaries, associated companies and parent companies

Eur 193 thousand (Eur 140 thousand)

Receivables from subsidiaries, associated companies and parent companies, all trade receivables at the end of the year, refer to the following:

	12/31/2002	12/31/2001
Associated companies		
Consorzio Italcoast (in liquidation)	140	140
	140	**140**
Parent companies		
Cocler NV	53	0
	53	**0**
Total	**193**	**140**

The receivable of EUR 140 thousand due from Consorzio Italcoast in liquidation has been fully written off, together with the carrying value of the investment, through an entry to a provision account carried in the liabilities.

Other receivables

EUR 16,172 thousand (EUR 25,921 thousand)

Other receivables refer to:

	12/31/2002	12/31/2001
Advances to suppliers	6,130	11,268
Tax authorities	2,949	4,417
Factoring companies for receivables sold	3,099	4,207
Insurance companies	2,305	2,746
Third party stockholders	887	0
Ooo “Transsibugol” Dalnyie Gorjy Mine loan account	262	1,571
CC Shipping Services Philippines Co. Inc.	226	113
Twinson loan account	0	1,299
Employees	128	55
Social security agencies	71	38
Sundry receivables	115	207
Total	**16,172**	**25,921**

Advances to suppliers mainly refer to advances given to shipping agents and shipowners for expenses incurred on the voyages in progress and for payments of chartering costs relating to invoices which have been recorded in 2003.

Receivables from the tax authorities chiefly include receivables for Irpeg/Ilor taxes and withholding taxes.

In 1997, the Group sold tax receivables with recourse to Fiscambi Factoring (now Mediofactoring S.p.A.) for a total of EUR 13,909 thousand. Interest due on the amount received from Fiscambi Factoring is payable at a rate equal to the quarterly average of the daily three-month Euribor until such time as the factoring company collects the receivable from the tax authorities.

Since the sale of the receivables referred to the capital and interest at December 31, 1996, the financial statements include interest receivable from Fiscambi Factoring for an amount equal to the interest on the receivables sold and which Fiscambi Factoring, once the receivables are collected from the tax authorities, must pay to Coeclerici.

In 2002, this amount decreased due to new utilizations of the available credit line, net of the interest earned during the period and the partial repayments made.

Receivables from the insurance companies primarily consist of compensation, equal to USD 2,379 thousand, for damages suffered during navigation by the motor vessels Bulktiger, Capt. John L. and Porto Cervo. The amount should be collected during 2003.

Third party stockholders receivables refer to the share of the capital increase of the consolidated subsidiary Coeclerici Ceres Bulk Carriers NV, subscribed by the partner Ceres Hellenic and that, according to agreements, will be paid in 2003.

Current financial assets

Eur 455 thousand (Eur 3,097 thousand)

Investments in subsidiaries
Eur 0 thousand (Eur 2,247 thousand)

The balance in the previous year was EUR 2,247 thousand and related to the carrying value of some companies in liquidation and was principally represented by the liquidity of the subsidiaries. In 2002, the wind-ups were concluded with the consequent repayment of capital and the return of the liquidity.

Other investments
Eur 455 thousand (Eur 850 thousand)

The balance includes an investment in Pirelli S.p.A. stocks made the previous year on the Milan stock exchange. The value of the stock was duly written down by EUR 395 thousand in order to adjust it to the market price at the balance sheet date.

Cash and banks

Eur 18,822 thousand (Eur 24,830 thousand)

Bank and postal deposits
Eur 18,762 thousand (Eur 24,750 thousand)

“Bank and postal deposits” consist of temporary liquidity positions with banks generated in conjunction with treasury management. These deposits are composed entirely of current accounts in EUR and foreign currency.

The balance includes an amount equal to USD 1 million paid as a deposit by the potential buyer of a vessel; the sale was not completed and the disposition of the sum in question will be decided when the dispute surrounding this matter is settled.

Cash on hand
Eur 60 thousand (Eur 80 thousand)

Cash on hand consists of cash funds at the head office and on board vessels at December 31, 2002.

Accrued income and prepaid expenses

This caption consists entirely of prepaid expenses.

Prepaid expenses

Eur 17,222 thousand (Eur 10,602 thousand)

Prepaid expenses are as follows:

	12/31/2002	12/31/2001
Charter costs and costs for voyages in progress	15,640	9,553
Insurance premiums	494	539
Price paid at time of acquiring Fermar Group to obtain low interest financing from the banking system	351	418
Paper trading expenses	623	0
Rent	46	38
Other	68	54
Total	**17,222**	**10,602**

The price paid to secure low-interest financing from the banking system by the Fermar Group is charged to the income statement in relation to the interest expense on these low-interest loans.

Comments on the consolidated balance sheet

Liabilities and stockholders' equity

Stockholders' equity

The changes in stockholders' equity are shown in the attached statement. Part of the provisions are tax-deferred; no taxation has been provided at this time in that no transactions are expected to be entered into which would warrant taxation.

Capital stock

Eur 8,000 thousand (Eur 8,000 thousand)

Capital stock is entirely subscribed to and fully paid-in and at December 31, 2002, totals EUR 8,000 thousand, consisting of 8,000,000 ordinary shares of par value EUR 1 each.

Legal reserve

Eur 3,562 thousand (Eur 2,849 thousand)

The legal reserve consists of the reserve of the group holding company and the Group's share of the legal reserves of the consolidated companies formed subsequent to their acquisition.

Cumulative translation adjustments

Eur (1,070) thousand (Eur 14,709 thousand)

The translation of the financial statements of foreign subsidiaries to EUR gives rise to a negative translation adjustment due to the lower value of the US Dollar against the Euro, compared to the end of the prior year.

Retained earnings

Eur 42,538 thousand (Eur 40,241 thousand)

Retained earnings are formed by the Group's share of the net results of the group holding company and the consolidated companies. The increase is due to the appropriation of the net income of the prior year.

Minority interests

Eur 29,041 thousand (Eur 3,092 thousand)

At December 31, 2002, this amount includes the minority interests in the capital and reserves relating to 34% of Coeclerici Ceres Bulk Carriers NV, 10% of

Bulkguasare Ltd, 20% of Bulk Bourgas Ltd, 49% of CC Steel Shipping and Logistics and 11% of Affinity Co. Ltd.

As regards the stakes held by Simest S.p.A. in Affinity Co. Ltd (10%), amounting to a total of EUR 1,321 thousand at December 31, 2002, the following is envisaged according to the agreements signed by the stockholders:

- the results of the subsidiaries attributable to Simest S.p.A. will be fully attributed to Coeclerici Group;
- the obligation to repurchase, on June 30, 2004, the interest held in Affinity Co. Ltd at a prefixed amount of not less than the amount invested by Simest S.p.A..

This is the reason why Simest S.p.A.'s share of the earnings of Affinity Co. Ltd is included in the consolidated financial statements while the remuneration due to Simest is recorded under financial expenses.

The significant increase in minority interests compared to December 31, 2001 is due to the entry of the partner Ceres Hellenic in the capital stock of Coeclerici Ceres Bulk Carriers NV. The minority interest in the stockholders' equity of the subsidiary is EUR 22,085 thousand.

Provisions for liabilities and expenses

Provision for income taxes

Eur 716 thousand (Eur 5,270 thousand)

The provision for income taxes includes net deferred taxes arising from accruals made against the elimination in the consolidated financial statements of items recorded solely for tax purposes and taxes accrued on gains realized in the year and on government grants, the payment of which will be made in future years as permitted by existing fiscal legislation. Tax loss carryforwards are taken into account in calculating deferred taxes.

The provision for deferred taxes is net of deferred tax assets of EUR 1,700 thousand.

During 1999 and in the first months of 2000, a general inspection was conducted by the Revenue Guard Corps of the consolidated companies Coeclerici Armatori S.p.A., Coeclerici Coal and Fuels S.p.A. and Coeclerici Logistics S.p.A. for the years 1997 and 1998. Moreover, following the reports of partial inspections for the years 1993, 1994, 1995 and 1996, always issued by the Revenue Guard Corps, partial assessments were notified by the Internal Revenue Service and the VAT Office for significant amounts. Protesting such assessments, appeals and defense cases were prepared with the assistance of Coeclerici Group's tax consultants. It should also be pointed out that certain assessments were already discussed before the Provincial Tax Commission with rulings handed down in favor of the company and, in some cases, the favorable ruling was also confirmed by the Regional Tax Commission. On the basis of the appeals filed, the rulings that have already been handed down in favor of the company and the opinions of the consultants advising the company, it is deemed that no significant tax liabilities could emerge from the pending litigation.

Provision for losses of subsidiaries and associated companies

Eur 224 thousand (Eur 224 thousand)

This provision includes the accrual for the losses estimated on the wind-up of the associated company Consorzio Italcoast.

Other provisions

Eur 7,157 thousand (Eur 5,580 thousand)

The provision for litigation includes accruals to cover the risks on controversies mainly of a trade nature pending at the end of the year.

The provision for risks includes the accrual of EUR 409 thousand made during the previous year to reflect the potential risk that the minority stockholder of the Bulgarian subsidiary CC Steel Shipping & Logistics AD will not cover its share of any accumulated deficit that may be in excess of the capital stock paid-in.

These financial statements include an accrual of EUR 830 thousand to cover potential costs that might arise in connection with the failure to start work under the contract with Ispat Industries Ltd for transshipment operations in India.

In this caption provisions are also stated for about EUR 1,500 thousand to cover the risks of losses on the operation of forward purchase / sale of coal.

In the financial statements provisions of EUR 224 thousand are credited for exchange rate risks.

Provision for employees' leaving indemnity

The provision for employees' leaving indemnity amounts to EUR 2,520 thousand and fully covers the amount due employees upon termination of employment in accordance with existing legislation.

Payables

These refer to:

		Due date		
	12/31/2002	**Within 1 year**	**From 1 to 5 years**	**Beyond 5 years**
Bank borrowings	303,062	71,890	126,948	104,224
Payables to other financial companies	5,245	5,245	0	0
Advance payments	28,779	28,779	0	0
Trade	35,131	35,131	0	0
Parent companies	16	16	0	0
Taxes	1,810	1,810	0	0
Social security agencies	403	403	0	0
Other payables	723	723	0	0
Total	**375,169**	**143,997**	**126,948**	**104,224**

Bank borrowings

Eur 303,062 thousand (Eur 243,322 thousand)

"Bank borrowings" are composed of loans of EUR 254,107 thousand and bank overdrafts and short-term advances of EUR 48,955 thousand. The current portion of loans due in 2003 amounts in total to EUR 22,935 thousand.

The following loans are outstanding at December 31, 2002:

	USD/000	EUR/000	Scadenze Within 1 year	 From 1 to 5 years	 Beyond 5 years
Unsecured loans					
Frie		2,096	580	1,516	0
Mediocredito Centrale		3,406	1,362	2,044	0
Mediocredito Centrale		2,266	756	1,510	0
Mediocredito Centrale		1,800	360	1,440	0
Efibanca	8,500	8,105	0	8,105	0
Pool – lead bank Banca Carige		31,000	0	31,000	0
Pool – lead bank Banca Carige	7,000	6,675	0	6,675	0
Secured loans					
Banca Carige (leasing)		4,392	689	3,173	530
Sardaleasing		601	80	442	79
Banca Nazionale Lavoro	7,525	7,176	1,434	5,742	0
Banca Nazionale Lavoro	10,513	10,025	2,228	7,797	0
B.N.P.	12,958	12,356	965	3,853	7,538
Banca Intesa BCI	14,500	13,827	954	3,814	9,059
Efibanca		1,273	848	425	0
Banca Nazionale del Lavoro	700	667	667	0	0
Deutsche Schiffsbank	5,590	5,330	606	2,422	2,302
Deutsche Schiffsbank	10,400	9,917	1,097	4,386	4,434
Fortis Bank	26,600	25,365	1,573	6,771	17,021
Fortis Bank	26,600	25,365	1,573	6,771	17,021
Nedship Bank	8,588	8,189	0	0	8,189
Royal Bank of Scotland	28,150	26,843	1,621	6,485	18,737
ABN Amro Bank	18,734	17,864	301	7,308	10,255
ABN Amro Bank	9,050	8,630	1,383	7,247	0
ABN Amro Bank	1,750	1,669	954	715	0
ABN Amro Bank	1,750	1,669	954	715	0
Efibanca	2,958	2,821	806	2,015	0
Deutsche Schiffsbank	15,500	14,780	1,144	4,577	9,059
TOTAL		**254,107**	**22,935**	**126,948**	**104,224**

In the period under examination, the following changes took place as regards medium and long-term loans and borrowings:

- loan made by Royal Bank of Scotland for USD 28.2 million for the purchase of the Bulk Africa motor vessel. The loan is secured by a mortgage on the vessel;

- pre-loan of USD 8.6 million made by Nedship Bank for the purchase of the second Capesize vessel, the Bulk Australia, and used to cover the advances made to the shipyard. The transaction will be defined in 2003 upon delivery of the vessel and calls for a loan of a total of USD 29 million secured by a mortgage;

- loan of EUR 1.8 million made by Mediocredito Centrale during the year, repayable in equal semiannual payments with the final installment due in 2007. The loan is for the investment in India;

- credit line for USD 20 million, valid over a period of 36 months, destined to cover 70% of the investments planned for port logistics activities such as the construction of vessels and/or craned barges until the start of operations, of which USD 8.5 million has already been received for the investment in India. The same credit line provides for the possibility of "converting" the construction loan to an operating project loan up to maximum period of 8 years. In this case, repayments will be based on semiannual installments.

In interpreting the increase in bank loans, consideration should be given to the addition originating from the subsidiaries now included in the scope of consolidation by virtue of the joint venture set up during the year with the partner Ceres Hellenic. As already said, these refer to loans for a total of USD 56.7 million, guaranteed by mortgages on the vessels contributed by the partner.

The loans are mainly secured by mortgages on approximately 64% of the Group's fleet and real estate properties.

Payables to other financial companies

Eur 5,245 thousand (Eur 1,418 thousand)

The motor vessel Panagiotis has been accounted for in these financial statements in accordance with IAS 17. The vessel, in fact, was chartered under a bare boat contract that provides for the purchase of the ship at the end of the charter period. Accordingly, the remaining liability of EUR 4,053 thousand payable to the current shipowner is recorded in this caption and the value of the vessel at the end of the year of EUR 4,567 thousand is booked in the caption "fleet".

Payables to other companies also include the liability of USD 1,250 thousand connected to the loan to finance the investment in Bulkispat Shipping Inc., commented under "investments". In fact, part of this investment was financed by other third-party lenders and the loan in question bears interest in relation to the results of the subsidiary.

Advance payments

Eur 28,779 thousand (Eur 21,955 thousand)

These are advances received from customers in the normal course of business operations of the Group. The decrease from the prior year is due to the reduction in the voyages in progress at the end of the year.

Trade

Eur 35,131 thousand (Eur 52,368 thousand)

Trade payables represent the current amount due to suppliers in the normal course of business operations of the Group. The balance is entirely payable within the following year according to the normal payment terms of the Group. The decrease compared to prior year in mainly due to the consolidation with the proportional method of the pool companies.

Parent companies

Eur 16 thousand (Eur 74 thousand)

Payables to parent companies for EUR 16 thousand relate to trade transactions with the parent company Cocler N.V..

Taxes

Eur 1,810 thousand (Eur 1,851 thousand)

Taxes payables refer to:

	12/31/2002	12/31/2001
Tax amnesty	720	0
Income taxes	697	1,179
Withholding taxes for payrolls and self-employed persons (Irpef)	393	669
VAT	0	3
Total	**1,810**	**1,851**

Certain companies of the Group filed for the tax amnesty under ex law 289/2002 for a total expense of EUR 720 thousand, accrued in the 2002 financial statements.

Income taxes payable are calculated on the basis of existing legislation less on-account payments and withholding taxes sustained during the year.

Irpef withholding taxes payable at December 31, 2002 refer entirely to the month of December.

Social security agencies

Eur 403 thousand (Eur 467 thousand)

Payables to social security agencies of EUR 403 thousand primarily relate to social security contributions for the month of December 2002 paid in January 2003.

Other payables

Eur 723 thousand (Eur 1,934 thousand)

Other payables at the end of the year mainly consist of salaries and wages and overtime payable to employees for the month of December duly paid in January 2003, and advances received from third parties for operating activities.

Accrued liabilities and deferred income

The deferred income relating to capital grants, equal to EUR 1,361 thousand at year-end, represents the share of grants received by the Group but referring to future years and is entirely in reference to the fleet. These grants will be credited to the income statement in future years as described in the accounting policies.

Other accrued liabilities and deferred income relate to:

Accrued liabilities

Eur 4,000 thousand (Eur 4,343 thousand)

Accrued liabilities refer to:

	12/31/2002	12/31/2001
Voyage-charter costs	1,712	2,342
Loan interest expense	1,390	1,074
Salaries and wages and social security contributions	656	580
Insurance costs	178	268
Rent expenses	42	54
Other	22	25
Total	**4,000**	**4,343**

Deferred income

Eur 7,455 thousand (Eur 2,079 thousand)

Deferred income refers to the following:

	12/31/2002	12/31/2001
Time-charter revenues and other operating revenues	5,726	1,813
Income on paper trading	1,702	219
Other	27	47
Total	**7,455**	**2,079**

Memorandum accounts

Memorandum accounts of the Group at December 31, 2002 refer to the following:

Unsecured guarantees granted (guarantees)

Eur 1,332 thousand (Eur 1,266 thousand)

These refer to guarantees given in favor of P&I Club on behalf of the subsidiaries Cap d'Ail Shipping Co. in liquidation and Cedar Shipping Co. in liquidation.

Receivables sold to factoring companies

Eur 8,499 thousand (Eur 8,787 thousand)

These consist of Irpeg - Ilor tax refunds receivable, plus interest accrued thereon, sold with recourse to Mediofactoring S.p.A. (formerly Fiscambi Factoring) for a total amount of EUR 8,499 thousand.

The change of EUR 288 thousand compared to 2001 is due to collections during the year.

Commitments

Eur 341,771 thousand (Eur 190,525 thousand)

Commitments consist of:

- forward foreign currency sales under the Group's policy to hedge currency positions. Forward sales contracts total USD 5,050 thousand (EUR 5,265 thousand);
- forward purchases and sales of coal on the derivatives market, respectively, for USD 58,128 thousand (EUR 55,428 thousand) and USD 118,311 thousand (EUR 112,816 thousand);
- forward freight sales and purchases agreements. Sales contracts total USD 95 million (EUR 90.6 million) and purchases contracts amount to USD 59.1 million (EUR 56.3 million);
- bunker hedging transactions effected on the bunker market under the policy to hedge the risk of price fluctuations. At December 31, 2002, contracts total USD 22.4 million (EUR 21.3 million).

The bunker hedging and freight derivatives operations are performed on behalf and in the interest of the two pool companies.

Commitments do not include "interest rate swap" contracts for an amount of USD 100 million of bank loans, signed by the Group to fix the interest rate on part of the long-term debts.

Comments on the consolidated income statement

Production value

Revenues from sales and services

Eur 534,800 thousand (Eur 770,941 thousand)

These are composed as follows:

	2002	2001
Revenues from the sale of products		
- Coal	139,093	212,386
- Fuel, lubricants and other supplies	36,620	43,719
	175,713	**256,105**
Revenues from the performance of services		
- Charters and maritime freight	317,449	474,310
- Transshipments	38,292	37,183
- Commissions	2,077	1,999
- Fuel advisory services	1,269	1,344
	359,087	**514,836**
Total	**534,800**	**770,941**

As fully described in the report on operations, the decrease in revenues is principally due to the application of the proportional consolidation method for the two pool companies.

The increase in the value of the Euro against the US Dollar also caused a reduction in revenues, in addition to the decrease in charter values and the price of coal.

Other income and revenues - sundry

Eur 28,427 thousand (Eur 29,625 thousand)

"Other income and revenues - sundry" refer to the following:

	2002	2001
Income on forward freight agreements	15,061	17,601
Recovered costs and expenses	4,950	6,529
Insurance compensation	2,471	1,393
Income on bunker hedging	3,140	974
Income on paper trading	1,518	116
Gains on sale of fleet	564	218
Irpef tax credits on ship crews ex Law on International Register	0	257
Release of the provision for liabilities and expenses	0	181
Sundry income and revenues	723	2,356
Total	**28,427**	**29,625**

Recovered costs principally refer to port charges and insurance expenses recharged to the shipowners of time-chartered vessels.

The income on forward freight agreements refer to forward sales and purchase agreements on the freight market; the income on bunker hedging refers to contracts to hedge the fluctuations in the price of bunker on the market; income on paper trading relates to forward purchases and sales of coal on the derivatives market. The "forward freight agreement" and "bunker hedging" operations are performed on behalf and in the interest of the pool companies.

Production costs

Raw, ancillary and consumable materials, and goods for resale

Eur 157,234 thousand (Eur 251,059 thousand)

These consist of the following:

	2002	2001
Trading activities		
- Coal	71,148	125,349
Shipping activities		
- Bunker / lubricants / parts	84,816	124,360
Other:		
- Consumables	1,270	1,350
Total	**157,234**	**251,059**

Services

Eur 320,338 thousand (Eur 445,120 thousand)

An analysis of services is provided as follows:

	2002	2001
Trading activities		
- Freight services and charters	62,580	76,952
- Brokerage costs	111	365
- Commercial and marketing services	572	545
Shipping activities		
- Charter costs	183,298	265,599
- Harbor dues and transshipment expenses	38,917	66,453
- Maintenance, repairs and other fleet running costs	12,220	6,351
- Insurance	5,147	6,158
- Brokerage commissions	7,947	13,726
- Seafaring personnel expenses (non-payroll)	1,489	1,345
Sundry Group services		
- Miscellaneous general services	8,057	7,626
Total	**320,338**	**445,120**

As previously mentioned, in reading the figures relating to shipping operations, consideration should be given to the fact that, compared to the prior year, the financial statements of the two pool companies have been consolidated using the proportional method. Expenses such as charter costs, port charges and brokerage commissions are therefore lower than the in 2001, even though volumes increased overall.

Additionally, like revenues, the service expenses are lower as a result of the strengthening of the Euro against the US Dollar, the currency in which almost all of the Group's transactions are denominated.

"Miscellaneous general services" include travel and other service expenses relating to personnel of EUR 1,750 thousand, consulting fees from third parties of EUR 3,226 thousand, office utilities and mailing charges of EUR 702 thousand, building and equipment supervision and maintenance of EUR 736 thousand, as well as sundry association dues of EUR 254 thousand and bank charges and commissions of EUR 380 thousand.

"Sundry Group services for miscellaneous general services" also include the directors' and statutory auditors' fees of the group holding company at December 31, 2002, analyzed as follows:

	Number	Fees
Directors	5	835
Statutory auditors	3	35
Total		**870**

Leases and rentals

Eur 913 thousand (Eur 1,612 thousand)

Leases and rentals relate to building rents as well as motor vehicle, office equipment and software rentals.

Personnel

Eur 23,285 thousand (Eur 19,091 thousand)

Personnel expenses are analyzed on the face of the income statement.

The number of employees at the end of the year, by category, is provided as follows:

	2002	2001
Management	21	21
Clerical staff	135	133
Seafaring personnel	462	411
Total	**618**	**565**

The higher number of employees is due to an increase in the fleet and, therefore, seafaring personnel, as a result of the investments made by the Shipping and Logistics sectors and the joint venture with the Ceres Group.

Amortization, depreciation and write-downs

Eur 27,981 thousand (Eur 25,799 thousand)

An analysis of these items is provided on the face of the income statement; for additional information on amortization and depreciation, reference should be made to the comments under intangible and tangible fixed assets.

Accruals for liabilities and expenses

Eur 1,005 thousand (Eur 977 thousand)

An accrual was prudently set aside in the financial statements for EUR 830 thousand to cover potential costs that might arise in connection with the failure to start work under the contract with Ispat Industries Ltd for transshipment operations in India.

An amount of EUR 175 thousand has also been set aside by the Group for exchange risks on balances in foreign currency at the balance sheet date.

Other operating expenses

Eur 22,677 thousand (Eur 19,988 thousand)

Other operating expenses include a series of miscellaneous expenses not otherwise classifiable in the "B" category in the income statement.

Such expenses regard costs on forward freight agreements of EUR 17,266 thousand, paper trading of EUR 1,690 thousand, bunker hedging of EUR 385 thousand, entertainment and donations of EUR 345 thousand, indirect taxes of EUR 224 thousand, prior period expenses of EUR 1,860 thousand and other expenses of EUR 907 thousand. The "forward freight agreement" and "bunker hedging" contracts are concluded on behalf and in the interests of the pool companies.

Financial income and expenses

Investment income

Eur 575 thousand (Eur 752 thousand)

Gains from the sale of investments and income from the wind-up of dormant subsidiaries account for EUR 516 thousand of total investment income. The caption also includes EUR 59 thousand of dividends paid out during the year by companies in which the Group holds minority interests.

Other financial income

Eur 15,140 thousand (Eur 14,241 thousand)

Other financial income consists of the following:

	2002	2001
Exchange gains	13,409	12,179
Bank interest	698	1,108
Interest on tax credits	294	266
Interest on trade receivables and other financial income	739	45
Total	**15,140**	**13,598**

Interest and other financial expenses

Eur 23,341 thousand (Eur 24,359 thousand)

These refer to:

	2002	2001
Other		
Medium/long-term loan interest	10,269	10,046
Financial expenses on factoring transactions	259	198
Exchange losses	11,027	11,774
Interest on bank overdrafts and short-term advances	1,786	2,341
TOTAL	**23,341**	**24,359**

Extraordinary income and expenses

Other extraordinary income

Eur 3,560 thousand (Eur 1,199 thousand)

Extraordinary income includes prior period gain from the elimination of liabilities recorded in previous years that will not be paid. The write-off was taken in accordance with Law No. 289/2002 on the tax amnesty.

Prior years' income taxes

Eur (720) thousand (Eur 0 thousand)

Extraordinary expenses of EUR 720 thousand refer entirely to the tax amnesty, which is commented in the notes on taxes payable.

Income taxes

The amount of EUR 2,495 thousand represents the reversal of deferred income taxes and deferred tax assets booked in the financial statements net of the tax charge for the year, calculated according to existing laws and taking into account exemptions, tax loss carryforwards and other elements of deferred taxation.

The amount relates for EUR 1,750 thousand to reversals of deferred taxes provision, for EUR 2,420 thousand to prepaid taxes, less Irpeg and other income taxes for EUR 1,245 thousand and Irap for EUR 430 thousand.

Reconciliation of stockholders' equity and net income of Coeclerici S.p.A. and the corresponding consolidated figures of Coeclerici Group

	Net income	Stockholders' equity
	Increase / (Decrease)	
Coeclerici S.p.A.	**2,378**	**57,606**
Group share of stockholders' equity and results for the year of consolidated companies	3,388	10,531
Elimination of intragroup dividends	(7,200)	0
Elimination of entries in the financial statements of the group holding company and other consolidated companies recorded solely to obtain tax benefits	(1,306)	2,486
Adjustments to financial statements of some companies to conform to the accounting principles of the Group, net of the tax effect, where applicable	1,298	1,566
Adjustment to eliminate intragroup gains in the consolidated financial statements that have not been realized with third parties, net of the related tax effect	2,636	(17,965)
Coeclerici Group	**1,194**	**54,224**

Translation into English

The financial statements have been translated into English from the original version in Italian. They have been prepared in accordance with the Italian law related to financial statements, interpreted and integrated by the accounting principles established by the Italian Accounting Profession. Certain accounting practices applied by the company that conform with the generally accepted accounting principles in Italy may not conform with the generally accepted accounting principles in other countries.

Annexes

Coeclerici Group
Consolidated statement of cash flows

(Translation from the original issued in Italian)

(Thousands of Eur)

		2002	2001
Net short-term borrowings, start of year	**(A)**	**(35,081)**	**(22,783)**
Cash flows provided by operating activities			
Net income for the year		1,194	7,170
Amortization and depreciation of intangible and tangible fixed assets		27,863	25,652
Utilization of provision for liabilities and expenses, net		(2,977)	(217)
Gains on disposals of fixed assets, net		(564)	(218)
Write-downs/(revaluations) of financial fixed assets, net		9	(437)
Change in employees' leaving indemnity, net		287	(374)
Cash flows from operating activities before changes in working capital	**(B)**	**25,812**	**31,576**
Decrease/(increase) in current receivables		30,298	(268)
Decrease in inventories		8,180	19,850
Decrease in trade and other payables		(7,960)	(26,044)
Other changes in working capital		4,403	1,900
Changes in working capital	**(C)**	34,921	(4,562)
	(D = B + C)	**60,733**	**27,014**
Cash flows provided by changes in the scope of consolidation			
Net working capital		(5,624)	0
Intangible and tangible fixed assets		(82,131)	0
Loans and mortgages		64,394	0
Minority interest		30,247	0
	(E)	**6,886**	**0**
Cash flows used for investing activities			
Investments in fixed assets:			
– intangible fixed assets		(1,692)	(315)
– tangible fixed assets		(60,822)	(60,026)
– financial fixed assets		(15,294)	(4,139)
Proceeds from disposal or reimbursement value of fixed assets		3,859	4,423
	(F)	**(73,949)**	**(60,057)**
Cash flows provided by (used for) financing activities			
New loans obtained		49,380	46,267
Repayment of loans		(29,189)	(22,141)
Distribution of income		(4,160)	(3,099)
Change in minority interests		(4,298)	(282)
	(G)	**11,733**	**20,745**
Net cash flows during the year	**(H = D + E + F + G)**	**5,403**	**(12,298)**
Net short-term borrowings, end of year	**(A + G)**	**(29,678)**	**(35,081)**

Coeclerici Group
Statement of changes in consolidated stockholders' equity

(Translation from the original issued in Italian)

(Thousands of Eur)

	Capital stock	Legal reserve	Cumulative translation adjustments	Retained earnings for the year	Net income	Total
Balances at December 31, 2001	**8,000**	**2,849**	**14,709**	**40,241**	**7,170**	**72,969**
Appropriation of 2001 net income		713		2,297	(3,010)	0
Distribution of dividends to stockholders					(4,160)	(4,160)
Translation adjustments			(15,779)			(15,779)
Net income 2002					1,194	1,194
Balances at December 31, 2002	**8,000**	**3,562**	**(1,070)**	**42,538**	**1,194**	**54,224**

List of companies consolidated using the line-by-line method

Company	Registered office	Currency	Capital stock	% ownership
Affinity Company Ltd	Malta	Usd	13,850,000	89.00%
Blue Cedar Shipping Co. Ltd	Malta	Lma	500	66.00%
Blue Panagiotis Shipping Corp.	Panama	Usd	10,000	66.00%
Bulk Africa Ltd	Liberia	Usd	11,550,000	57.75%
Bulk Amstelwal Antilles N.V.	Neth. Antilles	Usd	6,000	66.00%
Bulk Asia Ltd	Liberia	Usd	6,600,000	57.75%
Bulk Australia Ltd	Liberia	Usd	10,791,706	57.75%
Bulk Bourgas Ltd	Malta	Usd	2,401,250	80.00%
Bulk Conversions and Constructions Ltd	Malta	Lma	500	100.00%
Bulk Europe Ltd	Liberia	Usd	7,290,000	57.75%
Bulk Genova Corp.	Panama	Usd	4,100,000	66.00%
Bulk Hellas Corp.	Panama	Usd	10,000	66.00%
Bulk Nike Corp.	Panama	Usd	5,500,000	66.00%
Bulk Venture Ltd	Liberia	Usd	13,245,000	57.75%
Bulkguasare de Venezuela S.A.	Venezuela	Bsv	2,408,000,000	90.00%
Bulkguasare Ltd	Malta	Usd	7,250,000	90.00%
Bulktiger Shipping Co. Ltd	Malta	Usd	1,250	100.00%
Capo Noli Transportes Maritimos Lda	Madeira	Euro	1,995	100.00%
CC Shipping Services S.a.m	Monaco	Euro	152,000	100.00%
CC Steel Shipping & Logistics AD	Bulgaria	Bgl	50,000	51.00%
Charfer Trading S.A.	Switzerland	Frs	200,000	100.00%
Coal Trade Shipping Corp.	Panama	Usd	10,000	66.00%
Coeclerici Armatori S.p.A.	Milan	Euro	7,750,000	100.00%
Coeclerici Carbometal S.r.l.	Milan	Euro	65,000	100.00%
Coeclerici Ceres Bulk Carriers N.V.	Neth. Antilles	Usd	50.000,000	66.00%
Coeclerici Coal and Fuels International B.V.	The Netherlands	Euro	18,000	100.00%
Coeclerici Coal and Fuels S.p.A.	Milan	Euro	2,500,000	100.00%
Coeclerici International N.V.	The Netherlands	Euro	49,911,339	100.00%
Coeclerici Logistics India Ltd	India	Usd	1,170	100.00%
Coeclerici Logistics S.p.A.	Milan	Euro	5,165,000	100.00%
Coeclerici Shipping N.V.	The Netherlands	Euro	20,000,000	100.00%
Elmotores Inc.	Liberia	Usd	5,031,526	66.00%
Elseguro Inc.	Liberia	Usd	4,195,756	66.00%
Fern Shipping Co. Ltd	Malta	Usd	1,250	66.00%
Ignazio Shipping Corp.	Panama	Usd	10,000	66.00%
New Cedar Shipping Co. Ltd	Malta	Lma	500	100.00%
Porto Cervo Shipping Co. Ltd	Malta	Usd	1,250	66.00%
Red Tirreno Shipping Co. Ltd	Malta	Usd	1,250	66.00%
Shipping Services S.r.l.	Milan	Euro	45,000	100.00%
Somocar International N.V.	The Netherlands	Euro	60,602	100.00%
Sud Est S.r.l.	Brindisi	Euro	1,750,000	100.00%

List of companies consolidated using the proportional method

Company	Registered office	Currency	Capital stock	% ownership
Coeclerici Transport Ltd	Isle of Man	Gbp	2,000	66.56%
Coeclerici Transport Panamax Ltd	Isle of Man	Gbp	2,000	54.12%
Kidecrane Corporation S.A.	Panama	Usd	3,000,000	50.00%
Mediterranean Bulk System N.V.	The Netherlands	Euro	45,000	50.00%
Staines Holding Inc.	Liberia		-	33.00%
Viann N.V.	Neth. Antilles	Euro	7,000	50.00%

List of companies valued using the equity method

Company	Registered office	Currency	Capital stock	% ownership
Bulk Ispat Shipping Inc.	Liberia		-	33.00%
Bulk Terminal Torres S.p.A.	Sassari	Euro	113,630	90.00%
Consorzio Italcoast in liquidation	Ravenna	Itl	20,000,000	50.00%
Ferchim S.r.l. in liquidation	Ravenna	Euro	96,720	75.00%
Freetravel S.r.l.	Genoa	Euro	96,900	22.00%
LS Services S.r.l.	Genoa	Euro	10,400	100.00%
MS Associates Ltd	Liberia		-	20.46%

Statutory Auditors' Report

To the stockholders,

The consolidated financial statements for the year ended December 31, 2002 of the Coeclerici Group, prepared by the directors in accordance with Legislative Decree No. 127/1991, show net income for the year attributable to the Group of EUR 1,194 thousand as summarized below (in thousand of EUR):

Balance sheet

Assets	
- Fixed assets	351,400
- Current assets	113,280
- Accruals and prepayments	17,222
	481,902

Liabilities and stockholders' equity	
- Stockholders' equity - Group	54,224
- Stockholders' equity - Minority interest	29,041
- Provisions for liabilities and expenses	8,132
- Employees' leaving indemnity	2,520
- Liabilities	375,169
- Accruals and deferrals	12,816
	481,902

Income Statement

- Production value	559,235
- Production costs	(559,086)
- Financial income (expenses)	(7,626)
- Adjustments to financial assets	(515)
- Extraordinary income (expenses)	2,840
Loss before income taxes	(5,152)
- Income taxes	2,495
Loss before minority interest	(2,657)
- Minority interest	3,851
Net income for the year - Group	**1,194**

The memorandum accounts amount to EUR 1,332 thousand for guarantees granted and EUR 350,270 thousand for other memorandum accounts, as commented in the notes.

In conformity with the accounting policies, which encompass those established by law, the consolidated financial statements exclude the adjustments and accruals recorded solely for tax purposes and reflect the related deferred taxation.

We have checked the consolidated financial statements, ensuring the accuracy of the consolidation entries made on the basis of the financial statements of the group holding company and the subsidiaries included in consolidation, and the adjustments made in accordance with the principles of consolidation.

We have also checked the consistency of the consolidated financial statements with the report on operations, which describes the overall situation of the Group companies and performance as a whole and in the individual sectors. To this end, we have examined the reports on operations, the reports of the statutory auditors of the companies included in the scope of consolidation, the schedules reflecting the items eliminated on consolidation, the detail of the consolidation differences and the consolidation entries. No matters of significance have emerged from the tests carried out by us.

In particular, we confirm that:

- the line-by-line consolidation method has been applied to the subsidiaries included in the scope of consolidation and the equity method has been applied only to those companies whose assets and liabilities would not have been significant for the purpose of presenting a true and fair view of the financial position and results of operations of the Group. The proportional consolidation method was used for companies in which control is exercised together with a partner outside the Coeclerici Group;

- whenever the accounting policies of the consolidated companies do not conform to those of the Group companies, they have been adjusted in the consolidated financial statements with the related tax effect;

- the financial statements of foreign subsidiaries have been translated into EUR by applying the year-end exchange rates to the balance sheet items and the average exchange rate for the year to the income statement items. Exchange differences deriving from the translation of foreign currency financial statements have been recorded in “cumulative translation adjustments” in stockholders' equity.

We call your attention to the following disclosures in the notes:

- the change in accounting policy regarding cyclical maintenance on the owned fleet in the dry dock provision, the economic effects of which are also reported;

- the accrual of EUR 750 thousand to reflect the potential risk that the minority stockholder of the Bulgarian subsidiary will not cover its share of any accumulated deficit that may be in excess of the capital stock paid-in.

The Group has voluntarily elected to

have the consolidated financial statements audited by Deloitte & Touche Italia S.p.A., which issued an unqualified opinion.

The Board Of Statutory Auditors
Guglielmo Calderari di Palazzolo
Ettore Cavo
Alfredo Durante

Independent Auditors' report

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders of
Coeclerici S.p.A.:

1. We have audited the consolidated financial statements of Coeclerici S.p.A. and subsidiaries (the Coeclerici Group) as of and for the year ended December 31, 2002. These consolidated financial statements are the responsibility of the Group management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year' s consolidated financial statements, which are presented for comparative purposes as required by law, reference should be made to our auditors' report, issued under our previous name "Arthur Andersen S.p.A.," dated April 10, 2002.

3. In our opinion, the consolidated financial statements present fairly the financial position of the Coeclerici Group as of December 31, 2002, and the results of its operations for the year then ended in accordance with the Italian regulations governing financial statements..

4. For a better understanding of the consolidated financial statements, attention should be paid to the fact that during 2003, as described in the Management Report, an agreement was reached with Dry Log for the sale of the fleet owned by the subsidiary Coeclerici Ceres Bulk Carriers N.V. (CCBC) to third parties and to Dry Log itself, a minority shareholder of CCBC. The fleet will remain under the Coeclerici Group's commercial management through the existing commercial pooling agreements. Through this operation, the Group intends better to concentrate upon the commercial management of bulk carrier vessels as well as on the remaining two business units (Logistics and Coal & Fuel). With reference to the Logistics business unit, it should be noted that, as described in the Report on Operations, the contract with ENEL expired at the end of 2002 even though the minimum contractual level of performance were not reached. During the first months of 2003, operations related to said contract have continued nevertheless in order to recoup the underperformance of prior years. At the same time, negotiations are ongoing with the client to define an agreement on the activities' continuation.

DELOITTE & TOUCHE ITALIA S.p.A.

s/Fabrizio Fagnola
Partner

Genoa, Italy
May 20, 2003

(This report has been translated into the English language solely for the convenience of international readers)

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