COECLERICI

Annual Report 2004

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Coeclerici S.p.A.

Company limited by shares
with sole shareholder

Head Office:
Via della Chiusa, 2
20123 Milan, Italy

Tax Code Number and
Companies' Registry Number:
12307890157

Chamber of Commerce
Number: 1545587
Direction and coordination:
Cocler S.p.A.

Index

LLOYD'S REGISTER QUALITY ASSURANCE
ISO9002
NATIONAL ACCREDITATION OF CERTIFICATION BODIES

RINA
QUACER
CISQ
ISO 9002

Group Structure
at December 31, 2004

Coeclerici S.p.A.

- **100% Coeclerici SpA**
  - **65% CCBC Lda Coeclerici Ceres Bulk Carriers Transportes Maritimos Lda**
    - 50% Red Orchid Shipping Corp.
    - 50% Red Tulip Shipping Corp.
    - 50% Red Rose Shipping Corp.
    - 40% Red Lily Shipping Corp.
    - 30% Red Iris Shipping Corp.
    - 25% Bulk India Corp.
    - 50% Staines Holding Inc.
  - **100% Coeclerici Logistics SpA**
    - 100% Shipping Services Srl
    - 100% Sud Est Srl
    - 100% Bourgas Transportes Maritimos Lda
    - 100% Capo Noli Transportes Maritimos Lda
    - 50% Viann Log Lda
      - 100% MBS NV
    - 50% Kidecrane Corporation SA
    - 90% Bulkguasare de Venezuela SA
      - 100% Bulkguayana SA
    - 100% Somocar International NV
      - 100% CC Shipping Services Sam
      - 51% CC Steel Shipping and Logistics AD
    - 100% Kyla Charter Transp. Mar. Lda
  - **100% Coeclerici Coal and Fuels SpA**
    - 100% Coeclerici Carbometal Srl
    - 100% Coeclerici Coal and Fuels International B.V.
    - 100% Coeclerici Compagnie SA

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
	Aldo Carmignani	Deputy Chairman
	Urbano Faina	Deputy Chairman
	Corrado Papone	Deputy Chairman
	Antonio Belloni	Director
	Sergio Ungaro	Director
	Giuseppe Valenzano Menada	Director
	Giorgio Cefis	Director
	Giovanni Jody Vender	Director

The term of office expires upon the approval of the financial statements for the year ended December 31, 2007

Board of Statutory Auditors

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

The term of office expires upon the approval of the financial statements for the year ended December 31, 2006

Independent Auditors

Deloitte & Touche S.p.A.

Glossary of selected shipping terms

Bulk Carrier
Ship specifically designed to transport vast amounts of dry bulk cargoes, mainly minerals, coal, grain and bauxite.

B/B – Bare Boat Charter
A charter in which the bare ship is chartered without crew for a stated period of time; besides the voyage costs (bunkers, port charges, canal tolls, etc), the charterer also pays the running expenses (crew, maintenance, repairs, lubricants, supplies and insurance).

Capesize
A ship designed to transport dry bulk cargoes in excess of DWT 90,000 which, because of its size cannot transit the Panama Canal.

Panamax
A bulk carrier designed to be just small enough to transit the Panama Canal, thus with a maximum lenght of 32.24 meters, normally not more tha DWT 80,000.

Crew management
Services rendered for the selection, rotation and management of crew aboard ships.

DWT - Dead Weight Tonnage
A common measure of ship carrying capacity measured in tons, including the cargo, bunkers, stores and crew.

Revamping
Ameliorative maintenance supports, increasing the mean’s value.

Spot market
A market for the charter of a vessel to move a single cargo based on the current charter market rate.

T/C Rate - Time charter rate
The rate applied for chartering a ship, the charterer pays for the bunkers, port charges, canal tolls and any other expenses related to the voyage. The charter rate is normally expressed in U.S. dollars per day of hire.

Transhipment vessel
A vessel capable of transhipping cargo from one floating vessel to another.


COECLERICI

Management report
(translation from the original issued in Italian)

Chairman's Letter

Dear Shareholders,

2004 was a year full of important events for our group, both regarding corporate structure and the economic-commercial development and results of the group.

Some strategic projects concerning corporate structure were completed in 2004 which resulted in a simplified organizational structure with the creation of operating *sub-holdings*, into which all of the companies operating in the corresponding areas were transferred.

The organisational structure described above was introduced in the *Trading* sector: all shareholdings in companies operating in this area were transferred to the subsidiary Coeclerici Coal and Fuels S.p.A. The entire logistics branch was transferred to the subsidiary LS Services S.r.l., which at the same time changed its name to Coeclerici Logistics S.p.A., and consequently became the *sub-holding* in the *Logistics* sector.

Coeclerici Logistics S.p.A. became the Parent Company and changed its name to Coeclerici S.p.A. thus becoming a *holding* company for the shareholdings of all the underlying *sub-holdings*. It therefore plays a decisive role from a financial, organisational and managerial point of view.

This also had the effect of simplifying the corporate structure, since it simplified the chain of companies taking part in the group's consolidated assets.

Again in 2004, the company branch which dealt with the management and running of the *Shipping* pools was sold off in order to complete the transformation of the group's commitments in the *Shipping* business. This operation resulted in a gross gain of USD 9,000 thousand (Euros 7,136 thousand).

From an organisational view point, the concentration of all business at the new offices at 2 Via della Chiusa, Milan was completed following the relocation of the Genoa offices and old Milan offices at 13 Via Manin, Milan.

Although these changes altered the group's area of consolidation, they did not have significant effects in terms of net equity, as further illustrated on the following pages, as the changes only result in a different allocation of the net equity reserves. Therefore, the overall value in the financial statements at December 31, 2004 saw a considerable increase in net profit for the year compared to your group's results in 2003. This significant increase was not only due to the gain mentioned above, but also made possible both by the level of maritime charters and the price of coal, especially in the *Trading* area. These opportunities were fully exploited during this year, despite the negative impact of the value of the US Dollar compared to the Euro. The improvement in operating margin, what is more, allowed the increase in extraordinary costs stemming from the above-mentioned reorganisation to be absorbed.

As concerns financial activities, a Group credit line of Euros 75 million was agreed with a *pool* of banks to replace the existing loan or Euros 50 million. This renewal moved the expiry date of this "stand-by" line, i.e. without specific use, to December 2009. This increase in available credit will allow the Group to take best advantages of any opportunities which occur on the market.

From a commercial viewpoint, foundations were laid down for future important developments both in the *Trading* and *Logistic* businesses. From the point of view of *Trading*, I would like to remind you of the development on some emerging markets started up by the Swiss Subsidiary Coeclerici Compagnie S.A. and the takeover of a Portuguese company, Coeclerici Coal and Fuels Asia Lda, which will operate on the Asian coal market. Furthermore, a preliminary agreement was signed with Indonesian operators in the coal *Trading* sector to sell local products on the South East Asian market.

Regarding logistics, the development activity of two *joint ventures* with local partners for operations to be carried out in China and Indonesia is worth noting (the latter is already operative: second half of 2005). Both projects entail the building of new vessels.

Management of the *Logistic* operations on the Orinoco river for the Venezuelan client "Ferrominera" continued during 2004.

Again on the subject of logistics, business in the North Adriatic (Croatia and Slovenia), Bulgaria, Venezuela and Indonesia continued in 2004. The motor ship Capo Noli *time-charter* business continued in the same way.

Concerning the *Trading* division, I would also like to remind you of the renewal of important commercial agreements with a Russian partner for coal supply and the exclusive use of part of the port of Murmansk. The repayment plan for financing granted to the same customer by our Group is also continuing and is expected to be paid off in 2007.

The *Shipping* business concentrated on managing long-term rental contracts. The financial results recorded were more than satisfactory and in line with the last quarter of 2003. This trend continued during the first few months of 2005.

In conclusion, we can state that, from an economic viewpoint, our group has achieved excellent results, and at the same time taken commercial and managerial decisions which will allow it to take a primary role in market challenges.

We would like to take this opportunity to thank the group *management* and all employees for their efforts and results achieved, certain that the same spirit of collaboration will continue in the years to come.

The Chairman and Managing Director
Paolo Clerici

Consolidated results

Significant changes took place in 2004 in the consolidation area mainly stemming from the following operations:

— Coeclerici S.p.A., previously known as Coeclerici Logistics S.p.A, took over full ownership of Coeclerici Coal and Fuels S.p.A.;
— Coeclerici Coal and Fuels S.p.A. took over full ownership of Coeclerici Carbometal S.r.l.;
— Coeclerici S.p.A. took the 65% *holding* in Coeclerici Ceres Bulk Carriers Transportes Maritimos Lda, previously held by Coeclerici International N.V.

As a result of these important operations, the items on the consolidated income statement and balance sheet at December 31, 2004 cannot be compared with the consolidated financial statements at December 31, 2003.

Pro-forma consolidated financial statements at December 31, 2003 have been prepared for comparison purposes as if the above described operations had occurred with effect from January 1, 2003.

The data below shows a comparison between the consolidated 2004 financial statements and the *pro-forma* 2003 consolidated financial statements (in thousand euros):

Assets	**Dec. 31, 2004**	**Dec. 31, 2003** *Pro-forma*
A) Capital subscription rights receivable	0	0
B) Fixed assets:		
I Intangible fixed assets	675	644
II Tangible fixed assets	19,654	29,379
III Financial fixed assets	7,354	15,517
Total fixed assets	27,683	45,540
C) Current assets		
I Inventories	18,271	24,521
II Receivables	112,536	82,943
III Current financial assets	680	228
IV Cash and banks	33,766	45,954
Total current assets	165,253	153,646
D) Accrued income and prepaid expenses	2,715	6,139
Total assets	**195,651**	**205,325**

Liabilities and stockholders' equity	**Dec. 31, 2004**	**Dec. 31, 2003** *Pro-forma*
A) Stockholders' equity		
Stockholders' equity	68,562	50,207
Stockholders' equity – Group and minority interests	76,992	55,695
B) Provisions for liabilities and expenses	19,169	7,534
C) Provision for employees' leaving indemnity	1,616	3,004
D) Payables	95,621	132,490
E) Accrued liabilities and deferred income	2,253	6,602
Total liabilities and stockholders' equity	**195,651**	**205,325**

Conto economico	2004	2003 *Pro-forma*
A) Production value	432,036	369,405
B) Production costs	(396,093)	(337,620)
Difference between production value and costs	35,943	31,785
C) Financial income and expenses	1,856	(9,633)
D) Adjustments to financial assets	319	(20)
E) Extraordinary income and expenses	6,764	(477)
Income (loss) before income taxes and minority interests	44,882	21,655
Income taxes	(4,678)	(1,520)
Net income	40,204	20,135
Minority interests	(9,976)	(11,029)
Net income - Group	30,228	9,106

The following table shows a summary of the key figures compared with the 2003 *pro-forma* consolidated financial statements (in thousands of euros):

	2004	2003 *Pro-forma*
Revenues	421,171	347,871
Contribution margin	60,883	55,674
Difference between production value and costs	35,943	31,785
Net income Coeclerici Group	30,228	9,106
Ebitda	45,473	51,693
Number of employees (at year-end)	333	299

The profit results show a considerable improvement during 2004: turnover increased by about 21%, particularly as a result of the higher price of coal and of trans-oceanic charters. This improvement is reflected in the contribution margin and in the difference between production value and cost, even though in this case the increase is more limited, also due to the depreciation of the US Dollar (the currency in which the majority of commercial transactions take place). The net result of the Group increased by Euros 21,122 thousand (about 230%) thanks to income from the sale of the division of the two *pool* companies and the sale of a share in the *Shipping* sector, as further described in the notes to the balance sheet, among other things. The decrease in EBITDA is attributable to the different composition of costs, i.e. between the direct management costs of vessels in 2003 and the rental costs that included the respective depreciation allowance in 2004.

When it is considered that the Group incurred extraordinary costs for reorganization of its operations and the relocation of its head office from Genoa to Milan in 2004, the result is very positive, which proves the Group's ability to take full advantage of market opportunities.

The increase in the number of employees compared to 2003 is mainly due to the increase in seafaring personnel in Venezuela.

The principal results of the Coeclerici Group are presented below by sector to allow a more complete analysis of the group’s performance (in thousands of euros):

Revenues	2004	2003 *Pro-forma*
Shipping	103,620	84,875
Logistics (*)	44,403	86,393
Coal and Fuels	275,001	179,726
Infragroup	(1,853)	(3,123)
Total	**421,171**	**347,871**

(*) Includes the revenues of *pool management*

Operating profit		
Shipping	27,404	27,823
Logistics (*)	12,562	8,879
Coal and Fuels	7,482	4,101
Infragroup	662	(2,700)
Total	**48,110**	**38,103**

(*) Includes the operating profit of ***pool management***

As regards the *Shipping* sector, we should remember that the group sold off all its operational business in the sector in 2004. The Shipping activity was carried out both through the use of our own ships and vessels chartered from third parties. Furthermore, as already occurred in 2003, the Group was able to take advantage of further commercial opportunities relating to the sales of the vessels it owned during the year. What is more, it should also be noted that the operating result in the sector was affected by the depreciation of the US Dollar against the Euro.

In the port logistics sector, the operations relating to the contracts in Venezuela (with an expiry date extended to December 2008), in Bulgaria (with expiry at the end of 2005), in the North Adriatic sea (with expiry of December 2006) and in Indonesia (until mid-2009) continued. New commercial openings were sought in Europe as well as China and Indonesia. The logistics sector, that includes the remaining *Shipping* business was capable of producing excellent results even after the sale of the division which managed the *pool* companies from both a strictly operational view point and regarding extraordinary operations, as further described in the notes to the balance sheet. Despite the negative impact of the appreciation of the Euro against the US dollar, and although there was lower income from the remaining *Shipping* activity, the group was able to record a better result in this business than in during 2003.

The *Trading* sector benefited from higher coal prices throughout 2004. Although the tonnage was lower than in 2003 (6.2 million tonnes compared to 8.1 million tonnes), there was a 53% increase in turnover. The main economic indicators were also in line with this increase, including the operating result which showed a positive margin of over 82% with a Euros 3,381 thousand increase.

The group balance sheet is summarised in the following table (in thousands of euros):

	12/31/2004	12/31/2003 *Pro-forma*
Net working capital	81,633	52,866
Employees' leaving indemnity	(1,616)	(3,004)
	80,017	49,862
Fixed assets:		
- fleet	12,173	22,299
- other assets	8,157	7,724
- financial fixed assets	7,424	15,517
Invested capital	**107,771**	**95,402**
Net financial position	11,610	32,173
Deferred income taxes and other provisions	19,169	7,534
Stockholders' equity Group	68,561	50,207
Stockholders' equity minority interests	8,431	5,488
Sources of financing	**107,771**	**95,402**

When reading the group net equity data, compared to that of the *pro-forma* 2003 financial statements, it is necessary to consider market factors and factors relating to the internal corporate business choices. The increase in the circulating capital should be seen in relationship to the high value of coal, which affects both the trade receivables and the coal inventory values. As far as the internal group factors are concerned, it should be noted that the decrease in the value of the fleet compared to the end of 2003 reflects the decrease of the fleet used in the logistics business. Among liabilities, the significant increase in the value of the provisions for risks, especially commercial risks, should be noted and the increase in shareholders' equity mainly due to the profits in 2004.

We should also mention that an agreement was signed in 2004 for a five-year syndicated *"stand-by"* credit line worth Euros 75 million as a replacement for the previous three-year Euros 50 million agreement.

	12/31/2004	12/31/2003 *Pro-forma*
Shipping		
Invested capital	13,426	8,712
Net financial (cash) / borrowings position	(9,736)	(2,489)
Provisions	16	452
Stockholders' equity - Group and minority interests	23,146	10,749
Logistics		
Invested capital	20,570	36,832
Net financial (cash) / borrowing position	1,750	(21,312)
Provisions	2,239	3,348
Stockholders' equity - Group and minority interests	16,581	54,796
Coal and Fuels		
Invested capital	42,032	46,762
Net financial (cash) / borrowings position	27,266	39,702
Provisions	4,920	0
Stockholders' equity - Group and minority interests	9,846	7,060

The data shown above for the *Shipping* sector shows an increase in capital employed, largely owing to an increase in net circulating capital. The effect is partly offset by the decrease in the financial fixed assets following the sale of Bulk Ispat Lear Ltd. The financial position has a higher positive balance than in the 2003 pro-forma figures as a result of the sales mentioned above. The net equity value shows a significant increase owing to the profit made during 2004.

With regard to the logistics sector, the decrease in the capital employed is as a consequence of the transfer of the logistics division to the new operating *sub-holding*, which entailed differently allocating several accounting items within the group, principally the Genoa office buildings. However I should also remind you of the sale of the Bulk Challenger in 2004 for a value of USD 13.1 million. The above comments also apply to assessment of the differences in financial standing between the two periods. The considerable decrease in shareholders' equity, stemming from the creation of the new logistics *sub-holding* is justified by the need to provide the new firm with enough of its own funds to carry out its business, which is presently limited to port logistics and therefore does not include the remaining *Shipping* activities.

There was an increase in circulating capital in the *Trading* sector, stemming from the need to finance the current *Trading* business through increased advances paid to suppliers. In the same way, the higher price of coal produced the effect of an increase in net circulating capital, relating to both inventory and trade receivables. At the same time, return of the existing loan with Rusinkor led to a decease in financial position. The considerable increase in the provisions made on a prudential basis against possible commercial liabilities in this sector should be particularly noted.

The difference between the equity items described above by sector and the consolidate group total, reported before, consists of the items relating to the coordination activity performed by the parent company, as well as consolidation adjustments.

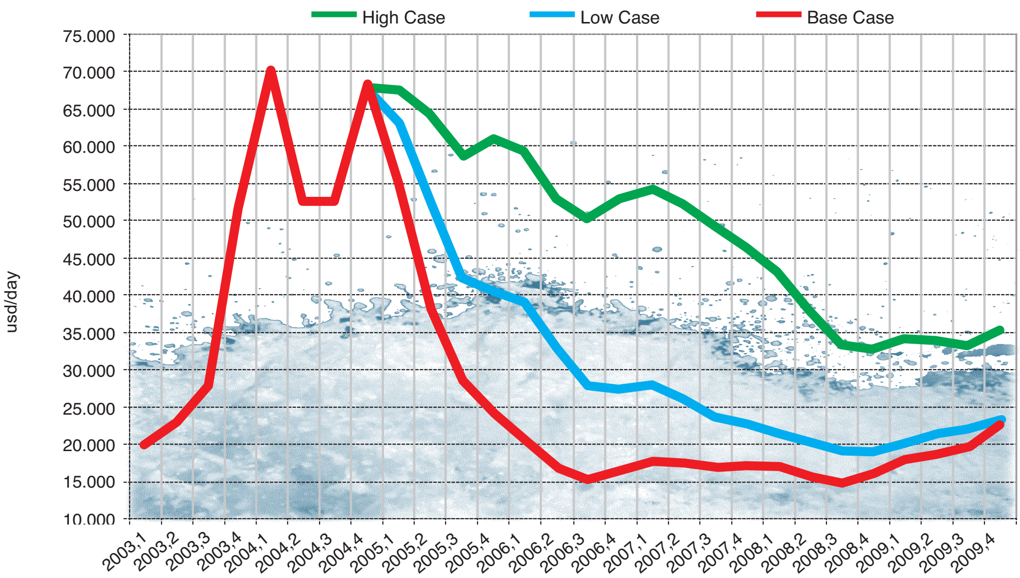
Further information by sector

Shipping Sector

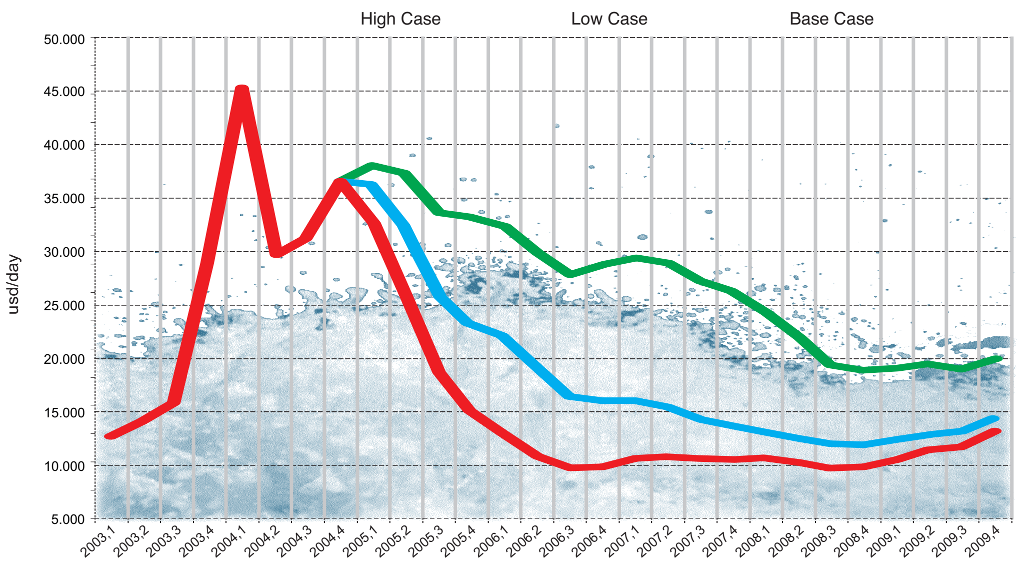
In 2004 the *Shipping* sector continued the positive trend it showed in the last quarter of 2003, even though there was a decrease in the second quarter of the same year.

There after the market recovered to reach new maximum levels in November.

Capes One-Year TC Rates



Panamax One-Year TC Rates



The high level of charter fees was largely caused by the continual economic growth of China in 2004 too. This led to a marked increase in demand for the transport of raw materials destined for the Chinese iron and steel and power industries.

With regard to stowage supply, as anticipated, growth was less than proportional to the growth in demand for transport. Shipyards have in fact virtually saturated their building capacity for a long time with orders for container vessels, tankers and chemical tankers, leaving little scope for building Bulk Carriers until 2008.

The difference between stowage demand and supply in favour of the former has kept the market high, with positive results for the Coeclerici group.

Demand for sea transport of dry bulk cargo

(millions of tons)	2004	2003	2002	2001
Iron Ore	580	521	482	453
Met Coal	183	171	169	168
Steam Coal	461	441	400	378
Grain	265	263	271	260
Other	832	814	785	780
Total	**2,321**	**2,210**	**2,107**	**2,039**

Source: Clarksons

Logistics Sector

Projects in the port *logistic* sector continued to grow and develop. We signed a second contract in Venezuela with the main state owned iron ore extraction company. This business saw our company involved in the organisational and technical management of *transhipment* operations for the client.

Meanwhile, the other activities in Bulgaria, the North Adriatic sea, Indonesia and Venezuela continued, also with the renegotiation of contracts about to expire. In Italy coal movement in the port of Brindisi for the local electricity plant continued.

From a more strictly commercial viewpoint, the new development areas, such as China and Indonesia, are showing good progress both economically and regarding projects.

The *Logistics* Sector today consists of the following vessels:

	TPL	Year built
Bulkwayuù	64,400	1978
Capo Noli	23,794	1981
Bulk Kremi I	14,364	1973

Coal and Fuels Sector

In 2004, the Coal and Fuels Sector achieved an extremely positive result by fully exploiting coal and maritime charter market trends, i.e. high prices throughout the year, in particular in the middle of the year, with a slight decrease towards the end.

During the first two months of 2005, prices decreased compared to the end of 2004. Consequently commercial margins were lower at the beginning of the new year. The coal purchased during the last two months of 2004 was sold at the beginning of the new year, when the market price was significantly lower. Currently prices are recovering again, but significant instability is expected during the next few months.

The company is continuing to pursue policies aimed at ensuring Russian market supply continuity and stability, also by endeavouring to become more directly involved in production activities, and at developing other markets, especially in South East Asia.

The group holding company

As previously mentioned, the Coeclerici Group reorganized its corporate structure in 2004 in order to focus its activities better within operating *sub-holdings* and concentrate the whole group structure in the new offices in Milan. It should therefore be remembered that the role of group *holding* company was played by two companies during the year just ended: Coeclerici Holding S.p.A. and Coeclerici International N.V., which are currently no longer in the consolidation area. In any case, the services they provide are the same as those Coeclerici S.p.A., the current group *holding* company of the companies whose consolidated financial statements we are presenting, has provided since January 1. In the light of the above, therefore, the function and the economic effects of the *holding* services have not changed, despite the changes made in the consolidation area.

The group *holding* company provides administration, financial, legal, corporate, EDP and personnel management services. The activities of the group *holding* company thus regard the normal management and inter-sector coordination functions, typical of an operating *holding* company.

The data used in the comments that follow have been taken from the Coeclerici S.p.A. statutory financial statements, attached to the present notes for further reference.

The main 2004 indicators are summarised below (in thousands of euros):

	2004	2003
Production value	29,301	273,097
Production costs	(29,451)	(265,063)
Investment income	12,019	2,042
Other financial income and expenses, net	(284)	1,830
Net revaluations of equity investments	-	(281)
Net extraordinary income and expenses	12,689	(2,659)
Income taxes	(2,153)	(1,102)
Net income	22,121	7,864
Number of employees (at year-end)	27	64

As previously mentioned, the parent company, Coeclerici S.p.A., sold the company branch which dealt with the commercial and operational management of the *Shipping* sector, run by the two *pool companies* Coeclerici Transport Cape Size Ltd and Coeclerici Transport Panamax Ltd to the Drylog Group in September 2004.

Up to the sale of the branch, Coeclerici S.p.A. managed the two *pool companies*, rented and sub-rented vessels (so-called relet voyages) and carried out derived operations on the charter and bunker markets. The operations carried out on behalf of the *pool companies* generated a zero profit result for Coeclerici S.p.A. since the results deriving from the contracts with the final clients were entered on one side of the income statement and results for the same amount stemming from the mirror-image drawn up with the *pool companies* were entered on the other.

After sale of the branch, which managed the *pool companies*, since Coeclerici S.p.A. still held some commercial contracts, it continued to carry out this activity on behalf of Coeclerici Transport Cape Size Ltd and

Coeclerici Transport Panamax Ltd in compliance with the previously signed contracts. In order to represent these operations better from an accounting point of view, as of October 1, 2004 the receipts and payments made on behalf of the *pool companies* were only recorded on the asset and liability statement without appearing on the income statement. In order to render the accounting treatment of the operations concluded in 2004 uniform, the revenues and costs incurred on behalf of the *pool companies*, recorded in the income statement until September 30, 2004, were compensated on the Coeclerici S.p.A. financial statements and consolidated financial statements. This compensation concerned costs and revenues for charters worth about Euros 292 million and costs and revenues from derivative contracts on the charter and bunker markets worth about Euros 504 million.

Comparison between the 2004 and 2003 statutory income statements is therefore affected by this compensation; the above data for 2004 is therefore taken from the statutory financial statements, where the commercial transactions, which generated costs and revenues and related to charter by-product contracts and bunker value hedging transactions, were balanced on the previously illustrated group consolidated financial statements in order to cancel both the positive and negative effects on the income statement. This choice was dictated by the fact that the above mentioned transactions were carried out in the name of and on behalf of the *pool companies* and therefore do not generate any economic effect within the Group. If the same compensation had been made in 2003, the production value and cost would have been significantly lower and in line with those recorded in 2004.

The staff decrease is due to the sale of the *Shipping* activity, which entailed transfer of the relevant personnel.

The balance sheet and financial position of Coeclerici S.p.A. is summarised in the table below (in thousands of euros):

	12/31/2004	12/31/2003
Net working capital	3,665	8,117
Employees' leaving indemnity	(566)	(1,608)
	3,099	6,509
Fixed assets:		
- fleet	0	535
- equity investments	31,800	13,228
- goodwill	3,248	3,897
- other tangible and intangible fixed assets	19,335	13,231
Invested capital	**57,482**	**25,323**
Net financial position	(12,092)	(32,995)
Provisions for liabilities and expenses	9,744	3,774
Stockholders' equity	59,830	54,544
Sources of financing	**57,482**	**25,323**

In the light of the previously described changes in the consolidation area, it should be noted that the assets and liabilities of the Parent Company at the end of 2003 are not comparable to those of the new group structure. In fact, the new Parent Company Coeclerici S.p.A. currently acts as a *holding* company for all the equity interests, as can be seen from their high value in the above table. In 2003, on the other hand, the same company was only an operating *sub-holding* in the logistics and *Shipping* sector. Similarly, the increase in non current assets results from the new role of group financial coordinator, since it granted some loans which the year before had been provided by the previous parent company. The increase in the value of provisions for liabilities and expenses results from the previous operational role of the company and therefore does not relate to its new role as parent company.

Research and development activity

The group mainly carries out commercial development activities, particularly with reference to the logistics and coal and fuel sectors. R&D in the logistics sector concentrated on the research and study of new projects linked with the transport and transshipment of raw materials. All R&D costs are entered directly on the income statement.

Treasury shares and shares of the parent company

The parent company does not holds treasury stock or stock in its *holding* companies, neither has it bought or sold treasury stock or shares in the *holding* companies during the year.

Transactions with holding and related companies

The group only has a few transactions with its *holding* companies, which are largely limited to a few loans regulated by normal market conditions. It received the services already described in the paragraph devoted to the activities of the parent company during the year. These services are provided by group companies which are no longer in the current consolidation area. It should however be mentioned that in 2005 the current parent company will provide these services to the subsidiary or associated companies. All services are provided at normal market conditions.

Outlook

The change in group structure, the strategic repositioning in the *Shipping* sector and the focus of single sector activities in separate *sub-holdings* have allowed the Group to position itself efficiently on its reference markets. In addition to commercial development in specific business areas, also on the new geographic markets previously mentioned, studies are underway for upstream integration of the coal *Trading* cycle by investing in mines. The group will in fact put in a bid for a coal mine in the Kemerovo region (Russia) with reserves of 200 million tonnes. The greater funds available thanks to the renegotiation of the syndicated credit line will allow the group to move in this direction on the basis of a stable financial position. The excellent economic results achieved in all business areas should also be seen from the same viewpoint. They have led to an increase in net equity and therefore the own resources which may be used for new investment projects.

Important events which occurred after December 31, 2004

The Group signed an agreement in March 2005 to sell their equity interests in Staines Holding Inc. (50% held by Coeclerici Ceres Bulk Carriers Lda) to third parties with effect from May 2005. The economic result foreseen from this transaction is approximately USD 7.6 million. During the first months of 2005, the Group took part in two new time charters in the companies Bulk China Lda and Bulk Singapore Lda through the subsidiary Coeclerici Ceres Bulk Carriers Lda.

In April, 76% of the company Terminal Offshore Piombino S.p.A, which carried out *transhipment* activities in the port of Piombino was bought from Somocar International N.V.; the *holding* in this company is currently equal to 80% of its capital stock.

Two preliminary contracts were also signed with mining and steel companies in Indonesia and China.

There were no other significant events.

Consolidated Financial Statements at December 31, 2004

Consolidated balance sheet at December 31, 2004

(Translation from the original issued in Italian)

(Thousands of Euros)

Assets		**Dec. 31, 2004**		**Dec. 31, 2003**	**Changes**
A) Capital subscription rights receivable		**0**		**0**	**0**
B) Fixed assets:					
I Intangible fixed assets:					
1) Start-up and installation expences		6		0	6
4) Concessions, patents, licenses, trademarks and similar rights		148		156	(8)
5) Goodwill		16		78	(62)
7) Other		505		188	317
Total intangible fixed assets		675		422	253
II Tangible fixed assets:					
1) Land and buildings		6,284		5,341	943
2) Plant and machinery:					
- fleet		12,173		16,674	(4,501)
- other plant and machinery		103		125	(22)
3) Industrial and commercial equipment		35		4	31
4) Other		1,046		280	766
5) Assets under construction and advance payments		13		0	13
Total tangible fixed assets		19,654		22,424	(2,770)
III Financial fixed assets:					
1) Equity investments in:					
a) Subsidiaries		573		136	437
b) Associated companies		29		22	7
d) Other companies		884		938	(54)
Receivables:	(1)		(1)		
d) Other	3,182	5,868		1,196	4,672
3) Other		1		0	1
Total financial fixed assets		7,354		2,292	5,062
Total fixed assets		**27,683**		**25,138**	**2,545**
C) Current assets:					
I Inventories:					
1) Raw, ancillary and consumable materials		64		1,450	(1,386)
3) Charters in progress		0		11,281	(11,281)
4) Finished products and goods for resale		9,956		0	9,956
5) Advances		8,251		0	8,251
Total inventories		18,271		12,731	5,540
II Receivables:	(2)		(2)		
1) Trade		70,895		36,540	34,355
2) Subsidiaries		12		0	12
3) Associated companies		8		140	(132)
4) Parent companies		13,855		20,880	(7,025)
4-bis)Taxes		3,801		2,347	1,454
4-ter)Deferred tax asset		4,053		0	4,053
5) Other		19,912		13,012	6,900
Total receivables		112,536		72,919	39,617
III Current financial assets:					
4) Other investments		680		228	452
Total current financial assets		680		228	452
IV Cash and banks:					
1) Bank and postal deposits		33,627		18,542	15,085
3) Cash on hand		139		31	108
Total cash and banks		33,766		18,573	15,193
Total current assets		**165,253**		**104,451**	**60,802**
D) Accrued income and prepaid expenses		**2,715**		**6,906**	**(4,191)**
Total assets		**195,651**		**136,495**	**59,156**

(1) Due within one year

(2)Due beyond one year

Liabilities and stockholders' equity		Dec. 31, 2004		Dec. 31, 2003	Changes
A) Stockholders' equity:					
I Capital stock		9,565		9,565	0
IV Legal reserve		1,187		794	393
VII Other reserves:					
Cumulative translation adjustments		(3,470)		(1,447)	(2,023)
Consolidation reserve		5,466		0	5,466
VIII Retained earnings		25,586		34,646	(9,060)
IX Net income		30,228		8,167	22,061
Stockholders' equity – Group		**68,562**		**51,725**	**16,837**
Minority interests		8,430		1,072	7,358
Total stockholders' equity - Group and minority interests		**76,992**		**52,797**	**24,195**
B) Provisions for liabilities and expenses:					
1) Employees' pension and similar obligations		126		0	126
2) Income taxes		4,722		1,729	2,993
3) Other:					
- other provisions		14,321		3,619	10,702
Total provisions for liabilities and expenses		**19,169**		**5,348**	**13,821**
C) Provision for employees' leaving indemnity		**1,616**		**1,807**	**(191)**
D) Payables:	(1)		(1)		
4) Bank borrowings	13,239	45,375	12,314	19,401	25,974
6) Payables on account		7,894		10,814	(2,920)
7) Trade		35,573		34,579	994
11) Parent companies		4,107		256	3,851
12) Taxes		1,426		2,369	(943)
13) Social security agencies		311		451	(140)
14) Other payables		935		310	625
Total payables		**95,621**		**68,180**	**27,441**
E) Accrued liabilities and deferred income:					
- other		2,253		8,363	(6,110)
Total accrued liabilities and deferred income		**2,253**		**8,363**	**(6,110)**
Total liabilities and stockholders' equity		**195,651**		**136,495**	**59,156**

(1) Due beyond one year

Memorandum accounts	Dec. 31, 2004	Dec. 31, 2003	Changes
Unsecured guarantees granted			
Guarantees			
- subsidiaries	0	0	0
- other	614	0	614
Other			
- subsidiaries	1,203	1,298	(95)
- other	3,948	0	3,948
Commitments			
sales contracts	5,597	0	5,597
purchase contracts	5,515	0	5,515
currency forward sales	13,181	0	13,181
currency forward purchases	4,200	0	4,200
Other memorandum accounts			
guarantees received from third parties	910	0	910
receivables transferred to a factoring company	700	6,608	(5,908)
Total memorandum accounts	**35,868**	**7,906**	**27,962**

Consolidated income statement for the year ended December 31, 2004

(Translation from the original issued in Italian)

(Thousands of Euros)

	Dec. 31, 2004	Dec. 31, 2003	Changes
A) Production value:			
1) Revenues from sales and services	420,251	175,983	244,268
3) Changes in services in progress	920	11,232	(10,312)
5) Other income and revenues:			
- other	10,864	28,247	(17,383)
Total production value	**432,036**	**215,462**	**216,574**
B) Production costs:			
6) Raw, ancillary and consumable materials and goods for resale	(134,226)	(28,004)	(106,222)
7) Services	(234,691)	(140,832)	(93,859)
8) Leases and rentals	(685)	(216)	(469)
9) Personnel:			
a) wages and salaries	(8,986)	(6,745)	(2,241)
b) social security charges	(1,671)	(1,553)	(118)
c) employees' leaving indemnity	(498)	(678)	180
d) other	(6)	0	(6)
10) Amortization, depreciation and write-downs:			
a) amortization of intangible fixed assets	(258)	(542)	284
b) depreciation of tangible fixed assets	(2,610)	(4,364)	1,754
c) other write-downs of fixed assets	0	(6)	6
d) write-downs of receivables included under current assets	(1,028)	(38)	(990)
11) Change in inventories of raw, ancillary and consumable materials and goods for resale	498	1,291	(793)
12) Accruals for liabilities and expenses	(5,021)	(1,330)	(3,691)
13) Other accruals	(2,936)	0	(2,936)
14) Other operating expenses	(3,974)	(23,618)	19,644
Total production costs	**(396,092)**	**(206,635)**	**(189,457)**
Difference between production value and costs	**35,943**	**8,827**	**27,116**
C) Financial income and expenses:			
15) Investment income			
- other companies	943	17	926
16) Other financial income:			
- parent companies	530	824	(294)
- other	1,561	551	1,010
17) Interest and other financial expenses			
- parent companies	(986)	(32)	(954)
- other	(654)	(921)	267
17-bis)Income on excharge rates	462	1,287	(825)
Total financial income and expenses	**1,856**	**1,726**	**130**
D) Adjustments to financial assets:			
18) Revaluations:			
a) equity investments	38	0	38
c) securities recorded in current assets, other than equity investments	507	0	507
19) Write-down:			
a) equity investments	(226)	(20)	(206)
Total adjustments to financial assets	**319**	**(20)**	**339**
E) Extraordinary income and expenses:			
20) Extraordinary income			
- gain on disposals	11,222	0	11,222
21) Extraordinary expenses			
- prior years' income taxes	(64)	(710)	646
- other	(4,395)	0	(4,395)
Total extraordinary income and expenses	**6,764**	**(710)**	**7,474**
Income (loss) before income taxes and minority interests	**44,882**	**9,823**	**35,059**
22) Income taxes	(4,678)	(1,039)	(3,639)
Net income (loss) before minority interests	**40,204**	**8,784**	**31,420**
Minority interests	(9,976)	(617)	(9,359)
23) Net income - Group	**30,228**	**8,167**	**22,061**

Notes

to the Coeclerici Group consolidated financial statements at December 31, 2004

Structure and contents of the balance sheet and income statement

The consolidated financial statements at December 31, 2004 consist of the balance sheet, the income statement and the notes drawn up in accordance with the provisions introduced by Legislative Decree No. 127 of April 9, 1991 and subsequent amendments.

The provisions of the Company Law Reform became applicable as of 2004, and have therefore been included in the preparation of these financial statements.

The Coeclerici Group consolidated financial statements at December 31, 2004 have been prepared using the financial statements of the group Parent Company, and the Italian and foreign subsidiaries in which Coeclerici S.p.A. directly or indirectly holds more than 50% of the capital stock.

The financial statements at December 31, 2004 were used to draw up the consolidated financial statements. These financial statements have been adjusted, where necessary, to reverse any entries made in order to obtain tax benefits, or to conform with the group accounting principles, which are in line with those laid down by the provisions introduced by Legislative Decree No. 127 of April 9, 1991, and subsequent amendments, and by Consob (the Italian National Commission for Listed Companies and the Stock Exchange).

Events which occurred after the end of the accounting period are commented on in the director's report on operations.

Balance sheet and income statement items equal to zero have been omitted. The figures shown in the comments are expressed in thousands of euros.

Consolidation principles

The assets and liabilities of the consolidated companies have been consolidated using the line-by-line method, eliminating the book value of the investments against the relative share of net equity.

When subsidiaries are controlled jointly with a third party, they are consolidated proportionally: the individual assets, liabilities, costs and revenues are included in the consolidated financial statements in proportion to the shareholding.

The difference between the book value of the consolidated equity and the corresponding net asset value has been allocated either to various asset and liability items on the basis of the current values calculated at the time of acquisition, or to the “consolidation difference” item.

If the difference is negative, it is recorded in the net equity in the account consolidation reserve unless it relates to specific liabilities or lower asset items. Any positive differences are recorded as decreases in the consolidation reserve until its elimination.

Receivables and payables, revenues and costs and transactions involving significant amounts between companies included in the consolidation have been eliminated.

Minority interests in the net equity of consolidated subsidiaries are recorded separately. The shares of results attributable to minority interests are recorded separately on the income statement.

The conversion of the financial statements of foreign subsidiaries to euros is based on the year-end exchange rate for balance sheet items and the average annual exchange rate for income statement items. The exchange differences stemming from conversion of the financial statements expressed in foreign currencies are allocated directly to the “cumulative translation adjustments” item under stockholders' equity.

Accounting principles

The most significant accounting principles adopted in the preparation of the consolidated financial statements at December 31, 2004 are illustrated below.

Receivables from shareholders for subscriptions not paid in Intangible fixed assets

These are registered at cost price, including incidental costs, and are amortized on a straight-line basis over their estimated useful lives.

Start-up and expansion costs are recorded under intangible fixed assets. Since advertising costs do not benefit more than one year, they are entirely charged to the year in which they are incurred.

Regardless of the amortization recorded to date, an asset is written down in the event of impairment in value.

Tangible fixed assets

These are registered in accordance with the provisions laid down the Italian Civil Code. The cost includes any additional charges and direct and indirect costs that can be reasonably ascribed to the assets.

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 shown on the financial statements in accordance with international accounting principle IAS 17. This principle entails registering the asset at a value equal to the sum of the lease payments and the purchase option price laid down in the leasing contract, net of interest, with a related liability entry for a payable of the same amount.

Depreciation is calculated on a straight-line basis at rates reflecting their estimated useful lives; the rates applied are shown in the section regarding the notes on assets.

Regardless of the amortization recorded to date, an asset is written down in the event of impairment in value. If the reasons for decreasing its value no longer apply in future years, the asset is restored to its original value.

Routine maintenance costs are shown in full on the income statement: maintenance costs which increase the value of an asset, if any, are added to it and depreciated in accordance with its remaining useful life.

Financial fixed assets (equity investments)

Equity investments in unconsolidated companies where the Group exercises a significant influence (where the group owns between 20% and 50% of the voting stock and the investment is of a permanent nature) are entered using the equity method.

Investments in other companies are entered at purchase or subscription cost.

The cost is reduced for permanent impairment in values where losses are not expected to be covered by profits in the immediate future. The original value is written back in successive years when the conditions for their write-down no longer exist.

Financial fixed assets (receivables)

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

Inventories

Inventories of lubricant and fuel on board ships at December 31, 2004 are registered at their cost calculated using an approximate FIFO method.

Inventories of goods are entered either at the cost price of the inventories on hand at December 31, 2004, calculated using the weighted average cost, or their estimated realizable value based on market price, whichever the lower. Any write-downs are eliminated in subsequent years if the reasons for the write-down no longer exist.

Receivables

Receivables are entered at their estimated realisable value and, if expressed in a foreign currency, adjusted to year-end euro exchange rates.

Current financial assets (equity holdings in subsidiaries)

These are registered at cost price (including incidental costs) or at realizable value.

Accruals and deferrals

These items consist of the portions of income and expenses common to two or more accounting periods calculated on an accrual basis.

Provisions for liabilities and expenses

The provisions for liabilities and expenses are allocated to cover losses or liabilities, which are either likely or certain to be incurred, but which were uncertain in amount or date at the end of the accounting period. The provisions reflect the best possible estimate on the basis of the facts available.

Risks which may only possibly result in a liability are described in the notes, but no amounts have been set aside in the provision for liabilities and expenses for them.

Dry dock provision

The costs of routine maintenance incurred in order to renew the class certificate are ascribed to the income statement of the year in which they were incurred. Accordingly, annual accruals are not made to the dry dock provision for future routine maintenance.

Employee severance indemnity

The employee severance indemnity provision covers the entire liability accrued for employees in compliance with the laws in force and collective and other employment agreements. This liability is index-linked.

Payables

Payables are entered at their face value. If there are expressed in foreign currencies, they are adjusted to the year-end euro exchange rate.

Recognition of revenues and costs

Revenues from the sale of goods are recognized at the time ownership changes hands or, if stated in the contract or formally requested by the customer, when sent to the deposit account.

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

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

Income taxes

Income taxes are registered on the basis of the estimated taxable income in compliance with the laws in force, taking into account applicable exemptions and allowed tax credits.

Deferred taxes have also been entered for temporary differences between the accounting value of assets and liabilities and the corresponding amounts for tax purposes. Deferred taxes on any temporary differences in the value of assets are only shown if it is reasonably certain they may have to be paid and taking into account the probable tax rate applicable in the future. Tax benefits from tax loss carry-forwards are only shown when their use is foreseen.

Foreign currency conversion rules

Receivables and payables originally expressed in foreign currencies are converted to Euros at the exchange rates on the date of the corresponding transactions.

The exchange differences which occur when foreign currency receivables are received and payables paid are entered on the income statement.

Pursuant to the provisions laid down in the company law reform, receivables and payables are converted at the year-end exchange rate and the corresponding exchange differences are entered in item C) 17 b on the income statement. The profits stemming from exchange rate differences, if positive, may not be distributed.

The above calculations are made taking any existing currency hedging into account.

Derivative contracts

Operations which stem from exchange rate or charter hedging (Forward Freight Agreement) are shown in the memorandum accounts at their notional value and the corresponding economic effects are reflected on the financial statements at the same time as the transactions, or the financial flows they are related to.

Consolidation area

The Coeclerici Group consolidated financial statements include the financial statements of Coeclerici S.p.A. and the companies in which the parent company directly or indirectly holds a controlling interest. A list of the consolidated companies and investments in subsidiaries and associated companies calculated using the equity method is attached to the notes to the financial statements pursuant to articles 38 and 39 of Legislative Decree No. 127/1991.

Some operations resulted in substantial changes in the scope of consolidation compared with the previous year. The main ones were:

- Acquisition of 100% of Coeclerici Coal and Fuels S.p.A by the *holding* company Coeclerici International N.V.;

- Acquisition of 100% of Coeclerici Carbometal S.r.l. from the *holding* company Coeclerici International NV by Coeclerici Coal and Fuels S.p.A.;

- Acquisition of 65% of Coeclerici Ceres Bulk Carriers Transportes Maritimos Lda by the *holding* company Coeclerici International N.V.;

A "consolidation difference" of Euros 954 thousand and a gross consolidation reserve of Euros 6,420 thousand were generated for these equity holdings. Therefore a net consolidation reserve of Euros 5,466 thousand has been registered on the 2004 financial statements.

These operations took place during year, however, since they took place between companies of the same group with the sole purpose of reorganising the Coeclerici Group, when preparing the consolidated financial statements at December 31, 2004, it was assumed that these operations took effect as of January 1, 2004.

- Sale of the company branch dealing with the commercial and operational management of the *Shipping* sector, entrusted to the two *pool companies* Coeclerici Transport Cape Size Ltd and Coeclerici Transport Panamax Ltd, to the Drylog Group in September 2004.

Investments in unconsolidated subsidiaries

Certain investments in subsidiaries have not been included in the consolidation since they were essentially dormant and/or in liquidation in 2004. 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 group operations. They were assessed using the equity method.

The figures shown in these comments are expressed in thousands of euros. The corresponding amounts from the previous year are shown in brackets.

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

Comments on balance sheet items

Assets

Fixed assets

Intangible fixed assets

Euros 675 thousand (Euros 422 thousand)

The intangible assets consist of:

	12/31/2004	12/31/2003
Start-up and expansion costs	6	-
Concessions, licences, trademarks and similar rights	148	156
Goodwill	16	78
Others	505	188
TOTAL	**675**	**422**

"Concessions, licences, trademarks and similar rights" includes software costs.

The Euros 16 thousand "goodwill" refers to the remaining goodwill value registered by the consolidated company Viannlog – Consultoria Economica Lda when it purchased an equity *holding* in MBS Mediterranean Bulk System NV.

"Other fixed assets" mainly include Euros 443 thousand of leasehold improvements and Euros 47 thousand of commission charges on medium/long term loans.

Leasehold improvements are amortized over the period of the lease contracts 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.

The amortization for the year was Euros 258 thousand.

Tangible fixed assets

Euros 19,654 thousand (Euros 22,424 thousand)

The tangible assets include the following amounts:

	12/31/2004	12/31/2003
Land and buildings	6,284	5,341
Plant and machinery	12,276	16,799
Industrial and commercial equipment	35	4
Other assets	1,046	280
Assets under construction and advances	13	-
TOTAL	**19,654**	**22,424**

The Euros 6,284 thousand of "Land and buildings" include the Group's offices in Genoa and Rome, purchased under leasing contracts.

Euros 12,173 thousand of the "Plant and machinery" refers to the fleet, Euros 101 thousand to gantries and about Euros 2 thousand to general plants and systems.

The main changes during the year regard the sale of the barges Socarcinque, Socarquattro and Socarsette. These sales had a net positive effect of about Euros 651 thousand on the income statement.

Revamping work was also carried out during the year on the Bulkwayuù vessel. This special maintenance work entailed replacement of the crane, which improved vessel performance, and involved total costs of about Euros 3.9 million, which were capitalized under the account "plant and machinery".

The barge Bulk Challenger was also sold to third parties for a price of USD 13.1 million. The sales price was essentially in line with the book value at the time of the sale.

The "Other tangible fixed assets" mainly refer to furniture and fixtures (Euros 668 thousand), EDP (Euros 172 thousand) and motor vehicles (Euros 159 thousand).

The Euros 2,610 thousand depreciation was calculated using the straight-line method on the basis of the following rates which are considered to represent the remaining useful lives of assets:

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 on the basis of the useful life of the vessels, normally taken as 20 or 25 years from the date of construction. Depreciation is calculated net of the scrap value. Vessels over 20 years old which are used according to specific contracts are depreciated over the period of the contracts themselves.

Financial assets

Euros 7,354 thousand (Euros 2,292 thousand)

Equity investments

Euros 1,486 thousand (Euros 1,096 thousand)

This item shows the value of equity investments which have not been fully consolidated.

The investments in subsidiaries and associated companies at December 31, 2004 were as follows:

	12/31/2004		**12/31/2003**	
	%	Net book value	%	Net book value
Subsidiaries				
Bulk Terminal Torres SpA (non operational)	100%	65	90%	58
Charfer Trading (in liquidation)	100%	410	--	--
Ferchim Srl (in liquidation)	75%	76	75%	68
LS Services Srl	-	-	100%	10
Coeclerici Coal and Fuels Asia Lda	100%	22	--	--
Associated companies				
Consorzio Italcoast (in liquidation)	50%	5	50%	5
Consorzio Rinfuse porto di Brindisi	--	12	--	5
Freetravel Srl	22%	12	22%	22
Total		**602**		**168**

The subsidiaries in the table were excluded from the consolidation area due to their insignificance or temporary control pursuant to article 28, paragraph 2, letter a and letter d, of Legislative Decree 127/91.

During the year Coeclerici Coal and Fuels S.p.A. acquired 100% of Tuskom II – Consultadoria Economica e Participaçoes, Sociedade Unipessoal, Lda, which was renamed Coeclerici Coal and Fuels Asia Lda.

"Equity investments in other companies" mainly consist of investments in Telemar S.p.A. (Euros 434 thousand), Mepeg S.p.A. (Euros 259 thousand), Terminal Offshore Piombino S.p.A. (Euros 180 thousand), Banca Popolare di San Giorgio (Euros 7 thousand), Consar S.r.l.

(Euros 3 thousand) and other minor companies (Euros 1 thousand).

Receivables

Euros 5,868 thousand (Euros 1,196 thousand)

This item includes a Euros 5,016 thousand loan granted during the year to the Russian partner EPG Rusinkor. The loan entails constant monthly repayments until settlement in 2007 and a favourable interest rate compared to those offered on the financial markets. The amount due by the end of the next accounting period is Euros 3,182 thousand.

The residual receivables mainly refer to deposits received and advance tax paid on employee severance indemnity pursuant to Law 699/96, including revaluation to December 31, 2004.

Current assets

Inventories

Euros 18,271 thousand (Euros 12,731 thousand)

Consumables amount to Euros 64 thousand and mainly consist of lubricants and fuel oil on board vessels owned or chartered by the group.

Goods for resale include Euros 8,959 thousand of fossil coal inventories and Euros 997 thousand of anthracite coal. To date most of the inventory has been sold without loss.

The Euros 8,251 thousand in advances consists of payments to suppliers for commodities from Russia.

Receivables

Euros 112,536 thousand (Euros 72,919 thousand)

All the current receivables are short-term and consist of the following:

	12/31/2004	12/31/2003
Customers	70,895	36,540
Subsidiaries	12	0
Associated companies	8	140
Holding companies	13,855	20,880
Tax receivables	3,801	2,347
Deferred tax assets	4,053	0
Others	19,912	13,012
Total	**112,536**	**72,919**

Trade receivables

Euros 70,895 thousand (Euros 36,540 thousand)

The trade receivables from customers are net of the allowance for doubtful receivables (Euros 1,596 thousand) and include trade receivables from third parties for normal *Trading* transactions. To date most of the receivables have been collected.

The increase in trade receivables compared to the previous year should be seen in relation to changes in the consolidation area, with particular reference to the effect of the inclusion of Coeclerici Coal and Fuels S.p.A.

This item also includes Euros 2,923 thousand relating to the residual receivable deriving from the sale of the investment in Bulk Ispat Shipping Inc. to third parties The sales price of the investment amounted to USD 4.9 million and is subject to possible adjustment when the final accounts of the subsidiary are known; however the group does not expect any significant change.

The trade receivables also include Euros 2,511 thousand in receivables from the *pool companies* relating to the net balance of the payments and receipts made by the parent company on behalf of Coeclerici Transport Cape Size Ltd and Coeclerici Transport Panamax Ltd regarding the operations described in the Director's Report on operations.

Receivables from subsidiaries, associated and holding companies

Euros 13,875 thousand (Euros 21,020 thousand)

At the end of the year, these receivables - all of which were commercial - were made up as follows:

	12/31/2004	12/31/2003
Subsidiaries		
Bulk Terminal Torres SpA	7	-
Charfer Trading (in liquidation)	1	-
Coeclerici Coal and Fuels Asia Lda	3	-
Other minor receivables	1	-
Associated companies		
Various minor receivables	8	140
Holding companies		
Coeclerici International NV	11,867	20,790
Coeclerici Holding S.p.A.	1,988	90
Total	**13,875**	**21,020**

The Euros 11,867 thousand receivable from Coeclerici International N.V. refers to a short-term loan granted by Coeclerici S.p.A with interest rate based on market rates; repayment is expected in 2005.

The Euros 1,988 thousand receivable from Coeclerici Holding S.p.A. refers to:

- Euros 479 thousand receivable for the employee severance indemnity, fourteenth month salary and holidays matured but not taken by employees transferred during the year from Coeclerici Holding S.p.A. to other group companies;

- Euros 236 thousand receivable referring to a short-term loan granted by the parent company Coeclerici S.p.A with interest rate based on market rates; repayment is expected in 2005;

- Euros 1,000 thousand receivable referring to a short-term loan granted by the consolidated company Coeclerici Logistics S.p.A with interest rate based on market rates; repayment is expected in 2005;

- Euros 273 thousand commercial receivables from Coeclerici Holding S.p.A., mainly relating to the recovery of personnel costs for staff involved in *holding* company operations.

Tax receivables

Euros 3,801 thousand (Euros 2,347 thousand)

Tax receivables mainly consist of IRPEG (Corporate Income Tax) and ILOR (Local Income Tax) requested for reimbursement in preceding years and the VAT receivable. This item includes Euros 1,512 thousand relating to amounts paid for disputed provisional tax assessments which also appear in the "Provision for taxes" item.

Deferred tax assets

Euros 4,053 thousand (Euros 0 thousand)

Euros 580 thousand of the deferred tax asset relate 33% of the Euros 1,758 thousand fiscal losses carried forward by the consolidated company Coeclerici Carbometal S.r.l.; the remaining Euros 3,473 thousand mainly consists of risk provisions set aside during the year, which are not immediately tax deductible; Euros 2,722 thousand of which has a Euros 1,002 thousand tax effect and is for provisions relating to the previous years, and Euros 655 thousand has a Euros 216 thousand tax effect.

Other receivables

Euros 19,912 thousand (Euros 13,012 thousand)

The item consists of:

	12/31/2004	12/31/2003
Financial receivables	5,571	-
Advances to suppliers	5,241	3,491
Factoring company	7,674	7,547
Social security institutions	47	48
Employees	108	257
Receivables from insurance companies	36	238
Other receivables	1,235	1,431
Total	**19,912**	**13,012**

The Euros 5,571 thousand financial receivables refer entirely to the loan granted by the Group to Solinger Strasse Investment B.V., to be repaid at the euribor six month rate increased by a 1% spread; this loan was fully repaid in April 2005.

The advances to suppliers mainly refer to advances given to *Shipping* agents and *Shipping* companies and to the payments of chartering costs relating to invoices which were registered during the year.

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

Since the receivables transferred consisted of the capital and interest at December 31, 1996, the financial statements include an interest receivable from Fiscambi Factoring for an amount equal to the interest on the tax receivables transferred and the interest Fiscambi Factoring shall pay Coeclerici once they have collected the receivables from the tax authorities.

The figure of Euros 7,674 thousand consists of the residual receivable (Euros 6,608 thousand) and the accrued interest (Euros 1,766 thousand), net of the advance payments made by Fiscambi (Euros 700 thousand).

Financial assets - not constituting fixed assets

Euros 680 thousand (Euros 228 thousand)

The figure consists of an investment in 685,333 shares in Pirelli S.p.A, purchased in previous years on the Milan stock exchange. The change in comparison with the previous year essentially relates to the restoration in value as opposed to the write-downs of previous years.

Cash in banks and on hand

Euros 33,766 thousand (Euros 18,573 thousand)

- **Bank and postal office deposits**

Euros 33,627 thousand (Euros 18,542 thousand)

“Bank and postal deposits” consist of temporary liquidity in banks generated by treasury management. These deposits consist entirely of euro and foreign currency current accounts.

- **Cash and cash equivalents**

Euros 139 thousand (Euros 31 thousand)

This item consists of cash funds held at the various group offices on December 31, 2004.

Accrued income and prepaid expenses

This caption consists entirely of prepaid expenses.

Prepaid expenses

Euros 2,715 thousand (Euros 6,906 thousand)

Prepaid expenses are as follows:

	12/31/2004	12/31/2003
Charter and shipping costs	2,213	6,656
Insurance premiums	97	133
Rental fees	14	-
Port fees and similar	11	-
Other	380	117
Total	**2,715**	**6,906**

Equity and liabilities

Shareholders' equity

The movements in the various shareholders' equity components are shown in an attachment. Part of the reserves are awaiting taxation; no taxes have been allocated at this time since no transactions are expected which would give rise to taxation.

Capital stock

Euros 9,565 thousand (Euros 9,565 thousand)

The Euros 9,565 thousand capital stock is entirely subscribed to and fully paid-in. It consists of 9,565,000 ordinary shares with a par value of Euros 1 each.

Legal reserve

Euros 1,187 thousand (Euros 794 thousand)

This consists of the parent company's legal reserve.

Cumulative translation adjustments

Euros 3,470 thousand (Euros 1,447 thousand)

The conversion of the foreign subsidiaries' financial statements into euros has a negative effect on the net equity due to the lower value of the U.S. dollar against the Euro, compared to the end of the previous year.

Consolidation reserve

Euros 5,466 thousand (Euros 0 thousand)

This reserve includes the effect of the changes in consolidation area which were generated during 2004 as previously described.

Retained earnings

Euros 25,586 thousand (Euros 34,646 thousand)

This reserve consists of the total profits attributable to the Group and the consolidated companies. It is decreased by the amount distributed in dividends to stockholders, and is net of profit from the previous year.

Minority interest in capital and reserves

Euros 8,430 thousand (Euros 1,072 thousand)

At December 31, 2004, this amount includes the minority interests in the capital and reserves relating to 35% of Coeclerici Ceres Bulk Carriers Lda, 10% of Bulkguasare De Venezuela SA, 50% of Kidecrane Corporation SA, 50% of Viannlog – Consultoria Economica Lda and 49% of CC Steel Shipping and Logistics AD.

The amount of minority interest capital and reserves mainly increased due to the inclusion of the subsidiary Coeclerici Ceres Bulk Carriers Lda in the consolidation area; it was not part of the consolidation area at December 31, 2003.

Provisions for liabilities and expenses

Employees' pension and similar obligations

Euros 126 thousand (Euros 0 thousand)

This item includes funds relating to pensions, of which Euros 35 regards the subsidiary Coeclerici Coal and Fuels S.p.A. and Euros 91 thousand, the subsidiary Bulkguasare de Venezuela SA.

Provision for taxes

Euros 4,722 thousand (Euros 1,729 thousand)

This item includes deferred taxes which arise from zeroing items entered solely for tax purposes on the consolidated financial statements, and other positive or negative income components with deferred tax deductibility.

thousands of euros

Companies	Beginning	Increase	Decrement	Ending
Provision for taxes				
CC Steel Shipping and Logistics AD	0	296	0	296
Somocar International N.V.	0	5	0	5
Deferred taxes				
Coeclerici S.p.A.	1,366	3,093	(956)	3,503
Bulkguasare de Venezuela S.A.	363	0	(110)	253
Coeclerici Coal and Fuels S.p.A.	0	1,462	(797)	665
TOTAL	**1,729**	**4,856**	**(1,863)**	**4,722**

During 1999 and the first months of 2000 the Italian tax authorities carried out a general inspection of the consolidated companies Coeclerici Armatori S.p.A., Coeclerici Coal and Fuels S.p.A. and Coeclerici Logistics S.p.A., now Coeclerici S.p.A., (directly or through the relative incorporated company) regarding 1997 and 1998. Moreover, on account of tax authorities' reports concerning partial inspections for 1993, 1994, 1995 and 1996, partial assessments were received from the Income Tax and VAT Offices for significant amounts. With the assistance of the Group's tax consultants, Coeclerici appealed against the assessments and defence cases were prepared. The appeals filed have always been ruled in favour of the company. Therefore, on the basis of the appeals filed, the rulings that have already been issued in favour of the company and the opinions of the group's advisors, it is believed that no significant tax liabilities could arise from the pending litigation.

Other provisions

Euros 14,321 thousand (Euros 3,619 thousand)

These include provisions made for commercial risks deriving from existing contracts in various business sectors, and some disputes which are still outstanding. As part of the group corporate reorganisation a total of Euros 3 million has been set aside for restructuring costs and any third party claims connected with the activity of the *pool companies*, which no longer belong to the Group, as well as any indemnities.

Provision for employees' leaving indemnity

The amount of Euros 1,616 thousand shown fully covers the whole amount due to employees in accordance with the laws in force. In addition to an increase of Euros 498 thousand for the employees' leaving indemnity accrued by employees during the year and the use of Euros 1,327 thousand for advances and payments to employees leaving the group, there was a net increase of Euros 638 thousand for changes in the consolidation area and for the transfer of personnel from Coeclerici Holding S.p.A. to other group companies.

Payables

These consist of:

	Total at 12/31/2004	Expiry Within 1 year	From 1 to 5 years
Bank borrowings	45,375	32,136	13,239
Advance payments	7,894	7,894	0
Trade	35,573	35,573	0
Parent companies	4,107	4,107	0
Taxes	1,426	1,426	0
Social security agency	311	311	0
Others	935	935	0
Total	**95,621**	**82,382**	**13,239**

There are no amounts due in periods of greater than 5 years.

Bank borrowings

Euros 45,375 thousand (Euros 19,401 thousand)

"Bank borrowings" consist of Euros 24,518 thousand in financing and loans, Euros 19,667 thousand in short-term advances and Euros 1,190 thousand in overdrawn current accounts. The loan instalments due in 2005 amount to Euros 11,279 thousand.

The group had the following outstanding loans at December 31, 2004:

	USD/000	Euros/000	Expiry Within 1 year	From 1 to 5 years
Unsecured guarantees				
Banca Carige	14,500	10,645		10,645
Efibanca	8,500	6,358	6,358	
Secured guarantees				
Deutsche Schiffsbank	4,320	3,172	3,172	
Banca Carige (leasing)		2,974	729	2,245
Efibanca	1,268	931	931	
Sardaleasing (leasing)		438	89	349
TOTAL	**28,588**	**24,518**	**11,279**	**13,239**

The net bank debt of the Group has increased, in particular as regards short-term debt with the opening of a USD 14.5 million syndicated line of credit with Banca Carige / Banca Nazionale del Lavoro by the parent company for the financing of the Group activities. This was done as part of the previously mentioned corporate reorganization which led the *holding* company Coeclerici International NV to return a similar previously existing line of credit again with Banca Carige.

USD 26,789 thousand in short term advances were also received by Coeclerici Coal and Fuels S.p.A. to finance the coal *Trading* activity.

Repayment of medium/long term loans in 2004 amounted to Euros 6,818 thousand.

Advance payments

Euros 7,894 thousand (Euros 10,814 thousand)

These are advances received from customers in the normal course of group business operations.

Trade

Euros 35,573 thousand (Euros 34,579 thousand)

The figure shows the current amount due to suppliers in connection with the normal course of group business operations. The figure is entirely payable within the following year according to the normal payment terms granted to the Group.

Parent companies

Euros 4,107 thousand (Euros 256 thousand)

This item includes Euros 1,653 thousand for services provided by the *holding* company Coeclerici Holding S.p.A. in addition to various trade payables.

Finally this item includes Euros 2,454 thousand relating to the payable for IRES income tax for the year, which was transferred to the indirect *holding* company Cocler S.p.A. which is not part of the consolidation area.

Taxes

Euros 1,426 thousand (Euros 2,369 thousand)

They consist of:

	12/31/2004	12/31/2003
Tax amnesty	-	872
Income taxes	177	1,249
Withholding taxes for payrolls and self-employed persons (Irpef)	1,249	205
VAT	-	43
Total	**1,426**	**2,369**

Social security agencies

Euros 311 thousand (Euros 541 thousand)

This item mainly refers to the December 2004 social security contributions, which were paid in January 2005.

Other payables

Euros 935 thousand (Euros 310 thousand)

This item mainly consists of advances received from third parties in relation to operating activities and Euros 462 thousand in payables to employees for expenses and indemnities incurred during the transfer of staff from Genoa to Milan.

Accrued liabilities and deferred income

The accrued liabilities and deferred income consist of the following:

Accrued liabilities

Euros 839 thousand (Euros 5,347 thousand)

They consist of:

	12/31/2004	12/31/2003
Salaries and deferred social security payments	452	432
Interest on loans	195	79
Shipping costs	-	4,836
Others	192	-
Total	**839**	**5,437**

Deferred income

Euros 1,415 thousand (Euros 3,016 thousand)

The deferred income can be broken down as follows:

	12/31/2004	12/31/2003
Charters and other operating income	1,407	2,877
Others	8	139
Total	**1,415**	**3,016**

Memorandum accounts

At December 31, 2004, the Group had the following memorandum accounts:

Guarantees granted

In favour of subsidiary companies

Euros 1,817 thousand (Euros 1,298 thousand)

Sureties granted to P&I Club of Euros 514 thousand on behalf of the client Ferrominera, Euros 100 thousand on behalf of the Port Authority of Trieste, and other guarantees granted in favour of P&I Club amounting to Euros 1,203 thousand.

In favour of third parties

Euros 3,948 thousand (Euros 0 thousand)

Sureties granted to P&I Club of Euros 514 thousand on behalf of the client Ferrominiera, Euros 134 thousand on behalf of the Port Authority of Trieste, Euros 2,713 thousand granted by Mediocredito Centrale, expired and issued in relation to the *Shipping* business during its revocatory period, then transferred to third parties and Euros 587 thousand corresponding to USD 800 to Carbones del Guasare, which expired in February 2005 and was renewed for less than USD 200 thousand.

Commitments

Euros 28,493 thousand (Euros 0 thousand)

The group has undertaken hedging operations against the Euro/USD exchange rate risk. In particular, at the end of the year, the group had currency forward sales for a corresponding notional value of Euros 13,181 thousand and currency forward purchases worth Euros 4,200 thousand.

The commitments likewise include purchase and sale forward freight agreement operations on the charter market made by the consolidated company Coeclerici Coal and Fuels S.p.A. In detail, these refer to purchase contracts for Euros 5,515 thousand and sales contracts for Euros 5,597 thousand, in which the net ‘fair value’ at December 31, 2004 is not significant.

Other memorandum accounts

Euros 1,610 thousand (Euros 6,608 thousand)

This item includes Euros 700 thousand in “receivables transferred to a factoring company” consisting of income tax receivables, plus interest accrued thereon and transferred with recourse to Mediofactoring S.p.A.

The remaining amount of 910 thousand refers to various guarantees received from third parties.

In addition, the Group has long-term time charter contracts for the motor vessels Red Orchid, Red Tulip, Red Rose, Red Lily, Red Iris and Bulk India, with purchase options after 3 years and an average contract duration of between 7 and 10 years.

Comments on the consolidated income statement

As further described in the directors’ report on operations, the production value is shown net of Euros 786,888 thousand which was compensated by reducing production costs in order to zero the revenues and costs of the commercial operations carried out by the parent company until September 2004 on behalf of the *pool companies* Coeclerici Transport Cape Size Ltd and Coeclerici Transport Panamax Ltd. on the 2004 income statement. The overall effect of this compensation on the 2004 income statement is zero. The economic benefits of the commercial operations concerned are the *pool companies*. The parent company, Coeclerici S.p.A., only deals with receipts and payments on their behalf. As of the date of the sale of the *pool companies* (October 1, 2004), the payments and receipts made by the parent company were only recorded on the balance sheet, and were not included on the income statement in order to represent their exclusively financial nature better. The compensation made on the 2004 income statement relating to the commercial operations up to September 30, 2004 therefore aims to provide a clearer picture of the receipts and payments activities carried out by the parent company on behalf of the *pool companies* in a uniform way to the accounting principles adopted as from October 1, 2004.

Production value

Revenues from sales and services

Euros 420,251 thousand (Euros 175,983 thousand)

This item consists of:

	2004	2003
Revenues from sales:		
Coal	262,440	-
Fuel, lubricants and other raw materials	648	14,037
Revenues from services:		
Charters and shipping transport	116,583	128,039
Commission for the management of pool ships	9,184	7,509
Coal brokerage commission	12,561	-
Transshipment and other services	18,558	26,213
Brokerage commissions	277	185
Total	**420,251**	**175,983**

The revenues from coal sales and brokerage are Euros 262,440 and Euros 12,561 thousand respectively. They relate to the Trading activity of the subsidiary Coeclerici Coal and Fuels S.p.A., which only entered the consolidation area in 2004 and therefore was not considered in the 2003 accounting period.

Change in services in course

Euros 920 thousand (Euros 11,232 thousand)

The figure at December 31, 2004 relates to the changes in chartering costs on a voyage basis for transportation taking place at the end of 2003. The company did not have services in course at the end of 2004.

Other income and revenues

Euros 10,864 thousand (Euros 28,247 thousand)

The “other revenues and income” consist of:

	2004	2003
Settlements and indemnities	1,500	2,700
Income from derivative contracts	-	22,859
Recovery of costs and charges	1,514	769
Revenues for recovery of emoluments	791	764
Gains from fleet disposal	700	172
Gain from the disposal of other assets	212	-
Utilisation and release of provisions	2,830	-
Insurance claims	120	733
Rental income and other	249	209
Other income and out-of-period income	2,948	41
Total	**10,864**	**28,427**

The Euros 1.5 million “Settlements and indemnities” item relates to the amount received from the Indian client for the interruption of the contract relating to the use of the vessel Bulk Challenger.

The recovery of costs includes Euros 426 thousand of port expenses, *shipping* insurance costs and the cost of staff lent by Coeclerici Coal and Fuels S.p.A. which was recharged to the *holding* Coeclerici Holding S.p.A..

As already illustrated above, the income from derivative contracts carried out by the *pool companies* were compensated with corresponding costs for the same amount.

Production costs

Raw, ancillary and consumable materials, and goods

Euros 134,226 thousand (Euros 28,004 thousand)

This item consists of:

	2004	2003
Trading activities		
- Coal	132,096	-
Shipping activities		
- Bunker / lubricants / parts	1,630	27,820
Other:		
- Consumables	500	184
Total	**134,226**	**28,004**

Services

Euros 234,691 thousand (Euros 140,832 thousand)

This item may be broken down as follows:

	2004	2003
Trading activities		
- Transportation costs	126,171	-
Shipping activities and logistic services		
- Charter costs	87,249	106,109
- Technical costs for the fleet and plant	1,015	3,929
- Port and other shipping costs	5,531	24,914
- General costs	14,725	5,880
Total	**234,691**	**140,832**

The "general expenses" include Euros 1,793 thousand of travel and other staff service costs, Euros 1,984 thousand in consultancy fees, Euros 1,306 thousand in bank commissions and expenses, Euros 1,077 thousand in utilities and building expenses and Euros 3,450 thousand in costs recharged by the *holding* company, Coeclerici Holding S.p.A., for general services.

The item also includes the remuneration of parent company directors and statutory auditors at December 31, 2004:

	Number	Remuneration
Directors	5	1,900
Statutory auditors	3	40
Total	**8**	**1,940**

Leases and rentals

Euros 685 thousand (Euros 216 thousand)

These consist of building leases and rentals, as well as the cost of renting motor vehicles, office equipment and software.

Personnel

Euros 11,160 thousand (Euros 8,976 thousand)

These costs are already broken down on the income statement chart. The average number of employees by category at the end of the year was:

	2004
Management	18
White-collar	100
Seafaring staff	203
Total	**321**

Amortization, depreciation and write-downs

Euros 3,896 thousand (Euros 4,950 thousand)

These items are already broken down on the income statement chart. Refer to the comments under intangible and tangible fixed assets for additional information on amortization and depreciation.

Accruals for liabilities and expenses

Euros 7,957 thousand (Euros 1,330 thousand)

Euros 7,957 thousand was prudentially set aside in the financial statements to cover losses relating to existing contracts, estimated reorganization expenses and risks connected to a few legal and commercial disputes.

Other operating expenses

Euros 3,974 thousand (Euros 23,618 thousand)

This item includes miscellaneous expenses not otherwise classifiable in the other "B" category items on the income statement.

The largest item refers to "paper trading" contract expenses amounting to Euros 1,103 thousand. These operations relate to coal forward purchases and sales on the derivatives market. At December 31, 2004 there were no ongoing forward coal sales or purchase operations on the derivatives market.

Other significant costs included Euros 508 thousand in contractual penalties and compensation, Euros 191 thousand in entertainment expenses and Euros 640 thousand for out-of-period expenses.

As mentioned under the "other income and revenues" item, the expenses relating to derivative contracts incurred on behalf of *pool companies* were compensated with the respective revenues.

Financial income and expenses

Income from equity holdings - other companies

Euros 943 thousand (Euros 17 thousand)

This figure relates entirely to the Euros 884 thousand dividend distributed during the year by the associated company Bulk Ispat Shipping Inc and Euros 59 thousand in dividends distributed by the minority *holding* in Telemar S.p.A.

Other financial income

Euros 2,091 thousand (Euros 1,375 thousand)

The other financial income item consists of:

	2004	2003
Holding companies	530	824
Other		
Interest on loans to group companies	679	160
Bank interest	236	165
Other financial income	646	226
Total	**2,091**	**1,375**

Interest and other financial expenses

Euros 1,640 thousand (Euros 953 thousand)

They consist of:

	2004	2003
Holding companies	986	32
Banks and financial institutions	654	921
Total	**1,640**	**953**

Exchange gains and losses

Euros 462 thousand (Euros 1,287 thousand)

Besides the exchange differences stemming from aligning foreign currency payables and receivables outstanding at the end of the year with year-end rates, the exchange differences which occur during the year are also included in item 17 b. Details of the exchange differences realised and not realised at December 31, 2004 are given in the table below (in thousands of Euros):

	Realised	Not realised	Total
Exchange gains	25,274	16,869	42,143
Exchange losses	(28,594)	(13,087)	(41,681)
Total	**(3,320)**	**3,782**	**462**

The euro/USD exchange rate at the end of 2004 was 1,3621 (1,2630 at the end of 2003): the American currency had depreciated by about 7.85% compared to the end of the previous year.

Adjustments to financial assets

The write-downs of Euros 226 thousand and the revaluations of Euros 38 thousand relate to the adjustments made following the valuations made under the net equity method of the associated companies of the parent company.

The adjustments include Euros 507 thousand for the revaluation of securities registered under current assets which are not equity investments. These were consequently adjusted to their market value at December 31, 2004.

Extraordinary income and expenses

Income: gain on disposals

Euros 11,222 thousand (Euros 0 thousand)

Euros 7,136 thousand of the gains on disposals refer to the sale of the company branch dealing with the commercial and operating sector of the *pool companies* to the Drylog Group and Euros 3,954 thousand to the sale of equity in Bulk Ispat Shipping Inc.

Charges: prior-year taxes

Euros 64 thousand (Euros 710 thousand)

The extraordinary charge of Euros 64 thousand is attributable to other taxes relating to previous years.

Charges: others

Euros 4,395 thousand (Euros 0 thousand)

The other extraordinary charges include Euros 3,000 thousand in risk provisions set aside in 2004 against claims made by third parties connected to the activities of the *pool companies*, which no longer belong to the group, and any indemnities.

These provisions are registered under extraordinary charges in order to make their relationship with the gain generated by the sale of the branch itself clear (the gain is registered under extraordinary income).

This item also includes Euros 1,395 thousand in extraordinary charges incurred during corporate structure reorganisation. These charges primarily relate to indemnities and incentive payments made to personnel transferred or who left during the year and expenses incurred for the relocation of the Genoa offices to the new head office at Milan.

Income taxes

The figure of Euros 4,678 thousand is the tax charge for the current year calculated according to the laws in force and taking into account exemptions, tax loss carry-forwards and other components subject to deferred taxation.

The amount consists of Euros 2,758 thousand in IRES and the income taxes on foreign subsidiaries, Euros 1,048 thousand in IRAP, Euros 2,401 thousand in deferred taxes and Euros 1,530 in advance tax payments.

Comparison between the net equity of Coeclerici S.p.A. and the Group

(in thousands of euros)

	Net income (loss)	Shareholders' equity
	Increase / (Decrease)	
Coeclerici S.p.A. at December 31, 2004	22,121	59,830
Group's share of consolidated companies' net equity and result for the year	18,856	8,565
Elimination of inter-company dividends	(13,695)	0
Adjustment to the financial statements of some of the companies to bring them into line with the group accounting principles, net of the tax effect if any	2,208	3,900
Adjustment to eliminate inter-company gains in the consolidated financial statements that have not been realized with third parties, net of the related tax effect	738	(3,733)
Coeclerici Group at December 31, 2004	**30,228**	**68,562**

Annexes

Coeclerici Group
Consolidated statement of cash flows

(Translation from the original issued in Italian)

(Thousands of Euros)

		2004	2003
A	**Net money balances, start of year**	**15,385**	**4,711**
B	**Cash flows provided by operating activities**		
	Net income for the year	30,228	8,167
	Amortization and depreciation	3,896	4,912
	Accruals (Utilization) of provision for liabilities and expenses, net	8,695	(404)
	Gains (losses) on disposals of fixed assets, net	(910)	(172)
	Gains on the disposals of two pool companies	(7,136)	0
	Write-downs (revaluation) of financial fixed assets, net	(264)	20
	Change in employees' leaving indemnity, net	(191)	410
	Cash flows from operating activities before changes in working capital	34,318	12,933
	(Increase) in current receivables	(14,033)	(10,402)
	Decrease (Increase) in inventories	6,244	(3,292)
	(Decrease) increase in trade and other payables	(19,980)	5,004
	Other changes in working capital	(2,106)	4,656
		4,443	**8,899**
C	**Cash flows provided by changes in the scope of consolidation**		
	Net working capital	(15,137)	(24,910)
	Intangible and tangible fixed assets	(5,853)	(6,252)
	Financial fixed	(13,059)	(706)
	Loans and mortgages	3,923	4,392
	Provision for employees' leaving indemnity and other	2,679	2,783
	Stockholders' equity - Group	5,466	26,229
	Stockholders' equity - minority interest	3,229	0
	Cash in from the disposal of two pool companies	7,136	0
		(11,616)	**1,536**
D	**Cash flows used for investing activities**		
	Investments in fixed assets:		
	- intangible fixed assets	(444)	(423)
	- tangible fixed assets	(4,642)	(158)
	- financial fixed assets	(578)	(463)
	Proceeds from disposal or reimbursement value of fixed assets	11,094	18,434
		5,430	**17,390**
E	**Cash flows provided by (used for) financing activities**		
	New loans obtained	11,083	0
	Repayment of loans and mortagages	(6,818)	(9,628)
	Net decrease of receivables in the financial fixed assets	8,387	0
	Distribution of income	(16,834)	(5,813)
	Change in minority interests	4,129	(1,710)
		(53)	**(17,151)**
F	**Net cash flows during the year (B+C+D+E)**	**(1,796)**	**10,674**
G	**Net money balances, end of year (A+F)**	**13,589**	**15,385**

Coeclerici Group
Statement of changes in consolidated stockholders' equity

(Translation from the original issued in Italian)

(Thousands of Euros)

	Capital stock	Legal reserve	Cumulative translation adjustments	Consolidation reserve	Retained earnings	Net income	Total
Balances at December 31, 2003	**9,565**	**794**	**(1,447)**		**34,646**	**8,167**	**51,725**
Appropriation of 2003 net income		393			7,774	(8,167)	0
Distribution of dividends to stockholders					(16,834)		(16,834)
Effect of the translation of foreign currency financial statements			(2,023)				(2,023)
Consolidation reserve for new equity partecipations aquire in the year				5,466			5,466
Net income 2004						30,228	30,228
Balances at December 31, 2004	**9,565**	**1,187**	**(3,470)**	**5,466**	**25,586**	**30,228**	**68,562**

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

Company	Registered office	Currency	Capital stock	% ownership
Bourgas Transportes Maritimos Lda	Portogallo	Euro	5,000	100,00%
Bulkguasare de Venezuela S.A.	Venezuela	Bsv	2,408,000,000	90,00%
Bulkguayana S.A.	Venezuela	Bsv	20,000,000	90,00%
Capo Noli Transportes Maritimos Lda	Portogallo	Euro	5,000	100,00%
CC Shipping Services S.a.m	Monaco	Euro	152,000	100,00%
CC Steel Shipping and Logistics AD	Bulgaria	Bgl	50,000	51,00%
Coeclerici Carbometal S.r.l.	Milano	Euro	65,000	100,00%
Coeclerici Ceres Bulk Carriers Lda	Portogallo	Euro	10,000	65,00%
Coeclerici Coal and Fuels International B.V.	Olanda	Euro	18,000	100,00%
Coeclerici Coal and Fuels S.p.A.	Milano	Euro	5,000,000	100,00%
Coeclerici Logistics (India) Ltd	India	Inr	500,700	100,00%
Coeclerici Logistics S.p.A.	Milano	Euro	9,565,000	100,00%
Coeclerici Compagnie S.A.	Svizzera	Frs	100,000	100,00%
Kyla Charter Transportes Maritimos Lda	Portogallo	Euro	5,000	100,00%
Shipping Services S.r.l.	Milano	Euro	45,000	100,00%
Somocar International N.V.	Olanda	Euro	60,602	100,00%
Sud Est S.r.l.	Brindisi	Euro	100,000	100,00%

List of companies consolidated using the proportional method

Company	Registered office	Currency	Capital stock	% ownership
Bulk India Shipping Corp	Panama	Usd	10,000	16,25%
Kidecrane Corporation S.A.	Panama	Usd	1,500,000	50,00%
Mediterranean Bulk System N.V.	Olanda	Euro	45,000	50,00%
Red Iris Shipping Corp.	Panama	Usd	10,000	19,50%
Red Orchid Shipping Corp.	Panama	Usd	10,000	32,50%
Red Rose Shipping Corp.	Panama	Usd	10,000	32,50%
Red Lily Shipping Corp.	Panama	Usd	10,000	26,00%
Red Tulip Shipping Corp.	Panama	Usd	10,000	32,50%
Staines Holding Inc.	Liberia	Usd	10,000	32,50%
Viann Log Lda	Madeira	Euro	5,000	50,00%

List of companies valued using the equity method

Company	Registered office	Currency	Capital stock	% ownership
Bulk Terminal Torres S.p.A.	Sassari	Euro	113,630	100,00%
Charfer Trading S.A. in liquidazione	Svizzera	Frs	100,000	100,00%
Coeclerici Coal and Fuels Asia Lda	Portogallo	Euro	5,000	100,00%
Consorzio Italcoast in liquidazione	Ravenna	Euro	-	50,00%
Ferchim S.r.l. in liquidazione	Ravenna	Euro	96,720	75,00%
Freetravel S.r.l.	Genova	Euro	96,900	22,00%

Independent Auditors' report

Deloitte.

Deloitte & Touche S.p.A.
Via Silvio Pellico, 1/8
16128 Genova
Italia

Tel: +39 010 5317011
Fax: +39 010 5317022
www.deloitte.it

AUDITORS' REPORT PURSUANT TO ART. 2409-TER OF ITALIAN CIVIL CODE

To the Shareholders of COECLERICI S.p.A.

1. We have audited the consolidated financial statements of Coeclerici S.p.A. (formerly Coeclerici Logistics S.p.A.) and subsidiaries (the "Coeclerici Group") as of and for the year ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in Italy. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The audit of the financial statements of some subsidiaries in the logistic sector, which statements reflect total assets representing 2,5% of consolidated total assets and revenues representing 2,8% of consolidated revenues, is the responsibility of other auditors.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to the auditor's report issued by us on April 28, 2004.

3. In our opinion, the consolidated financial statements present fairly, the financial position of the Coeclerici Group as of December 31, 2004, and the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

4. As indicated in the notes to the financial statements and in the management's report, during the year the Company, pursuant to the restructuring of the Group, purchased investments into Coeclerici Coal & Fuels S.p.A. and into Coeclerici Ceres Bulk Carriers Transportes Maritimos Lda and spin off the "Logistics" segment into the subsidiary L.S. Service S.r.l. (currently Coeclerici Logistics S.p.A.), thus splitting the topmost holding company in the Group. Furthermore, still pursuant to the above-mentioned restructuring, the Company sold certain

activities of the "Shipping" segment to third parties, thus realizing extraordinary gains amounting to Euro 11.222 thousand, offset by extraordinary losses, mainly related to the restructuring, amounting to Euro 4.395 thousand. Therefore, the current year's consolidated income statement includes a net extraordinary gain amounting to Euro 6,8 million. Following the above, comparability between 2003 and 2004 data is affected by the modified structure of the Company. Certain pro-forma 2003 data are reported in the management's report to aid comparability with 2004.

DELOITTE & TOUCHE S.p.A.

Signed by
Fabrizio Fagnola
Partner

Genoa, Italy,
May 31, 2005

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

Corporate Directory

Milan headquarters
Via della Chiusa, 2
20123 Milan - Italy
tel. +39 02 62 46 91
telefax +39 02 62 46 97 03
www.coeclerici.com
e-mail: info@coeclerici.com

Rome
Via Parigi 11
00185 Rome - Italy
tel. +39 06 48 81 420
fax +39 06 48 85 258
e-mail: ccrome@coeclerici.com

Monaco
7, rue du Gabian
MC 98000 Monaco - France
tel. +377 93 100 400
fax +377 93 100 444
telex 479 213
e-mail: abmc@coeclerici.com

Amsterdam
Drentestraat, 20
1083 HK Amsterdam - The Netherlands
tel. +31 20 54 97 777
fax +31 20 66 10 654
e-mail: ccamsterdam@coeclerici.com

Bourgas
1 Prince Batenberg Str.
8000 Bourgas - Bulgaria
tel. +359 56 843 662
fax +359 56 843 663
e-mail:ccbourgas@coeclerici.com

Moscow
4, Dobryninskij Per. 6/9
119049 Moscow - C.S.I.
tel. +70 95 23 76 892
fax +70 95 23 02 683
e-mail: ccmoscow@coeclerici.com

Jakarta
Graha Irama, Suite 8 A
Jl. H.R. Rasuna Said Blok X-1,
Kav 1 & 2, Kuningan
Jakarta 12950, Indonesia
tel. +62 21 52 68 822
fax +62 21 52 68 811
e-mail: ccjakarta@coeclerici.com

Shanghai
Room #3502, Ciro's Plaza
388 Nanjing West Road
200003 Shanghai-PRC
tel. +86 21 33 10 01 66
fax +86 21 33 10 01 98
e-mail: infochina@coeclerici.com

Caracas
Avenida Venezuela con Calle El Recreo
Edificio Torre America
Piso 8 Oficina 804
Characas 1050 - Venezuela
tel. +58 212 76 22 240
fax +58 212 76 19 253
e-mail: cccaracas@coeclerici.com

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