

“Success is the child of drudgery and perseverance. It cannot be coaxed or bribed; pay the price and it is yours”

AUDITED RESULTS: The attached results in Thai Baht, audited by Ernst & Young, as well as US Dollars, certified by Ferrier Hodgson, show you the latest financial position of the Company. The earnings per day per ship during Q4 increased to USD 6,607 wildly exceeding our expectations and the number per our restructure projections for 2002 of USD 5,771. As a comparison, the earnings per day per ship during 2001 averaged USD 5,855, whilst the average for 2002 worked out to USD 5,854 mirroring the earnings in the previous year. The daily operating expenses for Q4 was USD 2,563 per day per ship and for the year was USD 2,604 marginally exceeding our projection of USD 2,590. This increase in costs has reduced the bottom line by about USD 0.149 million. The attached results for Q4 have been distorted by one-time charges made that include USD 0.035 million from sale of assets undertaken as part of our restructure agreement. The results have been further distorted by an unrealised exchange loss, due to the strengthening of the Thai Baht, of USD 0.221 million. Ignoring these one-time charges, and extraordinary gains made during the quarter, the net operating profit for Q4 was USD 3.584 million with a consolidated EBITDA of USD 9.00 million. For 2002 as a whole, net profit including the gain on redemption of RCD's was USD 5.03 million with an annual EBITDA of over USD 28.0 million!

PROSPECTS over the next 12 months look reasonable but with the usual provisos. The low point in daily earnings on our ships during 2002 was reached in Q2 at USD 5,497 with the high point in Q4. We expect that we have turned the low point in the current freight cycle and that we may experience similar or better rates in Q1 and Q2 of 2003 as we had seen during the average for 2002 with rates tapering down in the last two quarters. This prospect is based on 4 assumptions: that the US economy continues to expand; that oil prices do not spike up and stay above USD 30 per barrel for any appreciable length of time; that a war between the US and Iraq does not take place, or if it does, that it is extremely short lived; and that there is no other terrorist incident of the magnitude of September 11.

There was no further **FLEET DISPOSAL** during Q4 of 2002 and the total fleet strength stayed at the 28 ship mark. As we do not plan to sell any more ships we should see the year 2003 through with our fleet strength being maintained at 28 ships.

SHIP SCRAPPING continued with 61 ships being scrapped while 16 ships were delivered during Q4 in our sector (10 to 30,000 DWT) worldwide. This resulted in shrinkage of 45 ships or 1.38% in the world fleet in our sector for the quarter. For the year 2002 as a whole, the fleet shrank by 3.80% from 3,261 ships leaving just 3,137 ships in the world fleet in our sector. We hope that the scrapping rates remain at this healthy level as it would help redress the balance between supply and demand.

Sincerely,

Khalid Hashim