ULTRAPETROL BAHAMAS LTD
Form 6-K
November 17, 2003

Commission File No. 333-8878

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of November, 2003

ULTRAPETROL (BAHAMAS) LIMITED
(Translation of registrant's name into English)

H & J Corporate Services Ltd.
Shirlaw House
87 Shirley Street
Nassau, The Bahamas
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F X Form 40-F ___

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ___ No X

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Set forth herein is a copy of the Company's report for the nine months ended September 30, 2003, containing certain unaudited financial information and a Management's Discussion and Analysis of Financial Condition and Results of Operations.

ULTRAPETROL (BAHAMAS) LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION FOR
THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements of Ultrapetrol (Bahamas) Limited ("the Company") and subsidiaries for the nine months ended September 30, 2003 and 2002 included elsewhere in this report.

General

The Company was formed on December 23, 1997 to hold all the capital stock of Princely International Finance Corporation (a Panamanian Company) and Ultrapetrol S.A. (an Argentine Company). The following discussion covers the unaudited financial results of the consolidated entity for the nine months period ended September 30, 2003 with a comparison to the unaudited consolidated financial results for the same nine months period in 2002.

Currently the Company owns and operates eleven oceangoing vessels primarily in South America with additional operations between the Caribbean, United States, Europe, Far East and West Africa. One of our vessel is owned by Ultracape (Holdings) Ltd. ("Ultracape"), an affiliate company that was formed through an association between us and the AIG-GE Capital Latin America Infrastructure Fund L.P. ("LAIF") in 2002 of which we own 60%. The Company also charters three push boats and 69 wet and dry barges to UABL (Bahamas) Limited ("UABL"), a company that we formed in a joint venture with ACBL Hidrovias, Ltd. in October 2000 and which we own 50% of.

During the first nine months of 2003 the Company employed a significant part of its fleet on time charter for different customers.

During the first nine months of 2003, the international freight market maintained rates above those experienced in 2002.

The Princess Susana and the Princess Marina were out of service undergoing mayor repairs during 25 days and 78 days and the Princess Pia and Princess Eva were out of service due to accidents for 42 days and 124 days, respectively, in the first nine months of 2003.

In January 2003 the Company renewed the employment of our vessel Princess Katherine for another 11 months on a time charter contract.

On March 13th the Princess Marina was delivered under a time charter for three years to the National Petroleum Company of Chile. As a requirement of this transaction the vessel was re-flagged and registered under the ownership of a related company which ownership shall return to us upon expiration of the charter, all the financial arrangements with DVB Nedship Bank (America) N.V., who finances the vessel remain in place.

On March 11th, 2003 we entered into a Memorandum of Agreement, or MOA, under the standard format NSF 1993 to sell the Princess Sofia for a total price of $2.3 million. The vessel was delivered to its new owners on April 25th, 2003.

On April 18th, 2003, the Alianza G1 suffered an accident in her main engine while the vessel was in transit from Argentina to Chile. As a result of this accident the crankshaft of the vessel was damaged requiring a significant repair to restore the engine to its full operational power. The Company settled with its hull and machinery insurers for a total compensation of $1.9 million in addition to which the Company agreed to receive $0.2 million from its loss of hire underwriters and entered into an agreement to sell the vessel for $2.5 million on August 11th 2003. The vessel was delivered to its new owners on September 17th 2003.

On May 22th 2003 we entered into a MOA to sell the Princess Veronica for a total price of $2.0 million. The vessel was delivered to its new owners on June 5th, 2003.

Our affiliate UABL (50% of which we hold through our unrestricted subsidiary UP River Holdings Ltd.) entered into loan agreements on February 27, 2003 with the International Finance Corporation, or "IFC", and Kreditanstalt Fur Wiederaufbau, or "KfW" with a repayment schedule that starts in June 2005 and continues until December 2011 in the case of the (A) tranche of the IFC Loan until December 2009 and in the case of the (B) tranche and the KFW Loan. IFC and KFW have agreed to provide a total of $40 million to finance the capital expenditures of UABL Limited over the next 3 years. The loans are provided under two separate agreements to wholly owned subsidiaries of UABL: UABL Barges (Panama) Inc. $30 million and UABL Paraguay S.A. $10 million. The agreements in connection with this financing impose restrictions on the ability of UABL to pay dividends or make other payments to its shareholders if UABL is in default of its obligations under the loan and require that in conjunction with ACBLH the Company retain control of UABL.

On June 11th 2003 the Company entered into a share purchase agreement with IFC pursuant to which is the Company has agreed to sell 357 shares (the "Shares") representing approximately 7.14% of the total share capital of its unrestricted subsidiary UP River Holdings Ltd. ("UP River") for a total price of $5.0 million. In addition, IFC acquired the right to a proportionate share of payments under the Company's charterparty agreements with UABL dated October 18, 2000 and October 24, 2000. At the same time, the Company entered into a Shareholders Agreement with UP River, Inversiones Los Avellanos S.A. and IFC which was subsequently amended and restated as of August 12, 2003 to include Solimar Holdings Ltd. and LAIF as parties. Pursuant to the Amended and Restated Shareholders Agreement IFC has a limited right to put the Shares to UP River.

On July 25th, 2003 the Company's option to repurchase 25,212 of its shares from Inversiones Los Avellanos S.A. for a total price of $0.9 million which expired in July 2003 was extended till July 31st 2004.

On September 10th 2003 we entered into several MOA to purchase a total 20 dry river barges for a total price of $1.0. The Company will employ these barges under a time charter with UABL Ltd.

Revenue

The majority of the Company's oceangoing vessels are employed on time charters to affiliated and unaffiliated companies. The revenue from this operation is derived from a daily rate that is paid to the Company for the use of its vessel. Hire revenue accounted for 60% of the Company's total revenues for the nine months ended September 30, 2003.

Also, the Company's vessels are employed on a contract of affreightment ("COA") basis either for single or repetitive voyages. For a COA, the vessel owner or operator generally pays all voyage and vessel operating expenses and has the right to substitute one vessel for another. The rate is generally expressed in dollars per metric ton of cargo. Revenues earned under COA's are referred to as "freight". COA revenue accounted for 40% of the Company's total revenues for the nine months ended September 30, 2003.

From the total revenues obtained from COA's during the first nine of 2003 38% were in respect of repetitive voyages for the Company's regular customers and 62% in respect of single voyages for occasional customers.

Expenses

When vessels are operated on a COA basis (as well as any time when they are not operating under time or bareboat charter), all costs relating to a given voyage, including port charges, canal dues and fuel costs, are paid by the vessel owner and are recorded as voyage expenses.

The Company's operating expenses, or running expenses, are generally paid through Ravenscroft Shipping Inc., a Miami based affiliate of the Company, which provides ship management services for the Company's vessels ("Ravenscroft"). Operating expenses include the cost of all ship management, crewing, spares and stores, insurance, lubricants, repairs and maintenance. The most significant of these expenses are maintenance and repairs, wages paid to marine personnel and marine insurance costs. In the case of our river barges chartered to UABL Ltd. the Company has contracted the shipmanagement responsibilities to Lonehort Inc, an affiliate of UABL Ltd.

Vessels are depreciated to an estimated scrap value on a straight-line basis over their estimated useful lives. The Company follows the deferral method of accounting for survey and dry-dock costs, whereby actual survey and dry-dock costs are capitalized and amortized over a period of two and one-half years until the date of the next dry-dock or special survey.

The Company's other primary operating expenses include general and administrative expenses as well as ship management and administration fees paid to Ravenscroft and Oceanmarine S.A., another affiliate of the Company, which provides certain administrative services. The Company pays Oceanmarine ("Oceanmarine") a monthly fee of $9,000 per vessel for administrative services including general administration and accounting (financial reporting, preparation of tax returns), use of office premises, a computer network, secretarial assistance and other general duties. The Company pays Ravenscroft a monthly ship management fee of $12,500 per vessel for services including technical management, crewing, provisioning, superintendence and related accounting functions. The Company does not expect to pay fees to any affiliated entity other than those described here for management and administration functions.

The Company does not own any buildings and does not pay any rental expense other than as a portion of the administration fees paid to Oceanmarine.

Foreign Currency Transactions

Substantially all of the Company's revenues are denominated in U.S. dollars, but 9% of the Company total revenues is denominated in US dollars but collected in Argentine pesos at the equivalent amount of US dollars at the payment date and 10% of our total out of pocket operating expenses are paid in Argentine pesos. However, the Company's operating results, which are reported in U.S. dollars, may be affected by fluctuations in the exchange rate between the U.S. dollar and the Argentinean peso. For accounting purposes, revenue and expense accounts are translated into U.S. dollars at the exchange rate prevailing on the date of each transaction. The Company does not hedge its exposure to foreign currency fluctuations.

Inflation

The Company does not believe that inflation has had a material impact on the Company's operations, although certain of the Company's operating expenses (e.g., crewing, insurance and dry docking costs) are subject to fluctuations as a result of market forces.

Inflationary pressures on bunker costs are not expected to have a material effect on the Company's future operations since freight rates for voyage charters are generally sensitive to the price of ship's fuel. A sharp rise in bunker prices may have a temporary negative effect on results since freights generally adjust after prices settle at a higher level.

Legal proceedings

On February 21, 2003, Ursa Shipping Ltd. ("Ursa") brought suit in the United States District Court for the District of New Jersey against the Princess Susana and Noble Shipping Ltd. seeking damages arising out of the delay in delivery of a cargo of Kirkuk crude oil to the Valero terminal in Paulsboro, New Jersey. (Ursa Shipping v. the Princess Susana, et al. Civil Action No. 03-CV-747(FLW).) The Princess Susana (the "Vessel") was detained by the United States Coast Guard prior to her arrival in Paulsboro when, during a routine Coast Guard tank vessel examination, a small amount of cargo was found to have leaked from one of the cargo tanks into one of the void spaces aboard the Vessel. On or about February 25, 2003, Valero Marketing and Supply Co. ("Valero") commenced an action against Noble Shipping Ltd. (Valero Marketing and Supply Co. v. Noble Shipping Ltd., Civil Action No. 03-CV-843 (FLW). The Valero and Ursa complaints seek damages in excess of $9 million. Noble has taken the position that the claims are overstated.

In connection with the above complaints, the Vessel was arrested. Security was posted by the Vessel owners' protection and indemnity insurers in the amount of $11.2 million and the Vessel was released from arrest (insurance coverage is in place). Both the Ursa and the Valero complaints have been answered, defenses have been raised, and a counterclaim has been raised in the Ursa action seeking, inter alia, unpaid freight and demurrage.

Subsequently, Valero impleaded the seller of the cargo, Taurus Petroleum Ltd. ("Taurus"), into the action by way of an amended complaint. Noble has answered the amended complaint, raised defenses, and brought a cross claim against Taurus for indemnity.

Discovery is presently underway and the parties have exchanged documents. It is too early in the course of the litigations to form an opinion as to their ultimate outcome.

We believe this claim is covered by insurance. The insurer is actively participating in its defense and has not asserted any objections or defenses to the claim. We would expect any damages arising from this action (less our policy deductible) to be covered by the proceeds of such insurance.

On September 8th, 2003 the Argentine Supreme Court gave its final judgment in favour of the Company stating that the Province of Tierra del Fuego does not have a right to collect taxes over the freights earned by the Company outside the 3 nautical miles limit of their jurisdiction.

Results of Operations

Nine months ended September 30, 2003 compared to the nine months ended September 30, 2002.

The following table sets forth certain historical income statement data for the periods indicated derived from the Company's statements of operations expressed in thousands of dollars.

	3* Quarter'03	Nine month ended September 30, 2003	3* Quarter'0

Freight revenues			
Attributable to wholly owned vessel	5,941	22,052	6,8
Attributable to wholly chartered-in vessel	0	42	
Total	5,941	22,094	6,
Hire revenues			
Attributable to wholly owned vessel	12,190	33,482	12,2
Attributable to wholly chartered-in vessel	0	0	
Total	12,190	33,482	12,2
Total Revenues	18,131	55,576	19,1
Voyage expenses			
Attributable to wholly owned vessel	(3,630)	(10,348)	(2,61
Attributable to wholly chartered-in vessel	0	(39)	(8
Total	(3,630)	(10,387)	(2,69
Running cost	(7,242)	(22,201)	(6,80
Amortization of dry-dock expense	(1,639)	(5,774)	(2,38
Depreciation of property and equipment	(3,843)	(11,863)	(4,31
Management fees and administrative expenses	(1,784)	(5,163)	(1,57
Special exchange difference			
Operating profit (losses)	(7)	188	1,4
Financial expense	(4,027)	(12,006)	(4,17

Revenues

Total revenues from freight net of commissions increased from $17.8 million in the first nine 2002 to $22.1 million in 2003, or an increase of 24%. This increase is primarily attributable to the Princess Susana and Princess Veronica COA's employment instead of time charter operation of those vessels .

Hire revenues net of commissions, decreased by 10% from $37.1 to $33.5 million. This decrease is attributable to the Princess Susana and Princess Veronica COA's employment instead of time charter employment partially compensated by the time charter employment of the Princess Marisol and Cape Pampas, a new vessel we acquired in July 2002.

The total of 103 days out of service experienced by our Princess Marina and Princess Susana due to major repairs, and Princess Eva and Princess Pia which were out of service due to accidents for 170 days during the first six months of 2003 negatively affected our revenues in this period. Part of this off hire time is compensated by our loss of hire insurance for which a total of $1.5 million has been included as other income (outside our operational result)

Operating profit for the first nine of 2003 was $ 0.2 million, a decrease of $0.7 million from the same period in 2002. This difference is mainly attributable to lower net earnings of our Panamax size vessels and our Alianza G1 some of which have been sold in the course of the year in addition to lower earnings of our Princess Marina primarily due to her repair period mentioned above, this negative effect has been partially counter balanced by better net earnings obtained by Alianza G3 and by our suezmax vessels and Cape Pampas. Part of our fleet has operated in dry cargo where market rates have experienced improvements in the last few months.

Voyage expenses

The first nine months of 2003 voyage expenses were $10.3 million, as compared to $7.0 million for the first nine of 2002, an increase of $3.3 million, or 47%. The increase is primarily attributable to the Princess Susana and Princess Veronica COA's employment instead of time charter employment and to a change in trading pattern of Princess Laura which was employed on shorter voyages between ports where the port costs are more significant.

Running costs

Running costs increased by about 10%, to $22.2 million in the first nine months of 2003 as compared to $20.2 million in the equivalent 2002 period. This increase is mainly attributable to the Cape Pampas a new vessel incorporated in July 2002 and additional expenses incurred in our Panamax fleet.

Amortization of dry-dock expense

Amortization of dry docking and special survey costs decreased by $0.9 million, or 13%, to $5.8 million in the first nine of 2003 as compared to $6.7 million in 2002. The decrease is primarily attributable to the portion of dry-docks accrued in the sold vessels Princess Fatima and Princess Veronica.

Depreciation of property and equipment

Depreciation and amortization decreased by $0.6 million, or 5%, to $11.9 million in the first nine months of 2003 as compared to $12.5 million in 2002. This decrease is primarily due to the sale of the Princess Fatima and Princess Veronica partially compensated by an increase attributable to the purchase of the Cape Pampas.

Management fees and administrative expenses

Management fees and administrative expenses were $4.9 million in the first nine months of 2002 as compared to $5.2 million in 2003. This increase of $0.3 million is attributable mainly to an increase in administrative expenses.

Interest expense

Interest expense decreased by $0.4 million, or 3%, to $12.0 million in the first nine months of 2003 as compared to $12.4 million in 2002. The decrease is primarily attributable to the lower level of financial debt and consequential interest costs associated

Liquidity and Capital Resources

The Company is a holding company with no material assets other than those of its subsidiaries. Consequently, it must fund its capital requirements through other sources, including cash dividends from subsidiaries, borrowings and shareholder contributions. The Company operates in a capital-intensive industry requiring substantial ongoing investments in revenue producing assets. The Company's subsidiaries have historically funded their vessel acquisitions through a combination loan notes of bank indebtedness, shareholder loans, cash flow from operations and equity contributions. As of September 30, 2003, the Company had total indebtedness of $167.8 million, $135 million from the proceeds of the issuance of our 10 1/2% First Preferred Ship Mortgage Notes, due 2008, which we refer to as the Note, $2.0 million drawn under a revolving credit facilities from M&T Bank, the trustee of the Company's Notes, for Majestic Maritime Ltd., a wholly owned subsidiary, $5.3 million in a senior loan facility with Nedship Bank (America) N.V. for Kattegat Shipping Inc., a wholly owned subsidiary, for the purchase of the vessel Princess Marina, $7.8 million in a senior loan facility with M&T Bank for Majestic Maritime Ltd, a wholly owned subsidiary, for the purchase of the vessel Princess Katherine, $9.9 million in a senior loan facility with Credit Agricole Indosuez for Braddock Shipping Inc, a 60% owned subsidiary, for the purchase of the vessel Cape Pampas. The Company has revolving credit facilities of $0.5 million from the M&T Bank for Stanmore Shipping Inc., a wholly owned subsidiary and accrued interest expenses for these loans of $ 7.3 million.

At September 30, 2003, the Company had cash and cash equivalents on hand of $15.0 million.

The Company believes, based upon current levels of operation, cash flow from operations, together with other sources of funds, that it will have adequate liquidity to make required payments of principal and interest on the Company's debt, including obligations under the Notes, complete anticipated capital expenditures and fund working capital requirements.

Operating Activities

In the first nine months of 2003, the Company generated a positive $14.5 million in cash flow from operations compared to $17.5 million for in the same period in 2002. Net losses for the first nine of 2003 were $ 4.4 million which is $5.4 million less than net losses in the first nine months of 2002.

Net cash provided by operating activities consists of our net income increased by non-cash expenses, such as depreciation and amortization of deferred, and adjusted by changes in working capital.

Investing Activities

During the first nine months of 2003 our subsidiary UP Offshore Ltd Bahamas disbursed $5.0 million in advances to the yards contracted to build the new off shore vessels of this total the Company made Equity contribution to UP Offshore for a total of $1.9 million and the Company disbursed $1.0 million in the purchase of the new river barges compared to $16.7 million in the same period of 2002 in the purchase of the Cape Pampas and the Company disbursed $3.1 million in dry dock and major repair expenses, compared to $5.8 million in the same period of 2002. Also during the first nine of 2003 the Company received from the process of vessels sales a net of $6.7 million.

Financing Activities

Net cash provided by financing activities decreased by $5.6 million. The decrease in cash provided by financing activities in first nine 2003 is mainly attributable to capital payments made during the first nine month for $4.8 million

Recent Developments

On September 23rd 2003 we entered into a Memorandum of Agreement, or MOA, to sell the Princess Pia for a total price of $3.0 million. The vessel was delivered to its new owners on October 24th 2003.

ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2003 AND 2002

(Unaudited)

Contents

ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2003 AND 2002
(Unaudited)
(stated in thousands of U.S. dollars)

	2003	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 15,089	$
Restricted cash	8,023	
Investments	1,542	
Accounts receivable, net	6,096	
Due from affiliates	7,700	
Inventories	1,388	
Prepaid expenses	5,031	
Other receivables	4,601	
Total current assets	49,470	
NONCURRENT ASSETS		
Dry Dock	6,143	
Other receivables	8,428	
Property and equipment, net	121,965	
Investment in affiliates	26,828	
Other assets	5,025	

Total noncurrent assets	168,389	
Total assets	$ 217,859	$
LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 5,505	$
Due to affiliates	1,663	
Other financial payables (note 3)	14,559	
Other payables	732	
Total current liabilities	22,459	
NONCURRENT LIABILITIES		
Long-term debt , net of current portion (note 3)	135,000	
Other financial payable, net of current portion (note 3)	18,205	
Total noncurrent liabilities	153,205	
Total liabilities	$ 175,664	$
MINORITY INTERESTS	13,979	
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value, 2,134,451 shares authorized and issued (note 5)	21	
Paid-in capital	68,884	
Treasury stock (note 5)	(20,333)	
Retained earnings	(20,356)	
Total stockholders' equity	$ 28,216	$
Total liabilities, minority interest and stockholders' equity	$ 217,859	$

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2003 AND 2002

(Unaudited)

(stated in thousands of U.S. dollar)

	2003	2002
REVENUES		
Freight revenues	$ 22,013	$ 16,831
Freight revenues from related parties	81	991

Hire revenues	24,709	29,714
Hire revenues from related parties	8,773	7,406
Total revenues	55,576	54,942
OPERATING EXPENSES		
Voyage expenses	(10,387)	(6,999)
Running costs	(22,201)	(20,179)
Amortization of Dry dock expenses	(5,774)	(6,734)
Depreciation of property and equipment	(11,863)	(12,494)
Management fees to related parties	(2,211)	(2,522)
Special exchange differences	-	(2,704)
Administrative expenses	(2,952)	(2,390)
Total operating expenses	(55,388)	(54,022)
Operating profit	188	920
OTHER INCOME (EXPENSES)		
Financial expense	(12,006)	(12,430)
Financial income	182	257
Investment in subsidiaries	4,214	722
Other income, net	1,361	971
Total other expenses	(6,249)	(10,480)
(Loss) income before tax on minimum presumed income and minority interest	(6,061)	(9,560)
Tax on minimum presumed income	(139)	(183)
Minority interest	(672)	(28)
Net (loss) income for the period	$ (6,872)	$ (9,771)

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES

CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2003 AND 2002

(Unaudited)

(stated in thousands of U.S. dollars)

Balances	Common stock	Paid-in capital	Treasury Stock	Retained earnings
At beginning of year	21	68,884	(20,333)	(13,484)

- Increase capital	-	-	-	-
- Net (loss) income for the period	-	-	-	(6,872)
At end of period 2003	$ 21	$ 68,884	$ (20,333)	$ (20,356)
At end of period 2002	$ 21	$ 68,346	$ (20,333)	$ (9,402)

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2003 AND 2002
(Unaudited)
(stated in thousands of U.S. dollars)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income for the period	(6,872)	(9,77
Adjustments to reconcile net (loss) income to cash provided by (used in) operating activities:		
Depreciation of property and equipment	11,863	12,49
Amortization of dry dock expenses	5,774	6,73
Note issuance expenses amortization	439	43
Accrued interest	3,573	3,70
Net income from investment in affiliate	(4,357)	(72
Loss (income) from property and equipment sale	(751)	1,57
Changes in assets and liabilities, net:		
(Increase) decrease in assets:		
Accounts receivable	1,548	4,20
Due from affiliates	5,545	6,18
Receivable from shareholders	-	-
Inventories	204	(4
Prepaid expenses	(1,732)	(69
Other receivables	(2,558)	17
Other assets	(947)	
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	476	82
Due to affiliates	1,396	(7,74
Other payables	(2)	13
Net cash provided by operating activities	13,599	17,51
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment purchase	(4,959)	(16,69
Investment in affiliate	(4)	-
Other receivables from sales in leasing	-	-
Increase in current investments	(1,272)	(64
Dry dock expenses	(3,060)	(5,80
Sales of property and equipment	6,679	1,86
Net cash used in investing activities	(2,616)	(21,28

CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayment of) Short-term financial payables	196	5,74
Minority interest in equity of subsidiary	5,547	3,32
Increase in paid in capital	-	56
Increase restricted cash - time deposits	(6,360)	(2,03
Net cash used in financing activities	(617)	7,59
Net increase in cash and cash equivalents	10,366	3,83
Cash and cash equivalents at the beginning of year	4,723	5,87
Cash and cash equivalents at the end of period	$ 15,089	$ 9,70

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2003 AND 2002

(Unaudited)

(stated in thousands of U.S. dollars)

1. BASIS OF PRESENTATION

The condensed consolidated financial statements for the nine months periods ended September 30, 2003 and 2002, were prepared by the Company without audit. In the opinion of management, all normal recurring nature adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods were made.

Certain information and footnote disclosures, normally included in financial statements prepared in accordance with generally accepted accounting principles, were condensed or omitted. Accordingly, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the consolidated financial statements for the years ended December 31, 2002, 2001 and 2000.

2. SHARE SALE AGREEMENTS SIGNED BY THE COMPANY

On June 28, 2001, the Company issued 138,443 new shares for 5,295 which were totally subscribed by Los Avellanos, one of the Company's original shareholders and was paid 3,297 in 2001 and 1,104 in 2002 and the balance are payable in July 2004.

3. LONG-TERM DEBT AND OTHER FINANCIAL PAYABLES

On March 30, 1998, the Company successfully completed its offering of 135,000 principal amount of its 10.5% First Preferred Ship Mortgage Notes due 2008 ("the Notes"). In accordance with the terms provided in such Offering, the Notes to be issued are fully and unconditionally guaranteed on a joint and several basis by certain subsidiaries of the Company, and are secured by first ship mortgage on vessels already owned by the guarantors and on additional vessels that the Company purchased with the proceeds obtained from the Offering.

As of September 30, 2003, the Company's noncurrent portion of long-term debt amounts to 135,000. It exclusively comprises the debt principal amount of the Notes. The related interest expense, totaling 7,088 is accrued in other financial payables.

The balances of financial payables as of September 30, 2003 and 2002 are as follows:

	Financial institution / other	Agreement year	Nominal value Current	Nominal value Noncurrent	Accrued expenses	Tot
Total 2002			10,307	157,305	7,284	17
Ultrapetrol Bahamas	Private Investors (Notes)	1998	-	135,000	7,088	14
Ultrapetrol Bahamas	S.I.I.	2000	-	-	-	
Majestic	Allfirst Bank	2001	1,200	6,600	-	
Kattegat	Nedship Bank	2000	1,000	4,250	5	
Majestic	Allfirst Bank	2000	2,000	-	-	
Stanmore	Allfirst Bank	2000	500	-	-	
Braddock	Credit Agricole Indosuez	2002	2,574	7,355	70	
UPOffshore Apoio	IFC	2002	-	-	89	
UPOffshore (Panama)	IFC	2002	-	-	33	
Total 2003			7,274	153,205	7,285	1

4. PROPERTY AND EQUIPMENT

On July, 2002, the Company purchased the Cape Pampas, a second hand capsize bulk carrier through its subsidiary, Braddock. The amount of the acquisition was financed by a mortgage loan agreement with Credit Agricole Indosuez.

On August 26, 2002, the Company entered into a Memorandum of Agreement (MOA) through which it committed to sell its vessel Princess Fatima, to an unrelated company for 1,867, net of associated expenses. On September 19, 2002 the Company delivered the Princess Fatima pursuant to the MOA and received the purchase price.

The proceeds from the sale of the Princess Fatima Vessel were deposited in a restricted cash account and can only be used to buy another vessel to guarantee the Notes. Subsequently, the Princess Sofia was bought with part of these proceeds and the remainder of the proceeds are included in restricted cash as of September 30, 2003.

On March 11th, 2003 we entered into a Memorandum of Agreement, or MOA, under the standard format NSF 1993 to sell the Princess Sofia for a total price of $2.3 million. The vessel was delivered to its new owners on April 25th, 2003.

On May 22th, 2003 we entered into a Memorandum of Agreement, or MOA, to sell the Princess Veronica for a total price of $2.0 million. The vessel was delivered to its new owners on June 5th, 2003.

The proceeds from the sale of the Princess Veronica and the Princess Sofia Vessel were deposited in a restricted cash account and can only be used to buy another vessel to guarantee the Notes.

On August 11th, 2003 we entered into a Memorandum of Agreement, or MOA, to sell the Alianza G1 for a total price of $2.5 million. The vessel was delivered to its new owner on September 17th, 2003.

The proceeds from the sale of the Alianza G1 Vessel were deposited in a restricted cash account and can only be used to buy another vessel to guarantee the Notes.

Subsequently, from September to October 2003 a company, which is owned by Ultrapetrol, purchased 20 barges, which were renamed Iguazu Barges. The amount of the acquisition was about $ 1million. This amount was financed with part of the proceeds and the remainder of the proceeds included in restricted cash account.

5. COMMON AND TREASURY STOCK

Ultrapetrol Bahamas has an authorized capital of 21, and one class of shares of one series comprising 2,134,451 (2,065,760 paid-in and 68,691 not yet paid-in) as of September 30, 2002 and 2001 respectively, common shares with a par value of 0.01 each.

In addition, as of September 30, 2003 the Company registered $20,332, in the Treasury Stock account, $20,000 of which corresponding to the amount payable to SII mentioned in note 2, and $332 to direct cost of acquisition.

6. CLAIMS AGAINST THE COMPANY

On February, 2003, Ursa Shipping Ltd. ("Ursa") brought suit in the United States District Court for the District of New Jersey against M/T Princess Susana and Noble Shipping Ltd. (a wholly owned subsidiary of the Company) seeking damages arising out of the delay in delivery of a cargo of Kirkuk crude oil to the Valero terminal in Paulsboro, New Jersey. Also in February 2003, Valero Marketing and Supply Co. ("Valero") commenced an action against Noble Shipping Ltd. The Valero and Ursa complaints seek damages in excess of 9 million. Noble has taken the position that the claims are overstated.

In connection with the above complaints, the vessel was arrested. Security was posted by the vessel owners' protection and indemnity insurers in the amount of 11.2 million and the vessel was released from arrest (insurance coverage is in place). Both the Ursa and the Valero complaints have been answered, defenses have been raised, and a counterclaim has been raised in the Ursa action seeking, inter alia, unpaid freight and demurrage. Subsequently, Valero impleaded the seller of the cargo, Taurus Petroleum Ltd, ("Taurus"), into the action by way of an amended complaint. Noble has answered the amended complaint, raised defenses, and brought a cross claim against Taurus for indemnity.

Discovery is presently underway and the parties have exchanged documents. It is too early in the course of the litigations to form an opinion as to their ultimate outcome.

The Company's management and its legal counsel believe this claim is covered by insurance. The insurer is actively participating in its defense and has not asserted any objections or defenses to the claim. We would expect any damages arising from this action (less our policy deductible) to be covered by the proceeds of such insurance.

7. CLAIMS AGAINST INSURANCE COMPANIES

As of September 30, 2003 and 2002, the "Other receivables" account includes 11,050 and 6,908, respectively, related to claims against insurance companies.

Claims for 4,366 have been made by the Company against the insurance companies regarding the repair expenses incurred to date for damage to some vessels in 2003. The "Other net income" account for the period of nine months ended September 30, 2003, includes 1,563 related to claims for loss of income (business interruption) corresponding to the Princess Pia, Princess Eva and Alianza G1.

On April 18, 2003, the Alianza G1 suffered an accident in her main engine while the vessel was in transit from Argentina to Chile. The vessel arrived in Talcahuano (Chile) and following the engine manufacturer recommendations proceeded to repair the engine. The vessel's crankshaft had been damaged and cracked but Sulzer considered that if cracks were only superficial the crankshaft could be repaired by grinding and polishing. Unfortunately, by May 30th the maximum allowance grinding of 7 mm. had been completed and the crack continued Further tests were carried out and it was determined that in one location the crack had a further depth of 12 mm. The engine manufacturers condemned the crankshaft and recommended that the vessel should replace the crankshaft by a new one in order to operate normally. This case resulted in total loss and the Company settled with its hull and machinery insurers for a total compensation of 1,900.

The "Other net income" account for the period of nine months ended September 30, 2002, includes 530, 1,100, 450, 35 and 372 related to claims for loss of income (business interruption) corresponding to the Alianza G3, Princess Marisol, Princess Nadia, Princess Marina and Princess Pia respectively.

8. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	Nine months period ended, September 30	
	2003	2002
- Interest	$ 7,787	$ 8,291
- Income taxes	149	85

9. SUPPLEMENTAL GUARANTOR INFORMATION

The First Preferred Ship Mortgage Notes issued on March 30, 1998 described in note 3., are fully and unconditionally guaranteed by certain subsidiaries of the Company.

The subsidiaries which offered its assets in collateral of the above - mentioned indebtedness are: Ultrapetrol Argentina, Imperial, Cavalier, Regal, Baldwin, Tipton, Kingsway, Oceanview, Kingly, Sovereign, Monarch, Noble, Oceanpar and Parfina ("Subsidiary Guarantors").

Supplemental combining financial information for the Guarantors Subsidiaries is presented below. This information is prepared in accordance with the Company's accounting policies. This supplemental financial disclosure should be read in conjunction with these condensed consolidated financial statements.

SUPPLEMENTAL CONDENSED COMBINED SUBSIDIARY GUARANTORS

BALANCE SHEETS

AS OF SEPTEMBER 30, 2003 AND 2002

(Unaudited)

(stated in thousands of U.S. dollars)

	2003	2002
ASSETS		
Current assets	$ 21,301	$ 27,000
Noncurrent assets	86,975	102,692
Total assets	$ 108,276	$ 129,692
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	$ 108,801	$ 114,988
Stockholders' equity	(525)	14,704
Total liabilities and stockholders' equity	$ 108,276	$ 129,692

SUPPLEMENTAL CONDENSED COMBINED SUBSIDIARY GUARANTORS

STATEMENTS OF INCOME (LOSS)

FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2003 AND 2002

(Unaudited)
(stated in thousands of U.S. dollars)

	2003	2002
Freight revenues	22,521	17,419
Hire revenues	19,484	24,810
Total revenues	42,005	42,229
Operating expenses	(44,854)	(44,357)
Operating (loss) profit	(2,849)	(2,128)
Other expenses	(9,265)	(9,719)
(Loss) income before tax on minimum presumed income	(12,114)	(11,847)
Tax on minimum presumed income	(139)	(176)
Net (loss) income for the period	$(12,253)	$(12,023)

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SUPPLEMENTAL CONDENSED COMBINED SUBSIDIARY GUARANTORS

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2003 AND 2002

(Unaudited)

(stated in thousands of U.S. dollars)

	2003	2002
Net (loss) income for the period	$(12,253)	$(12,023)
Adjustments to reconcile net (loss) income to cash provided by (used in) operating activities:	7,255	16,516
Net cash provided by operating activities	(4,998)	4,493
Net cash used in investing activities	4,866	(3,874)
Net cash provided by (used in) financing activities	(33)	40
Net increase (decrease) in cash and cash equivalents	(165)	659
Cash and cash equivalents at the beginning of the year	932	247
Cash and cash equivalents at the end of the period	$ 767	$ 906

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ULTRAPETROL (BAHAMAS) LIMITED
(registrant)

Dated: November 15, 2003

By: /s/ Felipe Menendez

Felipe Menendez
President