

Semi-annual Report 2006

99th financial year

Premuda

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Board of directors

<i>President</i>	Alcide Rosina
<i>Vice president</i>	Giacomo Costa
<i>Managing director</i>	Stefano Rosina
<i>Directors</i>	Raffaele Agrusti Amerigo Borrini Claudio Campana Antonio Gozzi Anna Rosina Alessandro Zappolini
<i>General managers</i>	Stefano Rosina Marco Tassara

Board of statutory auditors

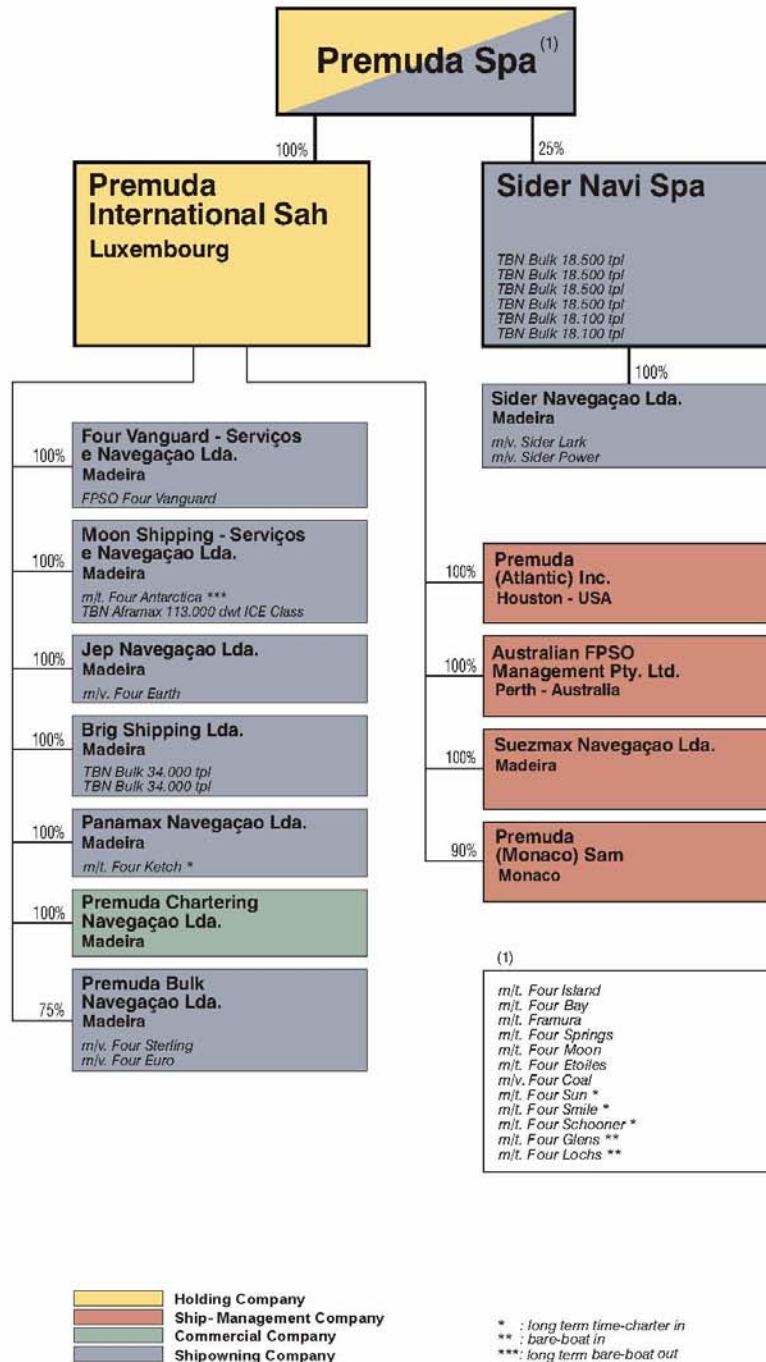
<i>President</i>	Giorgio Carbone
<i>Auditors</i>	Giuseppe Alessio Verni Alfio Lamanna
<i>Alternate auditors</i>	Luigi Barberi Pier Luca Bubbi

Audit company

Deloitte & Touche S.p.A.

The mandate of the Board of Directors and the Board of Statutory Auditors will expire once the Financial Statements at December 31, 2007 are approved.

Group's Structure at June 30, 2006



Group's fleet

The Group's Fleet at the end of June 2006 consists of the following:

<u>name</u>	<u>type</u>	<u>hull design</u>	<u>year built</u>	<u>dwt</u>
1 <i>Four Antarctica</i> *	afamax ice class	DH	2006	114,800
2 <i>Four Island</i>	afamax tanker	DH	1995	94,000
3 <i>Four Bay</i>	afamax tanker	DH	1995	94,000
4 <i>Framura</i>	afamax tanker	DH	1993	94,000
5 <i>Four Springs</i>	afamax tanker	DH	1992	94,000
6 <i>Four Moon</i>	panamax tanker	DH	1984/2002	65,100
7 <i>Four Etoiles</i>	panamax OBO	DB	1984	54,500
total owned tanker in service				<u>610,400</u>
8 <i>Four Vanguard (100%)</i>	FPSO	DH	1992/2003	94,000
Total owned FPSO in service				<u>94,000</u>
9 <i>Four Coal</i>	panamax bulk	DB	2000	74,400
10 <i>Four Earth</i>	panamax bulk	DB	1984	78,000
11 <i>Four Sterling (75%)</i>	panamax bulk	DB	1993	69,600
12 <i>Four Euro (75%)</i>	panamax bulk	DB	1984	64,200
13 <i>Sider Lark (50%)</i>	bulk carrier	DB	1984	21,500
14 <i>Sider Power (50%)</i>	bulk carrier	DB	1995	17,400
total owned bulk in service				<u>325,100</u>
total owned Fleet in service				<u>1,029,500</u>
15 <i>TBN</i>	afamax ice class	DH	2006	113,000
16 <i>TBN</i>	bulk	DH	2009	34,000
17 <i>TBN</i>	bulk	DH	2009	34,000
18 <i>TBN(25%)</i>	bulk	DH	2006	18,500
19 <i>TBN(25%)</i>	bulk	DH	2007	18,500
20 <i>TBN(25%)</i>	bulk	DH	2007	18,500
21 <i>TBN(25%)</i>	bulk	DH	2007	18,500
22 <i>TBN(25%)</i>	bulk	DH	2008	18,100
23 <i>TBN(25%)</i>	bulk	DH	2009	18,100
total new buildings on order				<u>291,200</u>
24 <i>Four Sun**</i>	suezmax tanker	DH	2003	160,000
25 <i>Four Smile**</i>	suezmax tanker	DH	2001	160,000
26 <i>Four Schooner**</i>	panamax tanker	DH	2000	73,100
27 <i>Four Ketch**</i>	panamax tanker	DH	2003	73,100
28 <i>Four Glens***</i>	panamax tanker	DB	1981/88	51,300
29 <i>Four Lochs***</i>	panamax tanker	DB	1981/88	51,300
30 <i>TBN* from 2008</i>	handymax bulk	DB	2008	56,000
31 <i>TBN* from 2008</i>	handymax bulk	DB	2008	56,000
32 <i>TBN* from 2009</i>	handymax bulk	DB	2009	56,000
total tonnage chartered in				<u>736,800</u>
total at June 30th, 2006				<u>2,057,500</u>

* : renamed *Stena Antarctica* – long term bare-boat out

** : long term time-charter

*** : bare-boat

Management Report

Dear Shareholders,

As a start, we hereby wish to remind you that for the years 2005, 2006 and 2007, the Company's Board of Directors has as its members Raffaele Agrusti, Amerigo Borrini, Claudio Campana, Giacomo Costa, Antonio Gozzi, Alcide Rosina, Anna Rosina, Stefano Rosina and Alessandro Zapponini.

The President of the Board is Alcide Rosina, whose powers include among others the legal representation towards third parties as well as the ordinary and extraordinary business management, excluding however those acts assigned by law to the Board, and acts having a certain economic relevance with amounts exceeding specified limits such as: sale and purchase of ships; contracts for the use of vessels exceeding 36 months; acquisition and sale of subsidiaries; granting of medium/long-term loans to subsidiaries; provision of guarantees.

The Managing Director is Stefano Rosina, who, apart from having powers of legal representation towards third parties, is in charge of running and coordinating the commercial activity and fleet operations, as well as the activity and management of Group Companies.

The Vice President is Giacomo Costa.

The Board has established two Committees, one for Internal Control and one for Remuneration.

The purpose of the Committee for Internal Control is to review and assess issues related to the company's activity and has proposal and consultancy functions. Its members are Giacomo Costa, and Claudio Campana. The meetings of this Committee are attended by the President of the Board of Statutory Auditors.

The members of the Committee for Remuneration are the President and Raffaele Agrusti, and Antonio Gozzi. The purpose of this Committee is to advise the Board of Directors as to the remuneration of the President and the Managing Director and to set the remuneration criterias for the Senior Management of the Company and Group. The meetings of this Committee are also attended by the President of the Board of Statutory Auditors.

In the first half 2006, the Board of Directors met at four occasions. The meetings were all attended by the Board of Statutory Auditors. The attendees received, in application of a consolidated methodology, updated information on the market performance; commercial coverage and technical management of the Fleet; the dynamics of costs and the evolution of the economic results; on the performance and activity of subsidiary companies; the financial position; as well as all other operations and events that are of interest to the management.

During the period there were no unusual transactions in relation to the ordinary business management to be reported and there were no significant transactions with related parties or in situations of conflict of interest.

In first half 2006 as in the previous year, the only inter-group transactions that took place were related to the Group's operational structure and were all concluded with or between subsidiaries or affiliated companies. These transactions consisted mainly of management activities, time-charters and financial support to which ordinary fees or remunerations were applied, always in line with normal practice and market value.

In the period we continued to operate the m/tt. *Four Glens* and *Four Lochs*, which were in the year 2000, sold to *Navigazione Italiana S.p.A.* (main shareholder of *Premuda S.p.A.*) and chartered back, at the same time, under a bare boat agreement. *Premuda S.p.A.* holds options to extend the bare boat charter and to purchase the vessels.

Market Scenario

Tanker Market

In the first half 2006 the tanker market declined from the beginning, with the second quarter lower than the first and the average rates for the six months lower than the average of entire 2005 (panamax -15%, aframax -16%, suezmax -4%). Starting from the last decade of June, the market unexpectedly reversed its trend and the average rates for period July/August were significantly higher compared with the first half (panamax +9%, aframax +25%, suezmax +15%).

All above considered, we point out that the freight rates recorded in the first six months of 2006 were in absolute terms very satisfactory and in line with the three former years, so protracting an extraordinary period, never occurred before.

Such a situation is mainly due to the positive performance of the world economy, with a particular impact of Chinese impressively expanding demand of Oil products, also originated in far countries.

The following table lists the average rates (quoted in dollars/day, on a time-charter basis) recorded from January 1998 to end of June 2006.

Year	Panamax		Aframax		Suezmax	
	<u>\$/day</u>	<u>% change</u>	<u>\$/day</u>	<u>% change</u>	<u>\$/day</u>	<u>% change</u>
1998	14,916		15,613		22,198	
1999	12,133	-19%	13,304	-15%	16,398	-26%
2000	28,375	133%	33,094	149%	44,486	171%
2001	26,300	-7%	31,095	-6%	33,865	-24%
2002	16,566	-37%	19,377	-38%	19,765	-24%
2003	28,833	74%	34,201	76%	41,633	111%
2004	31,395	11%	49,592	45%	74,975	80%
2005	31,030	-1%	41,650	-16%	53,579	-29%
2006 ^(*)	26,430	-15%	35,165	-16%	51,224	-4%

(*) first six months

At 30 June 2006, the tanker fleet totalled 357.0 million dwt, an increase of 3.0% compared to the 346.7 million dwt at the end of 2005.

The increase in the tanker fleet is net of demolitions which, given the charter level, was limited as much as possible. In fact, in the first six months, a total of 1.5 million dwt was scrapped, a reduction of 52% compared to the same period in 2005 (in the 12 months of 2005 demolitions totalled 4.1 million dwt).

New vessel orders from shipyards reached - in a growing price scenario - the record value of 110.3 million dwt at the end of June, thus representing approximately 30.9% of the operating fleet.

In the order portfolio, the figures involving VLCC tankers are rather remarkable, representing 140 new vessels for about 42.6 million dwt.

Naturally, the delivery of new tankers is distributed over time: about 15.5 million dwt in the second half of 2006, 32.9 million dwt throughout 2007 and 61.8 million dwt in 2008, 2009 and 2010.

It is rather evident that, for the next few years, the tanker fleet and the ensuing transport supply will continue to grow. Hence, the market balance will depend on the transport demand and, to a great extent, on the persistence and development of the world economy, with the leading Asian countries setting the pace.

Dry bulk

At the end of June, the Panamax bulk tonnage (our sector of interest) amounted to 97.6 million dwt, an increase of 3.9 million dwt compared to the end of 2005.

There were no significant demolitions during the semester (0.4 million dwt only), while new vessel orders reached 18.7 million dwt as of 30 June, equal to approximately 19.1% of the operating fleet (13 million dwt at the end of June 2005).

The charter rates for the first six months, for Panamax-bulk vessels, were in absolute terms satisfactory, although 33% lower than the average 2005. From the end of June the market scored a significant (and totally unexpected) upturn, with rates increased by an average of more than 40% compared to the average figures of the first six months. Once upon a time this trend was driven by China, whose economy is now capable to move the world market. The sale and purchase market moved in the same direction, with prices increased of about 35% over the end of 2005.

The following table lists the average charter rates of the Panamax-bulk ships from 1998 to end of June 2009, quoted in dollars/day, on a time-charter basis.

Year	Panamax-bulk	
	<u>\$/day</u>	<u>% change</u>
1998	5,686	
1999	6,370	12%
2000	10,843	70%
2001	8,921	-18%
2002	7,284	-18%
2003	19,091	162%
2004	33,950	78%
2005	22,930	-32%
2006 ^(*)	15,360	-33%

(*) first six months

As far as the future is concerned, the near term outlook is positive, while in the long term the strong impact of new tonnage on order and the increased Chinese shipbuilding capacity have to be considered. Anyhow, it is very difficult to reasonably predict the future of such a volatile market, affected by a large number of political and economical factors, seasonal cycles etc.

FPSO sector

The off-shore oil sector is undergoing significant growth, driven by the very high price of crude oil and by political risks affecting some producing areas.

Current and planned FPSO units belong basically to two groups: the first (hi-tech and very high investment group) will operate on very large and high-potential oil fields, even at great depths; the second one (technologically less complex and with relatively minor investments) can be implemented also with modest-sized oil fields.

As a result of the increase in crude oil demand, the FPSO sector, despite its considerable complexity and significant investments, is expected to develop even further in the future and the market value of the existing units is certainly growing.

Management update and economic results

The following table shows net profit and cash-flow for the first six months 2006 compared with the corresponding period 2005.

	<u>I quart 2006</u>	<u>II quart 2006</u>	<u>I half 2006</u>	<u>I half 2005</u>
Net profit (gross of minorities)	4.0	5.7	9.7	18.2
Group's net profit	3.7	4.7	8.4	17.6
Cash-flow	11.1	10.7	21.8	32.9

The Board considers the half year results satisfactory, although reduced by 47% versus same period 2005, where the market was significantly stronger and the profit for sale of vessels granted a higher contribution of €mil 5.2 (excluding this element, the reduction is 25.4%).

Net of minority interests, the consolidated net worth at 30 June 2006 amounted to Euro 166.8 million (an increase of 4.5%, compared to the value of Euro 159.6 million recorded at 30 June 2005).

The consolidated net equity at the end of the period equals Euro 1.19 per share.

The reconciliation between Group's Net Profit and Group's Net Equity with Net Profit and Net Equity of Premuda Spa is attached to the Notes.

During the first six months of 2006, the fleet - both in service and under construction - was affected by the following variations:

Increases:

- January: purchase of the bulk-carrier *Sider Power* (built 1995 – 17,400 dwt – investment Usd/mil 10.7 – Premuda interest 25%)
- February: purchase of the panamax bulk-carrier *Four Earth* (built 1984 – 78,000 dwt – investment Usd/mil 14.5 – Premuda interest 100%)
- May: delivery of the *Four Antarctica*, first of the two new buildings Ice Class Aframax Tanker built in Korea (each with an investment of Usd/mil 55.2 – Premuda interest 100%).

Decreases:

- January: sale of the two multipurpose *Sider Capri* and *Sider Ponza*, both 10,300 dwt, built 2002, with a total divestment of €/mil 23.4 and a profit of about €/mil 0.3 (Premuda interest 100%).
- April: sale of the panamax bulk-carrier *Four Iron* (built 1987 – 67,400 dwt) – with a divestment of about Usd/mil 11.8 and a profit of about €/mil 3.1 (Premuda interest 75%).

In the same period the following transactions were also concluded:

- in February, an agreement for the construction of two “Diamond 34” bulk-carrier units of 34,000 dwt in the Vietnamese shipyard Pha Rung Shipyard was finalized, for planned delivery 2009. The ships are characterized by high technical specifications, 34 ton cranes and full double hull. The total investment is estimated at approximately US\$ 55 million (Premuda interest 100%).
- in February, a contract for the time-charter of a Japanese handy-max-type 56,000 dwt newbuilding with effect from the delivery date (2009) was finalized. Like the other two similar contracts concluded in 2005, the multi-year time-charter agreement also foresees the right to extend the charter period and the option to buy the ship, both in our favour.

As far as the Fleet employment is concerned, the available vessel/time was spent as follows:

	Tankers	Bulk carriers
- commercial operations	98.7%	97.4%
- waiting for employment	-	-
- technical off-hires	1.3%	2.6%

The above data confirm the remarkable performance of the entire Fleet, in line with the corresponding period 2005.

Financial position

The following table summarises the net consolidated financial position (in thousands of euros):

	<u>at 30.06.2006</u>	<u>at 31.12.2005</u>	<u>at 30.06.2005</u>
- short-term bank debt	-	3,904	37
- short-term share of medium/long-term bank debt	22,166	21,385	27,530
- derivative instruments	533	841	1,201
- medium/long-term bank debt	127,087	108,712	138,995
- cash and cash equivalents	<u>(27,627)</u>	<u>(28,495)</u>	<u>(59,440)</u>
Total net financial debt	<u>122,159</u>	<u>106,347</u>	<u>108,323</u>

Once considered the net investments/divestments realized in the different periods, the data as reported indicate a significant continuous improvement in the net financial position.

The debt/equity ratio was 0.72 at June 2006, 0.60 at December 2005 and 0.64 at June 2005: it's clear the great potential of Premuda to activate new investments

Refer to the consolidated Financial Statement and the relative comments for a detailed analysis of the cash flows for the period.

Associated companies and subsidiaries

We can report the following:

- 1.0. *Premuda International S.A.H.* - Luxembourg, 100% ownership, is the holding Company that controls the Group's various international operations. The positive result for the semester amounted to €14,269,974 (with a gain of €15,497,593 in the first six months of 2005).

Premuda International's controlled companies are:

- 1.1. *Premuda (Monaco) S.A.M.* – Monte Carlo, 90% ownership, handling the commercial management of the Group's foreign flag fleet, recorded a loss for the period of €78,177 (a profit of €205,871 in the first six months of 2005).
- 1.2. *Four Vanguard Serviços e Navegação Lda.* - Madeira, 100% ownership, owns the FPSO *Four Vanguard* which, in Australia, extracts and treats crude oil from subsea oil fields. The result for the period was affected by two disconnections due to cyclones and amounted to a loss of €1,183,799 (a profit of €1,105,339 in the first six months of 2005).
- 1.3. *Premuda Chartering Navegação Lda.* – Madeira, 100% ownership, involved in oil transport trading activities, was almost dormant in the period, generating a loss of €15,336 (a gain of €52,373 in the first six months of 2005).
- 1.4. *Premuda (Atlantic) Inc.* - Delaware, 100% ownership, handled the commercial utilization of ships in the American area, ending the semester with a positive result of US\$ 7,133 (a profit of US\$ 61,799 in the first six months of 2005).
- 1.5. *Premuda Bulk Navegação Lda.* – Madeira, 75% ownership, was the owner of the Panamax bulk carriers *Four Iron*, *Four Sterling* and *Four Euro*. During the semester the company generated a profit of €4,861,494 (our share €3,646,121) compared to a profit of €5,009,495 (our share €3,757,121) in the first six months of 2005. In April 2006 the company sold the *Four Iron* with a profit of about €3.1 million and in July sold (for delivery next October) the *Four Sterling* with an estimated profit of €7.7 million.
- 1.6. *Moon Shipping Serviços e Navegação Lda*, Madeira, 100% ownership, which signed the contracts for the construction of two Aframax tanker Ice Class, the first of which delivered in May 2006 and the second expected to be delivered in November 2006. Both vessels have already been satisfactory chartered out on long term bare boat contract. The result for the period was a profit of €646,396 (a loss of €19,067 in the first six months of 2005).
- 1.7. *JEP Navegação Lda*, Madeira, 100% ownership, in February took delivery of the panamax bulk carrier *Four Earth*, 78,000 dwt, built 1984. The result for the period was a profit of €96,451, not comparable with the corresponding period of 2005 when the company realized a profit of €7,638,630, mainly due to the sale of a brand new Aframax tanker upon delivery from the shipyard.
- 1.8. *Panamax Navegação Lda.* - Madeira, 100% ownership, already owner of the sister ships *Four Clipper* and *Four Ketch*, sold in February 2004, maintained the commercial availability of the *Four Ketch* under a three years time-charter.
During the semester the company recorded a loss of €73,320 (net gain of €988,481 in the corresponding period of 2005), mainly resulting from exchange differences.
- 1.9. *Australian FPSO Management PTY LTD*, Australia, 100% ownership, handles the technical and operative management of the FPSO *Four Vanguard*. The company ended the first six months of 2005 with a positive result, amounting to approximately €71,074 (profit of about €32,000 in the first half 2005).
- 1.10. *Brig Shipping Lda.* – Madeira, 100% ownership (previously owner of m/t *Four Brig* sold in October 2004), in February 2006 signed an agreement for the construction of two "Diamond 34" bulk-carrier units of 34,000 dwt in the vietnamese Pha Rung Shipyard, for planned delivery 2009. The ships are characterized by high technical specifications, full double hull and are equipped with 34

ton crane. The total investment is estimated at about Usd 55 million. The Company recorded a profit of € 286,839 (profit of € 96,451 in the first half 2005).

- 1.11. *Suezmax Navegação Lda.* – Madeira, 100% ownership, provides administrative services to the other subsidiaries located in Madeira. The company generated a loss of € 71,878 (a loss of € 51,355 in same period 2005).

Premuda Spa also holds a 25% interest in *Sider Navi S.p.A.* - Naples - founded in February 2005. The company share capital amounts to Euro 14,000,000, entirely paid up, and equal participations are held by *Premuda S.p.A.*, the *Romeo Group* (Naples), the *Duferco Group*, and the *IUD Group* (Ukraine). The company was formed to carry out ship owner activities initially in the 18,000 dwt bulk carrier segment and has started a new building program for six vessel of this size, for delivery 2006/2009. In the first half of the year the company bought from *Premuda International* and *Romeo Group* the entire share capital of *Sider Navegação Lda.* In the period the two companies realized a total profit of about € 920,000 (Premuda share € 230,000).

Other data and information

At 30 June 2006, *Premuda S.p.A.* and its associated companies employed 432 persons, 357 of which are seafarers. With respect to 31 December 2005, the number of seafarer increased by 22 and the number of administrative staff increased by 4.

The average euro/dollar exchange rate for the semester was 1.230 versus 1.285 for the first six months of 2005 and 1.248 for all of 2005.

The exchange rate at the end of June 2006 was 1.271 (1.209 at 30 June 2005).

It should be recalled that almost all our revenues are expressed in dollars and that ship value too is quoted in same currency, while generally only a portion of the costs is incurred in dollars. In general, a strong dollar is, overall, a positive factor for our company, both in terms of the Balance Sheet as well as the Profit and Loss Account.

It is anyway important to emphasize that - in the Consolidated Balance Sheet - large differences between end-of-period euro/dollar exchange rates may also significantly affect the assets and liabilities as well as the financial situation, and hence special care is required when making comparisons.

We inform you that during the first semester of 2006, the company:

- did not carry out research and development activities;
- did not own, acquire or sell shares or stocks of holding companies;
- did not own any own shares.

The ordinary share of *Premuda Spa* was regularly quoted in the segment "Standard 1" of the Italian stock market. In the first half 2006, a total of 52,259,697 shares were traded, at an average price of € 1.661, a maximum of € 1.826 (January) and a minimum of € 1.281 (June). In the first half 2005, a total of 61,589,811 shares were traded, at an average price of € 1.548, a maximum of € 1.815 in April and a minimum of € 1.28 in January.

Management developments and significant events following end-of-period

In July, *Sider Navi S.p.A.* - Naples, stipulated contracts to build two 18,100 dwt bulk carriers in Japan, to be delivered, respectively, in April and July 2009. The two vessels replaced two sister units previously ordered in Indonesia whose contracts have been cancelled (without any cost for our subsidiary) because of uncapability of the shipbuilder to confirm the planned deliveries. As a consequence, the investment program of our subsidiary in six new vessels for a total cost of about Usd 120 million (our share 25%) is basically unchanged. *Sider Navi* also purchased two second hand 27,000 dwt bulk carriers, the first of which delivered in August and the second for planned delivery October. The total investment amounts to about Usd 22 million (our share 25%).

Considering the results generated during the first six months and the commercial coverage already available, it is reasonable to envisage - barring unforeseen circumstances - very satisfactory results for the entire 2006 financial year.

The official Italian version of this report, as approved by the Board of Directors of Premuda S.p.A. during its meeting on 12 September 2006, underwent a limited review by *Deloitte & Touche S.p.A.*, that also audited the 2005 annual balance sheet.

The next disclosure regarding Profit and Loss Accounts and Consolidated Balance Sheet will consist of the quarterly report to be prepared by 15 November 2005.

12 September 2006

The Board of Directors

Consolidated Financial Statements

**PREMUDA GROUP
CONSOLIDATED BALANCE SHEET**

(Euro/000)

ASSETS	30.06.2006	31.12.2005	30.06.2005
FIXED ASSETS			
Tangible fixed assets	283,317	267,491	276,920
<i>Vessels</i>	264,659	246,223	256,394
<i>Vessels under construction</i>	17,185	19,794	18,982
<i>Land and buildings</i>	927	954	981
<i>Other fixed assets</i>	546	520	563
Participations	3,687	5,815	4,152
<i>Associated companies</i>	3,683	5,811	3,144
<i>Other companies</i>	4	4	1,008
Other financial assets	8,319	12,435	2,538
<i>Loans</i>	8,250	12,378	2,481
<i>Other investments</i>	69	57	57
Prepaid taxes	115	230	1,384
TOTAL FIXED ASSETS	295,438	285,971	284,994
CURRENT ASSETS			
Inventories	3,780	2,762	2,458
<i>Spares, stores and consumables</i>	2,798	2,188	2,018
<i>Voyages in progress</i>	982	574	440
Trade receivables	20,639	20,175	21,069
<i>Clients</i>	8,450	10,411	8,844
<i>Accrued income and prepayments</i>	4,875	4,617	4,680
<i>Other receivables</i>	7,314	5,147	7,545
Current financial assets	-	-	-
Cash and cash equivalents	27,627	28,495	59,440
TOTAL CURRENT ASSETS	52,046	51,432	82,967
TOTAL ASSETS	347,484	337,403	367,961

**PREMUDA GROUP
CONSOLIDATED BALANCE SHEET**

(Euro/000)

LIABILITIES AND SHAREHOLDERS' EQUITY	30.06.2006	31.12.2005	30.06.2005
SHAREHOLDERS' EQUITY			
Share capital	70,418	70,418	70,418
Share premium reserve	-	-	-
Legal reserve	14,084	14,084	14,084
Other reserves	16,627	16,445	16,023
Retained profit	57,230	40,969	41,499
Profit for the year	8,408	25,376	17,620
GROUP SHAREHOLDERS' EQUITY	166,767	167,292	159,644
MINORITY INTEREST			
Capital and reserves	2,029	7,062	7,062
Profit for the year	1,295	2,132	630
TOTAL SHAREHOLDERS' EQUITY	170,091	176,486	167,336
LONG-TERM LIABILITIES			
Bank loans	127,087	108,712	138,995
Provisions for risks and charges	571	681	1,972
Provisions for staff severance indemnity	1,585	1,555	1,488
Deferred tax liabilities	-	-	379
TOTAL LONG-TERM LIABILITIES	129,243	110,948	142,834
CURRENT LIABILITIES			
Short-term bank debts	22,166	25,289	27,567
Derivative financial instruments	533	841	1,201
Suppliers	13,779	10,353	17,364
Tax liabilities	522	630	423
Accrued liabilities and deferred income	6,084	7,267	7,593
Other payables	5,066	5,589	3,643
TOTAL CURRENT LIABILITIES	48,150	49,969	57,791
TOTAL LIABILITIES	177,393	160,917	200,625
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	347,484	337,403	367,961

**PREMUDA GROUP
CONSOLIDATED INCOME STATEMENT**

(Euro/000)

	<i>Jan/June 2006</i>	<i>Year 2005</i>	<i>Jan/June 2005</i>
Net revenues	69,319	150,958	76,299
Voyage costs	(3,986)	(6,160)	(3,931)
Time Charter revenues	65,333	144,798	72,368
Charter hire	(14,942)	(33,646)	(16,214)
Running costs	(21,718)	(39,431)	(19,717)
Fleet margin	28,673	71,721	36,437
Profit on vessel sales	3,344	8,564	8,564
Administrative expenses	(7,328)	(16,109)	(6,815)
Other income/(costs)	217	689	48
Depreciation	(12,126)	(29,299)	(14,627)
Operating profit	12,780	35,566	23,607
Financial items	(3,000)	(8,517)	(5,542)
Profit/(loss) from associated companies	230	2,666	762
Profit before tax	10,010	29,715	18,827
Tax on profit	(307)	(2,207)	(577)
Net profit	9,703	27,508	18,250
Minority interest	1,295	2,132	630
Group's net profit	8,408	25,376	17,620

**PREMUDA GROUP
CASH FLOW STATEMENT**

(Euro/000)

	30.06.2006	31.12.2005	30.06.2005
A NET CASH POSITION AT YEAR BEGINNING	3,206	(1,088)	(1,088)
B CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year	9,703	27,508	18,250
Depreciation	12,126	29,299	14,627
Net change in other provisions	(110)	(1,398)	(107)
(Profit) /loss on assets disposal	(3,344)	(8,564)	(8,564)
(Profit) /impairment of associated companies	(230)	(2,666)	(762)
Net provision for employees severance accruals	30	(68)	(135)
Subtotal: Cash flow from operating activities before working capital changes	18,175	44,111	23,309
Decrease (increase) of receivables	(464)	7,841	6,947
Decrease (increase) of inventories	(1,018)	676	980
(Decrease) increase of suppliers and other current liabilities	1,304	2,190	7,736
Net variance in deferred taxation	115	1,365	590
Total cash flow from operating activities	18,112	56,183	39,562
C CASH FLOW FROM INVESTING ACTIVITIES			
Investments in assets:			
- tangible	(57,720)	(33,512)	(28,271)
- financial	(2,250)	(1,250)	(250)
Sale of tangible fixed assets	33,112	50,673	50,673
Sale of financial fixed assets	4,608	1,316	75
Total cash flow from investing activities	(22,250)	17,227	22,227
D CASH FLOW FROM FINANCING ACTIVITIES			
New loans	30,776		
Loan repayments	(12,401)	(45,867)	(15,584)
Net decrease (increase) of financial fixed assets	4,116	(8,196)	1,701
Dividends	(8,451)	(8,048)	(8,048)
Variance in minority interest	(7,165)	(6,205)	(6,205)
Other variances	(482)	(800)	(692)
Total cash flow from financing activities	6,393	(69,116)	(28,828)
E CASH FLOW OF THE PERIOD (B + C + D)	2,255	4,294	32,961
F NET CASH POSITION AT YEAR END (A + E)	5,461	3,206	31,873

PREMUDA GROUP

STATEMENT OF VARIATION IN THE CONSOLIDATED SHAREHOLDERS' EQUITY

(Euro/000)

	Share Capital	Share premium res.	Legal reserve	Other reserves	Retained profits	Profit for the year	Group's interest	Minority interest	Total
Shareholders' equity at 31.12.2004	67,065	281	3,334	21,982	33,255	24,847	150,764	13,267	164,031
Allocation of 2004 results:									
- Premuda Spa:									
- legal reserve	-	(281)	10,750	-	(10,469)	-	-	-	-
- dividends	-	-	-	-	(8,049)	-	(8,049)	-	(8,049)
- retained profits	-	-	-	-	13,217	(13,217)	-	-	-
- subsidiaries	-	-	-	(5,959)	17,589	(11,630)	-	-	-
Bonus share issue	3,353	-	-	-	(3,353)	-	-	-	-
Capital repayment	-	-	-	-	-	-	-	(6,205)	(6,205)
Various	-	-	-	-	(691)	-	(691)	-	(691)
Consolidated profit 1 st half 2005	-	-	-	-	-	17,620	17,620	630	18,250
Shareholders' equity at 30.06.2005	70,418	-	14,084	16,023	41,499	17,620	159,644	7,692	167,336
Various	-	-	-	422	(530)	-	(108)	-	(108)
Consolidated profit 2 nd half 2005	-	-	-	-	-	7,756	7,756	1,502	9,258
Shareholders' equity at 31.12.2005	70,418	-	14,084	16,445	40,969	25,376	167,292	9,194	176,486
Allocation of 2005 results:									
- Premuda Spa:									
- legal reserve	-	-	-	-	-	-	-	-	-
- dividends	-	-	-	-	(2,030)	(6,421)	(8,451)	-	(8,451)
- retained profits	-	-	-	-	-	-	-	-	-
- subsidiaries	-	-	-	-	18,955	(18,955)	-	-	-
Purchase of minorities	-	-	-	-	(664)	-	(664)	(3,945)	(4,609)
Capital repayment	-	-	-	-	-	-	-	(3,220)	(3,220)
Various	-	-	-	182	-	-	182	-	182
Consolidated profit 1 st half 2006	-	-	-	-	-	8,408	8,408	1,295	9,703
Shareholders' equity at 30.06.2006	70,418	-	14,084	16,627	57,230	8,408	166,767	3,324	170,091

Notes to Consolidated Financial Statements

Statement of compliance with IFRS and accounting principles

This half year report of Premuda Group is produced in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The 2006 half year balance sheet is expressed in thousands of Euro and compared with both the half year and the full year 2005 Balance Sheets. The report is composed by: Balance Sheet; Income Statement; Cash Flow Statement; Statement of Changes in Shareholders' Equity; Notes.

Balance Sheet, Income Statement, Statement of changes in Equity and Cash Flow Statement of the holding company Premuda S.p.A. are enclosed.

These Financial Statements of Premuda S.p.A. are the first to be prepared in compliance with the International Financial Reporting Standards (IFRS): they are reported in thousands of Euro and compared with both the half year and the full year 2005 financial statements, duly reclassified and adjusted under the new standards.

The reconciliation statements on the original figures compared to those previously drawn up in accordance with Italian accounting principles and showing the most significant differences are enclosed with the Italian version of these Consolidated Financial Statements, together with the relevant Auditors' Report.

These Financial Statements of Premuda S.p.A. have been prepared according to the accounting principles currently in force. The issuances of new Principles or new interpretations before the Annual Report 2006 is finalized, could affect the half year report as well as the original figures.

The balance sheet is reported in Euro, functional currency consistent with the Premuda financial structure.

Scope of consolidation

The Consolidated Companies operate in the shipping industry for liquid and dry bulk transportation, employing owned and chartered vessels, with the exception of the holding company *Premuda International S.A.H.* and of *Premuda (Monaco) S.A.M.* responsible for the operational and business management of the foreign flag vessels. Furthermore, *Australian FPSO Management PTY LTD* is in charge of the technical and operational management of the FPSO *Four Vanguard*, while *Suezmax Navegação Lda* provides administration services for other Group companies and *Premuda (Atlantic) Inc.* is responsible for employing the vessels in the U.S. area.

Subsidiary companies are those, directly or indirectly, controlled by the Parent Company or where the latter sets forth financial and operating policies so as to benefit from its activity or actual control.

The companies included in the consolidation area are:

Premuda S.p.A.

Mother company

Trieste

Share capital: Euro 70,418,225

Companies directly controlled:

Premuda International S.A.H.

Luxembourg

Share capital: Euro 52,000,000

Ownership: 99.9%

Companies indirectly controlled (through *Premuda International S.A.H.*):

Premuda (Monaco) S.A.M.

Monte Carlo

Share capital: Euro 305,000
Ownership: 90%

Brig Shipping Lda.

Madeira
Share capital: Euro 10,005,000
Ownership: 100%

Premuda Chartering Navegação Lda.

Madeira
Share capital: Euro 5,000
Ownership: 100%

Four Vanguard – Serviços e Navegação Lda.

Madeira
Share capital: Euro 27,243,505
Ownership: 100%

Panamax Navegação Lda.

Madeira
Share capital: Euro 5,000
Ownership: 100%

Suezmax Navegação Lda.

Madeira
Share capital: Euro 5,000
Ownership: 100%

Moon Shipping Serviços e Navegação Lda.

Madeira
Share capital: Euro 16,597,027
Ownership: 100%

Premuda Bulk Navegação Lda.

Madeira
Share capital: Euro 7,955,804
Ownership: 75%

Premuda (Atlantic) Inc.

Delaware
Share capital: US\$ 1,000
Ownership: 100%

JEP Navegação Lda.

Madeira
Share capital: Euro 8,505,000
Ownership: 100%

Australian FPSO Management Pty Ltd

Australia
Share capital: 100 Australian dollars
Ownership: 100%

Participations in associated companies:

Sider Navi S.p.A.

Naples
Share capital: Euro 14,000,000
Ownership: 25% direct

Sider Navegação Lda.
Madeira
Share capital: Euro 5,000
Ownership: 25% indirect (through *Sider Navi S.p.A.*)

Refer to table attached for further information on the Group's composition, basically unchanged compared with the end of 2005, excluding the increase from 90% to 100% of our interest in *Four Vanguard Serviços e Navegação Lda* and the reduction from 50% to 25% in *Sider Navegação Lda*.

Consolidation principles

The main consolidation principles include the following:

- The book value of the controlled companies was written off for the relevant Shareholders' Equity against the entry of assets and liabilities on a line-by-line basis, and showing in the retained earnings the difference arising therefrom.
Minority interests were booked separately.
Investments in associates were valued as explained in the following paragraph on valuation criteria.
- Credit and debit entries as well as costs and revenues among consolidated Companies were written off. In particular, profits and losses arising out of transactions carried out among Group Companies not yet realised towards third parties were also written off.
- The Euro translation of the financial statements expressed in foreign currency was carried out at the "current exchange rate".
For both Balance Sheet and Profit & Loss Account items, the end period exchange rate was used, since a valuation of the latter adopting the average exchange rate for the period had not brought about significant changes.
Exchange rate differences arising from the translation of original shareholders' equities at the current exchange rates, compared to those used in the previous financial statements, were directly entered in the consolidated Shareholders' Equity under the entry "reserves from translation difference".

For further information refer to the reconciliation between Shareholders' Equity and net profit for the year of the Parent Company and of the consolidated financial statements attached hereto.

Valuation criteria

The valuation criteria used for drawing up the Consolidated Financial Statements are the following:

- The Fleet is booked at the purchase cost; extraordinary charges, increasing the production value of the vessels, are capitalised on same. As far as vessels directly ordered from shipbuilding yards are concerned, their cost value is made up of the contractual price, agreed extra prices, costs for directly purchased plant and equipment, initial shipping charges, costs for employed personnel during fitting out, and charges for interests on sums paid to the Shipbuilding Yards before delivery of the vessels.

Fleet depreciation is determined based on the cost of each unit, less the estimated scrap value, divided by the years of residual life, based on the assumption of a useful life of twenty-five years for newly built tankers and of twenty years for bulk carriers.

The cost component of vessels subject to restoration during periodical stays in drydock is depreciated during the time elapsed until the following drydock (usually 30 months).

- Land and buildings are stated at purchase cost and depreciated on a straight-line basis over 33 years.
- Fixtures, furnishings, machinery, office equipment and motor vehicles are stated at purchase cost. Depreciation is calculated on a straight-line basis according to the estimated useful life shown below:

fixtures and furnishings,	8 years
machinery and office equipment	5 years
motor vehicles	4 years

Assets carrying an artistic, but non-significant value, are stated at purchase cost.

- Investments in associates are entered in at Net Equity. Other investments are stated at cost, reduced in case of losses and where, for the near future, no profits are expected in an amount that would make it possible to cover such losses; the original value is reinstated in the subsequent years only if the reasons for the adjustment to the value of such investments cease to exist.
- Long-term investments include receivables entered at their recoverable value.
- Assets in respect of tax advances are recorded to the extent that same are reasonably recoverable.
- Fixed assets are subject to periodical valuation so as to find out indicators showing a loss of value. If such indicators exist, the recoverable value is determined, equalling the higher between the selling price and the value in use. The latter is determined by discounting of expected cash flows at the current interest rate. Where the recoverable value was below the entry value, the arising impairment was booked in the Profit & Loss Account. The book value is restored to the extent a reasonable certainty about their recoverability exists.
- Bare boat charter contracts are usually considered as operating leases. If their contractual terms define them as financial leases, pursuant to IAS 17, the vessels are entered as lease assets.
- Accruals and prepayments are determined on an accrual basis.
- Owned shares are recorded in the impaired Shareholders' Equity.
- Inventories are valued using the *FIFO method* (first in, first out) taking the market value into account.
Costs for voyages not yet completed at the closing date are booked as "voyages in progress", net of the whole loss (if negative) and including the pro-rata profit (if positive).
- Receivables are booked at their recoverable value.
- The provision for staff severance indemnity is allocated on employees' wages and salaries in compliance with the laws and the service agreements in force. The booked value is calculated on an actuarial basis pursuant to the IAS 19 provisions.
- Payables are booked at their par value.
- Income from services is recognized once the services are rendered. Income from services in progress is calculated according to the progress report. Income from time charter is calculated on the accrual basis of the charter period. Income from asset disposal is recognized once risks and benefits linked to the asset are transferred to the buyer.

- Maintenance costs comprise all the expenses incurred during the year for the on-going maintenance of the relevant fleet class. Costs relating to periodical maintenance of vessels are capitalised and depreciated during the period until the next drydock.
- Other costs are determined on an accrual basis.
- Dividends are entered when they become payable.
- Taxes are entered in compliance with the tax laws in force in the country where the Group operates (in Italy under the "Tonnage Tax" regime); tax effects on time differences arising between taxable income and the profit and loss results are booked under the entries "deferred taxes" and "prepaid taxes".
- Exchange rate differences arising after credit collection and debt payment in foreign currency are booked in the Profit & Loss Account. Receivables and Payables originally shown in a foreign currency are converted to Euro at the end-of-period exchange rates. Exchange rate differences arising out of the above conversion are booked in the Profit & Loss Account, whereby profits resulting from such differences, if positive, are not available for distribution.
- Loans are valued at cost, net of acquisition costs, which are charged to Profit & Loss using the amortised cost method.
- Group assets and liabilities are exposed to financial risk related to exchange rate and interest rate. The Group's policy tries to minimize such risks by way of hedging with financial instruments, usually resulting from forward purchase/sale of foreign currencies and swap transactions from floating to fixed loan rates. Derivatives are originally entered at cost, and afterwards adjusted to the fair value. Changes in the fair value of hedging derivatives that prove effective pursuant to IAS 39 are directly booked to the Shareholders' Equity. Their potential ineffective portion, as well as changes in the fair value of other derivatives, including freight derivatives, are booked in the Profit & Loss Account. In case of highly probable (based on contractual commitment) future income in foreign currency, a liability in the same currency can act as hedge (cash flow hedging). If the hedge is effective pursuant to IAS 39, changes in the fair value of such liabilities are directly booked to the Shareholders' Equity.
- The fair value of stock option plans is included in the personnel cost on an accrual basis and has a balancing entry in the shareholder's equity. Its impact is not significant for the first half 2006.
- The Cash Flow Statement was prepared taking into account the relevant cash flows and by applying the indirect accounting method. The adoption of international accounting standards did not have a significant impact on the Cash Flow Statement, except for those arising out of the changes in the presentation scheme.
- The drawing up of the Financial Statements and their related Notes in accordance with the international accounting standards requires the Management to carry out estimates and assumptions which may have a certain impact on some of the balance sheet values. Therefore, actual results may differ from initial estimates. Valuations are reviewed on a periodical basis and their direct effects are immediately booked in the Profit & Loss Account.
- All asset values entered in the Balance Sheet have never been revaluated.
- Amounts shown in these Notes are in thousands of Euro.
- Transactions involving related parties (when relevant) are summarized in Annex 2.

Balance Sheet

ASSETS

FIXED ASSETS

Tangible fixed assets

Vessels

This item includes the book value of the owned fleet, less accumulated depreciation as detailed on the following page. The dry-dock component, to be depreciated over the estimated period until the next dry-dock, is reported separately. Such a component is also reported for unowned vessels chartered in (and missing for owned vessels chartered out) on a bare-boat basis.

Vessels under construction

This item includes the amounts paid to *Samsung* shipyard and other costs incurred for the new Aframax Tanker Ice Class expected to be delivered in November 2006 (€/000 10,359) as well as the advances and the other costs incurred for the two new 34,000 dwt bulk carriers expected for delivery 2008/2009 from the Vietnamese shipyard *Vinashin* (€/000 6,826 in total). The first new building Aframax Ice Class nr. 1575 was delivered by *Samsung* in May 2006 and named *Four Antarctica*.

details (€/000):

	at 31.12.05	additions	disposals	at 30.06.06
Aframax Ice Class nr. 1575	9,897	36,508	(46,405)	-
Aframax Ice Class nr. 1576	9,897	462	-	10,359
Handy Bulk nr. PR 05		3,413	-	3,413
Handy Bulk nr. PR 06	-	<u>3,413</u>	-	<u>3,413</u>
Total	<u>19,794</u>	<u>43,796</u>	<u>(46,405)</u>	<u>17,185</u>

Land and buildings

This item includes the Company's office in Genoa. Depreciation is based on an estimated useful life of 33 years.

(€/000)

Net book value at 31 Dec. 2005	954
Depreciation 1st half 2006	<u>(27)</u>
Net book value at 30 June 2006	<u>927</u>

The office is charged by a mortgage registered as a security to a medium-term credit facility amounting to €/000 2,500, not yet exploited as of 30.06.06.

<i>Vessel</i>	<i>Four Framura</i>	<i>Four Island</i>	<i>Four Bay</i>	<i>Four Springs</i>	<i>Four Moon</i>	<i>Four Glens</i>	<i>Four Lochs</i>	<i>Four Antarctica</i>	<i>Subtotal Tankers</i>	<i>Four Etoiles *</i>	<i>Sider Capri</i>	<i>Sider Ponza</i>	<i>Four Coal</i>	<i>Four Earth</i>	<i>Four Iron</i>	<i>Four Euro</i>	<i>Four Sterling</i>	<i>Subtotal Bulk</i>	<i>Four Vanguard</i>	<i>Total</i>
Vessel cost	42,237	34,968	45,147	16,130	25,178	-	-	-	163,660	14,154	13,738	13,743	18,003	-	8,581	5,998	12,557	86,774	113,728	364,162
Accumulated depreciation	(20,672)	(8,546)	(19,915)	(2,287)	(4,582)	-	-	-	(56,002)	(12,548)	(2,070)	(2,091)	(2,544)	-	(3,045)	(2,715)	(2,286)	(27,299)	(39,638)	(122,939)
Net book value at 31 Dec. 2005	21,565	26,422	25,232	13,843	20,596	-	-	-	107,658	1,606	11,668	11,652	15,459	-	5,536	3,283	10,271	59,475	74,090	241,223
Dry-Dock Component	720	747	816	2,380	-	600	750	-	6,013	960	-	-	370	-	-	850	420	2,600	-	8,613
Accumulated depreciation	(640)	(640)	(150)	(207)	-	(420)	(188)	-	(2,245)	(576)	-	-	(148)	-	-	(595)	(49)	(1,368)	-	(3,613)
Net book value at 31 Dec. 2005	80	107	666	2,173	-	180	562	-	3,768	384	-	-	222	-	-	255	371	1,232	-	5,000
Net book value at 31 Dec. 2005	21,645	26,529	25,898	16,016	20,596	180	562	-	111,426	1,990	11,668	11,652	15,681	-	5,536	2,538	10,642	60,707	74,090	246,223
Additions:																				
Vessel cost	-	-	-	-	-	-	-	46,405	46,405	-	-	-	-	12,316	-	-	-	12,316	-	58,721
Dry-Dock Component	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500	-	-	-	1,500	-	1,500
Deductions for vessel's sale																				
Vessel cost	-	-	-	-	-	-	-	-	-	-	(13,738)	(13,743)	-	-	(8,581)	-	-	(36,062)	-	(36,062)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	2,106	2,142	-	-	3,456	-	-	7,704	-	7,704
Dry-Dock Component	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,500)	-	-	(1,500)	-	(1,500)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90	-	-	90	-	90
Depreciation																				
Vessel	(785)	(795)	(795)	(537)	(759)	-	-	(142)	(3,813)	-	(36)	(51)	(471)	(428)	(411)	(667)	(547)	(2,611)	(3,475)	(9,899)
Dry-Dock Component	(80)	(107)	(163)	(621)	-	(120)	(225)	-	(1,316)	(384)	-	-	(74)	-	(90)	(170)	(84)	(802)	-	(2,118)
Vessel cost	42,237	34,968	45,147	16,130	25,178	-	-	46,405	210,065	14,154	-	-	18,003	12,316	-	5,998	12,557	63,028	113,728	386,821
Accumulated depreciation	(21,457)	(9,341)	(20,710)	(2,824)	(5,341)	-	-	(142)	(59,815)	(12,548)	-	-	(3,015)	(428)	-	(3,382)	(2,833)	(22,206)	(43,113)	(125,134)
Net book value at 30 June 2006	20,780	25,627	24,437	13,306	19,837	-	-	46,263	150,250	1,606	-	-	14,988	11,888	-	2,616	9,724	40,822	70,615	261,687
Dry-Dock Component	-	-	816	2,380	-	600	750	-	4,546	-	-	-	370	-	-	850	420	1,640	-	6,186
Accumulated depreciation	-	-	(313)	(828)	-	(540)	(413)	-	(2,094)	-	-	-	(222)	-	-	(765)	(133)	(1,120)	-	(3,214)
Net book value at 30 June 2006	-	-	503	40	-	60	337	-	2,452	-	-	-	148	-	-	85	287	520	-	2,972
Net book value at 30 June 2006	20,780	25,627	24,940	14,858	19,837	60	337	46,263	152,702	1,606	-	-	15,136	11,888	-	2,701	10,011	41,342	70,615	264,659

* OBO vessel included in the bulk sector because of the prevailing deployment in the relevant period

Other fixed assets

Detailed as follows:

	<u>Office furniture (*)</u>	<u>Office equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost	797	949	161	1,907
Accumulated depreciation	<u>(613)</u>	<u>(714)</u>	<u>(60)</u>	<u>(1,387)</u>
Net book value at 31 Dec. 2005	<u>184</u>	<u>235</u>	<u>101</u>	<u>520</u>
Additions	4	40	108	152
Decrease (net)	-	-	(44)	(44)
Depreciation 1st half 2006	<u>(18)</u>	<u>(47)</u>	<u>(17)</u>	<u>(82)</u>
Net book value at 30 June 2006	<u>170</u>	<u>228</u>	<u>148</u>	<u>546</u>
Summary:				
Cost	801	989	196	1,986
Accumulated depreciation	<u>(631)</u>	<u>(761)</u>	<u>(48)</u>	<u>(1,440)</u>
Net book value at 30 June 2006	<u>170</u>	<u>228</u>	<u>148</u>	<u>546</u>

(*) of which €/000 43 not subject to depreciation

Participations

Associated companies

Our 25% participation in *Sider Navi S.p.A.* is represented. It's worth to point out that in the first half 2006 the above mentioned company bought the entire share capital of *Sider Navegação Lda.*, formerly jointly controlled by *Premuda International S.a.h.* and *Romeo Group* on a 50/50 basis.

Other companies

Unchanged with respect to 31 December 2005.

Other financial assets

Mainly composed by interest-bearing credits (€/000 8,250) towards *Sider Navi S.p.A.* and caution moneys (€/000 69) with *Telecom, Enel*, etc.

Prepaid taxes

Prepaid taxes, amounting to €/000 1,384, mainly relates to costs and charges deductible from taxes in subsequent years.

CURRENT ASSETS

Inventories

Consumables

This item refers to fuel, lubricants and paints on board the vessels and spare parts on 30.06.06 for the amount of €/000 2,798 (all accounted for under the FIFO method and taking into account the market value), as opposed to the corresponding value of €/000 2,188 as at 31.12.05.

Voyages in progress

This item accounts for ongoing voyages at the end of the period, for the amount of €/000 982 (€/000 574 as at 31.12.05)

Receivables

Clients

This item accounts for the period-end balances of definitely realisable trade receivables, concerning active charters, demurrages and other, net of the relevant depreciation of funds.

Accrued income and prepayments

Accrued income refers to the quotas pertaining to the period of income not yet realised as of 30.06.06, mainly related to interest income and other income.

Prepayments refer to quotas of costs incurred during the period, but pertaining to the following period (mainly insurance, rents payable, membership contributions and other charges not relating to navigation).

Other receivables

This item represents the end-of-period value of short-term credits towards insurers (average recoveries), agents, loans to employees, etc.

Cash and cash equivalent

Cash position at the end of the period. The movements are detailed in the Cash Flow Statement.

LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

Share capital

The share capital, entirely subscribed and paid, consists of 140,761,507 ordinary shares and 74,943 savings shares with a par value of 0.50 Euro for a total amount of €/000 70,418, unchanged versus previous year.

Legal reserve

This amounts to €/000 14,084, corresponding to one fifth of the share capital.

Other reserves

These reserves amount to €/000 16,627 as a whole, versus the corresponding value of €/000 16,445 at year end 2005.

Retained profit

The total amount at 30 June 2006 is €/000 57,230, with an increase of €/000 16,261.

Profit for the year

This represents the Group's net result after taxes, equal to €/000 8,404.

Minority interest

Third-parties' interest amounts to €/000 3,324, inclusive of €/000 1,295 as profit for the period.

The changes in shareholders' equity are detailed in the relevant table.

LONG-TERM LIABILITIES

Bank loans

Bank loans are following: (thousands of Euro):

	Amounts due			<u>Total</u>
	<u>within one year</u>	<u>Between one and five years</u>	<u>More than five years</u>	
long-term loans:				
<i>BNL</i>				
<i>m/v Framura</i>	1,515	6,050	376	7,941
<i>Zero Coupon Bond</i>	-	2,489	-	2,489
<i>Efibanca</i>				
<i>m/v Four Island and Four Bay</i>	3,945	18,100	8,223	30,268
<i>Unicredit</i>	-	29,620	-	29,620
<i>Commerzbank</i>				
<i>m/v Four Coal</i>	779	3,095	7,155	11,029
<i>m/v Four Moon</i>	1,396	5,536	2,410	9,342
<i>m/v Four Springs</i>	1,671	6,641	2,479	10,791
<i>Banca Intesa</i>				
<i>m/v Four Sterling</i>	648	2,591	1,619	4,858
<i>Fortis Bank</i>				
<i>FPSO Four Vanguard</i>	10,125	-	-	10,125
<i>m/v Four Antarctica</i>	2,021	8,347	22,356	32,724
Subtotal long-term loans	<u>22,100</u>	<u>82,469</u>	<u>44,618</u>	<u>149,187</u>
Bank overdraft	<u>66</u>	<u>-</u>	<u>-</u>	<u>66</u>
Total	<u>22,166</u>	<u>82,469</u>	<u>44,618</u>	<u>149,253</u>

It should be noted that the amounts expiring "within one year" are entered in the financial statements under "Current liabilities" as "Short-term bank debts".

Details:

Banca Nazionale del Lavoro

A loan granted during 2001 and secured by a mortgage on the m/t. *Framura*, for an original amount of US\$ 15 million and currently expressed in Euros, to be repaid in 40 equal instalments for the principal amount, of which the first has been repaid on 31.12.01 and the last is due on 30.09.11. Interests are charged based on the relevant *EURIBOR* plus margin. The average rate applied for the first half 2006 was equal to 3.54%. For the instalment due on 30.09.2006, the rate is equal to 3.963%.

Banca Nazionale del Lavoro

A ten-year loan for the amount of 12,017,952 Euros, drawn on 06.09.2000 and to be repaid with a single payment on termination date (06.09.2010).

The loan is secured by a pledge on ten-year *Zero Coupon Bonds* issued by *BNL* with a corresponding nominal value, and it is entered in the financial statement net of the present value of the bonds as at the end of the period. Interests are calculated on the six-month *EURIBOR* plus margin and are payable twice a year.

The average rate applied for the first half 2006 was equal to 3.26%. For the next instalment due in September 2006, the rate is equal to 3.495%.

EFIBANCA (in pool with *Banca Carige*, *Centrobanca* and *Mediocredito Lombardo*)

A loan granted during 2000, for an original amount of US\$ 48 million and currently expressed in Euro, secured by a mortgage registered on the two units *Four Island* and *Four Bay*.

The loan interest is calculated on the *EURIBOR* for the period plus margin (first half 2006 average rate equal to 3.58%; a 3.7625% rate for the instalment due in July 2006), and is repayable in forty-eight quarterly instalments with increasing principal, of which the first was repaid on 15.01.2001 and the last is due on 15.10.2012.

Unicredit Banca d'Impresa (in pool with *Banca Generali* and *Banca Popolare di Vicenza*)

A five-year loan of a maximum amount of 40,000,000 Euro, agreed on 05.11.2004 and to be repaid within 31.12.2009.

The loan was drawn for an amount of 30 million Euro on 26.11.04 simultaneously with the repayment of a previous bond loan of the same amount, whereas the remaining 10 million Euro fall under a revolving credit line until termination. Interest is calculated on the three-month *EURIBOR*.

The average rate applied for the first half 2006 was equal to 3.90%. With relation to the instalment due in September 2006, the rate is equal to 4.35%.

The loan requires the compliance with certain financial covenants (with respect to a minimum shareholders' equity, ratio between the shareholders' equity and residual debt, and ratio between the shareholders' equity and the total consolidated indebtedness), all of which are currently satisfied. The value of the latter ratio can also have an impact on the applied margin.

Commerzbank

A loan granted on 11.07.2003 for an original amount of US\$ 15 million, to be repaid in forty deferred quarterly instalments with constant principal amount quotas of US\$ 220,500, of which the first instalment was repaid on 14.10.2003 and the last one is due on 11.07.2013, plus a US\$ 6,180,000 balloon payment due with the last instalment. The loan, secured by a mortgage on the M/T *Four Coal*, is converted into Euro through a special cross currency swap transaction and therefore generates an interest calculated on the *EURIBOR* for the period. The average rate applied in the first half 2006 was equal to 3.62%. With regard to the instalment due in July 2006, the rate is equal to 3.794%, taking into account the hedging transaction mentioned above. Starting from the instalment due in July 2007, the interest rate has been converted into a fixed interest rate of 4.65% until the termination of the loan and subsequently re-converted into a floating rate with an opposite transaction. Thanks to the above mentioned transactions, effective July 2007 the spread is reduced by 34 basis points.

Commerzbank

A loan granted on 13.01.2003, secured by a mortgage on the motor ship *Four Moon* for an original amount of US\$ 15 million, to be repaid in forty deferred quarterly instalments with constant principal amount quotas, of which the first instalment was repaid on 14.04.03 and the last is due on 14.01.2013. The loan has been converted into Euro through a special cross currency swap transaction and it therefore generates an interest calculated on the *EURIBOR* for the period. Starting from the instalment expired in January 2006, the interest rate has been converted into a fixed interest rate of 3.98% until the termination of the loan. The average rate applied for the first half 2006 (and for all next instalments) is equal to 3.98%.

Commerzbank (together with *Banca Mediocredito*)

A loan granted on 01.12.2003, secured by a mortgage on the motor ship *Four Springs* for an original amount of 18 million dollars, to be repaid in thirty-six deferred quarterly instalments with constant principal amount quotas, of which the first instalment was repaid on 01.03.04 and the last is due on 01.12.2012. The loan has been converted into Euro through a special cross currency swap transaction and therefore generates an interest calculated on the *EURIBOR* for the period. The average rate applied for the first half 2006 was equal to 3.99%; with relation to the instalment due in September 2006, the rate is equal to 4.282%, taking into account the hedging transaction mentioned above.

Banca Intesa

A loan granted on the 29.12.03, secured by a mortgage on the motor ships *Four Iron*, *Four Sterling* and *Four Euro* for an original overall amount of 19 million dollars (of which 10 relate to the *Four Sterling*, 6 to the *Four Iron* and 3 to the *Four Euro*), to be repaid in half-yearly deferred quarterly instalments with constant principal amount quotas equal to 500,000 dollars for each unit, of which the first instalments were repaid on the 30.06.04 and the last (relating to the *Four Sterling*) is due on 31.12.13. Interest is calculated on the *LIBOR* rate for the period (first half 2006 average rate, equal to 5.85%; with regard to the instalments expiring in December 2006, the interest rate is equal to 6.916%). It should be noted that on 30.09.05 and 29.03.06 advance repayments were made for the amounts of 4.5 and 2.7 million dollars respectively and therefore the subsequent instalments have been redefined accordingly.

Fortis Bank (together with *NIB*, *Vereins und Westbank*, *Natexis*, *MPS Merchant* and *Banco di San Giorgio*)

A loan of an original amount of 61 million dollars, converted into Euro and lowered to 10.1 million Euro at the end of June 2006, is secured by a mortgage on the FPSO *Four Vanguard* and by the assignment of the operation contract. The repayment of the loan, which generated interest calculated on the *EURIBOR*

for the period (4.22% as an average for the first half 2006, 4.455 for the instalment due on 05.08.2006), has to be effected in quarterly instalments with final payment on the 5th of May 2007.

Fortis Bank (together with NIBC)

A ten year loan of an original amount of 42 million dollars, granted on the 25.05.06 for the delivery of the new Aframax Ice Class, to be repayed in monthly instalments plus a balloon of 16 million dollars due with the last instalments in May 2016. The loan is secured by a mortgage on the m/v *Four Antarctica* and by the assignment of the charter contract. The interest are based on the relevant LIBOR (5.964% for the first period). It's worth to note that the loan, denominated in dollars, is a (partial) hedge to the currency risk related to the bare boat charter for the vessel: consequently, the exchange differences due to a different Euro/dollar exchange rate at the end of period are directly booked to the Shareholders' Equity.

The interest rates applicable to some of the above mentioned loans are related to financial covenants which, up to now, have always been fully respected.

It's worth mentioning that, in order to hedge the interest rate risk, derivative financial instruments have been established for a total of 102 million euros (Annex 3).

Provisions

This item, equal to €/000 571 at 30.06.06 compared to the corresponding value of €/000 681 at 31.12.05, represents the overall provisions allocated relative to disputes, claims by third parties and other liabilities.

Provisions for staff severance indemnity

This item represents the debt toward staff for severance pay, determined on an actuarial basis, as previously indicated in the Evaluation criteria.

CURRENT LIABILITIES

Short-term bank loans

This item represents overdrafts and the short-term quota of medium/long-term loans, as stated in the description of the bank loan detail table previously reported.

Derivative financial instruments

This item represents the end-of-period "*Fair Value*" of derivative financial instruments created to cover interest rate risks related to the medium-long term loans mentioned above.

Suppliers

This item refers to current debts for various suppliers. The amount of this exposure reflects the business volume. End-of-period totals are reported.

Tax liabilities

These amount altogether to €/000 522 (€/000 630 as at 31.12.05) and refer to the amounts due to the Tax Authority at the end of the period related to income, personal income tax on employees' wages and salaries (*Irpef*) and withholding tax for professionals, all due within the following period.

Accrued liabilities and deferred income

Accrued liabilities relate to costs accrued in the first half 2006, the majority of which is represented by interests on loans, by the fourteenth-month pay for personnel and the related contributions, and by insurance coverage costs. Deferred income correspond almost completely to charter hires which have been invoiced in advance.

Other payables

These items amount to €/000 5,066 (€/000 5,589 at 31.12.05) and are mainly represented by various debts to charterers, debts to employees, debts to social security and welfare institutes and others.

Commitments and risks

At 30 June 2006 the Group's purchase commitments correspond to €/000 34,705 relative to the instalments still to be paid for the construction of the second new Aframax Ice Class vessel and €/000 33,806 for the construction of two 34,000 dwt Handybulk vessels.

Income statement

Before illustrating in details the Income Statement items, it should be noted that comparisons with the corresponding period of the previous financial year are not homogeneous due to the changes occurred in the Fleet composition and employment (spot or time charter).

Net revenues

This item represents the compensations received for charters, demurrage and ancillary services of ships utilized, net of the brokerage fees.

In detail (€/000):

	<i>1st sem. 2006</i>	<i>1st sem. 2005</i>	<i>Variation</i>	<i>%</i>
Gross charters	69,630	76,550	(6,920)	-9.0%
Demurrages	654	1,058	(404)	-38.2%
Other revenues	-	189	(189)	-100.0%
Commissions	<u>(965)</u>	<u>(1,498)</u>	<u>533</u>	<u>-35.6%</u>
Net revenues	<u>69,319</u>	<u>76,299</u>	<u>(14,652)</u>	<u>-9.1%</u>

Voyage costs

Voyage costs are the expenses directly incurred for the completion of individual voyages, i.e. fuel consumption, port expenses, canal transit fees, extraordinary insurance (to be stipulated in relation to local risks) and others. It should be recalled that with regard to time charters, such costs are incurred directly by the charterer.

Breakdown (€/000):

	<i>1st sem. 2006</i>	<i>1st sem. 2005</i>	<i>Variation</i>	<i>%</i>
Fuel	3,275	2,090	1,185	56.7%
Port expenses	711	1,750	(1,039)	-59.4%
Other	<u>-</u>	<u>91</u>	<u>(91)</u>	<u>-100.0%</u>
Total	<u>3,986</u>	<u>3,931</u>	<u>55</u>	<u>1.4%</u>

Charter hire

This item represents the amounts that Premuda pays to third parties for ship charters. They can be detailed as follows (€/000):

	<i>1st sem. 2006</i>	<i>1st sem. 2005</i>	<i>Variation</i>	<i>%</i>
Bare Boat	1,086	1,608	(522)	-32.5%
Time charter	<u>13,856</u>	<u>14,606</u>	<u>(750)</u>	<u>-5.1%</u>
Total	<u>14,942</u>	<u>16,214</u>	<u>(1,272)</u>	<u>-7.8%</u>

It's to be noted that bare boat rents refer to the m/v *Four Glens* and *Four Lochs*, owned by the holding company *Navigazione Italiana S.p.A.*

Running costs

This item represents the charges incurred for the navigation activity, such as crew, maintenance, certifications, insurance, lubricants and other items. It should be recalled that with regard to bare-boat charters, these costs are for charterer's account.

In detail (€/000):

	1st sem. 2006	1st sem. 2005	Variation	%
Crew	9,183	8,893	290	3.3%
Maintenance	7,879	6,346	1,533	24.2%
Insurance	3,285	3,344	(59)	-1.8%
Lubricants	672	558	114	20.4%
Other	<u>699</u>	<u>576</u>	<u>123</u>	<u>21.4%</u>
Total	<u>21,718</u>	<u>19,717</u>	<u>2,001</u>	<u>10.1%</u>

Profit on vessel sale

This item represents the net profit realized from the sale of m/vv *Sider Capri*, *Sider Ponza* and *Four Iron*. The value entered for the first semester of 2005 represents the analogous profit earned from the sale (occurred simultaneously upon delivery from the Hyundai shipyard) of a new 105,000 dwt Aframax vessel, named *Four Stream*.

Administrative expenses

This item represents the Group's shore-based administrative expenses and includes salaries and social security contributions for administrative personnel, as well as overheads, general expenses, compensations and costs relative to social organizations, other operating charges and other costs not directly attributable to ships.

	1st sem. 2006	1st sem. 2005	Variation	%
Remuneration	2,964	3,660	(696)	-19.0%
Social security costs	828	895	(67)	-7.5%
Employee severance indemnity	156	141	15	10.6%
Other charges	<u>353</u>	<u>177</u>	<u>176</u>	<u>99.4%</u>
Subtotal: Head office personnel	<u>4,301</u>	<u>4,873</u>	<u>(572)</u>	<u>-11.7%</u>
Overheads	1,626	1,029	597	58.0%
Sundry company expenses	1,397	933	464	49.7%
Other charges/(income)	<u>4</u>	<u>(20)</u>	<u>24</u>	<u>-120.0%</u>
Total	<u>7,328</u>	<u>6,815</u>	<u>513</u>	<u>7.5%</u>

Other income/costs

This item represents residual, negligible amounts.

Depreciation

The depreciation rates applied and the criteria used to determine the depreciation pertaining to the period can be found under the corresponding Balance Sheet items as well as in the "valuation criteria" section.

Financial items

The financial items consist of the following (€/000):

	1 st sem. 2006	1 st sem. 2005	Variation	%
Interest income:				
Banks	429	333	96	28.8%
Securities	256	256	-	-
Holdings	-	6	(6)	-100.0%
Affiliates	488	133	355	266.9%
Other income	<u>31</u>	<u>10</u>	<u>21</u>	<u>210.0%</u>
Income subtotal	1,204	738	466	63.1%
Interest expense:				
Short-term to banks	(121)	(70)	(51)	72.9%
Loans	(3,496)	(3,250)	(246)	7.6%
Swap spreads	-	(188)	188	-100.0%
Fees and expenses	(296)	(210)	(86)	41.0%
Other costs	<u>(54)</u>	<u>(7)</u>	<u>(47)</u>	<u>671.4%</u>
Subtotal costs	(3,967)	(3,725)	(242)	6.5%
Exchange difference	<u>(237)</u>	<u>(2,555)</u>	<u>2,318</u>	<u>-90.7%</u>
Total	<u>(3,000)</u>	<u>(5,542)</u>	<u>2,451</u>	<u>-45.9%</u>

Financial revenues increased in relation to the higher liquidity available during the semester and to the loans granted to the affiliated company *Sider Navi Spa*. Financial costs are higher due to the general increase in interest rates, considering the dynamics of long term loans. Exchange losses are significantly lower compared with the first semester of 2005, which was heavily penalized by the revaluation of loans in dollars, following the strengthening of the American currency with respect to 31.12.04.

Profit/loss from associated companies

This item represents the effects of the net equity valuation of the affiliate company *Sider Navi Spa* (inclusive of the fully controlled *Sider Navegação Lda*).

Tax on profit

This item represents the taxes for the period, which can be broken down as follows (€/000):

	1 st sem. 2006	1 st sem. 2005	Variation	%
Current	192	-	192	100.0%
Deferred	-	(18)	18	-100.0%
Prepaid	<u>115</u>	<u>595</u>	<u>(480)</u>	<u>-80.6%</u>
Total	<u>307</u>	<u>577</u>	<u>(270)</u>	<u>-46.8%</u>

Deferred taxes mainly refer to the spreading of the taxation of capital gains realized during previous years. Prepaid taxes mainly relate to accruals to taxed funds, directors' fees not paid during the period and others.

Net profit

This item represents the consolidated result for the period, gross and net of minority interests.

Segment information

Premuda Group mainly operates with either its own or chartered vessels in three business sectors:

- Oil and derivative products (tanker sector)
- Transport of bulk dry loads (bulk sector)
- Oil off-shore (FPSO) sector

The following table contains the Income Statement for the first half 2005, divided by business sector.

	<u>Tanker</u>	<u>Bulk</u>	<u>FPSO</u>	<u>Undivided</u>	<u>Total</u>
Net revenue	39,625	13,552	16,142	-	69,319
Voyage costs	(2,845)	(623)	(518)	-	(3,986)
Time charter revenues	36,780	12,929	15,624	-	65,333
Charter hire	(14,012)	(930)	-	-	(14,942)
Running costs	(7,844)	(4,306)	(9,568)	-	(21,718)
Fleet margin	14,924	7,693	6,056	-	28,673
Profit on vessel sales	-	3,344	-	-	3,344
Administrative expenses	-	-	(2,006)	(5,322)	(7,328)
Other income/(costs)	-	-	-	217	217
Depreciation	(5,130)	(3,412)	(3,475)	(109)	(12,126)
Operating profit	9,794	7,625	575	(5,214)	12,780
Financial items					(3,000)
Profit/(loss) from associated companies					230
Profit before tax					10,010
Tax on profit					(307)
Net profit					9,703
Minority interest					1,295
Group's net profit					8,408

Information by geographic area

No geographical subdivision is to be reported considering that our vessels operate in a single global market and the operation of individual units is not limited to certain areas. This remark excludes the *FPSO Four Vanguard* which operates permanently in Australia under a long-term contract.

Consolidated Cash Flow Statement

The Cash Flow Statement has been prepared following the indirect method of cash flows.

The operating activity during the period generated a liquidity of Euro 18.1 million, with no significant change in working capital.

The investment activity absorbed Euro 22.3 million of liquidity as difference between new investments (Euro 60.0 million) and the proceeds from sale of vessels (Euro 37.7 million).

The financial activities generated a liquidity of Euro 6.4 million due to the long term loan granted to the *Four Antarctica* which exceeded the repayment of other medium/long-term loans and the distribution of dividends.

annex 1:

Reconciliation between Shareholders' Equity and net profit of the holding company Premuda Spa and the Group's consolidated.

	<i>(€/000)</i>	
	<u>Net Equity</u>	<u>Net Profit</u>
Premuda Spa net equity as of June 30th, 2006	125,039	4,521
Differences arising on consolidation:		
- Net equity of subsidiary companies exceeding the book value	49,064	3,539
- Net effect of inter companies transactions	<u>(7,336)</u>	<u>348</u>
Group's net equity	166,767	8,408
Minority interests	<u>3,324</u>	<u>1,295</u>
Total Shareholders' equity	<u>170,091</u>	<u>9,703</u>

annex 2: Transactions with related parties

(Euro/000)

	30.06.2006			
	Receivables	Liabilities	Costs	Revenues
Commercial transactions with related parties				
(Syndicated shareholders.)				
Assicurazioni Generali S.p.A.	2.056	-	884	-
Navigazione Italiana S.p.A.	-	-	1.086	-
Financial transactions with related parties				
Sider Navi S.p.A.	6.188	-	-	176

The above amounts derive from the following transactions, for which ordinary fees and remunerations were applied:

- Insurance coverages from Assicurazioni Generali S.p.A.;
- Bare boat charter of two vessels from Navigazione Italiana S.p.A.;
- Granting of loans and guarantees to Sider Navi S.p.A.

Annex 3: Derivatives

Euro/000

Type	Notional amount as of 30/06/06	Fair Value	Expiring date
Zero Cost Collar	6,000	-	31/12/2007
Interest Rate Swap	6,000	3	31/12/2007
Cap	20,000	-90	16/01/2007
Interest Rate Swap	4,000	-145	31/12/2008
Interest Rate Swap	1,000	-3	31/03/2007
Cap	10,000	-22	30/06/2007
Cap	10,000	-28	30/06/2007
Interest Rate Collar	10,000	2	31/12/2007
Interest Rate Collar	10,000	-2	31/12/2007
Interest Rate Collar	10,000	-2	31/12/2007
Interest Rate Swap	15,000	- 63	07/09/2006
	102,000	- 350	

All the above transactions have been finalized in order to cover interest rate risks and are recognized at Fair Value at the end of period. Changes in their fair value, anyway, are charged to Profit and Loss due to the lack of some formal requirements to apply the hedge accounting under IAS 39.

Annex 4
Financial statements Premuda S.p.A.

**PREMUDA SPA
BALANCE SHEET**

(Euro/000)

ASSETS	30.06.2006	31.12.2005	30.06.2005
FIXED ASSETS			
Tangible fixed assets	127,449	156,841	159,534
<i>Vessels</i>	126,075	155,441	158,065
<i>Vessels under construction</i>	-	-	-
<i>Land and buildings</i>	927	954	981
<i>Other fixed assets</i>	447	446	488
Participations	59,258	57,008	57,012
<i>Subsidiary companies</i>	55,754	55,754	55,754
<i>Associated companies</i>	3,500	1,250	250
<i>Other companies</i>	4	4	1,008
Other financial assets	28,812	19,002	11,502
<i>Loans</i>	28,810	19,000	11,500
<i>Other investments</i>	2	2	2
Prepaid taxes	115	230	1,384
TOTAL FIXED ASSETS	215,634	233,081	229,432
CURRENT ASSETS			
Inventories	2,835	2,070	2,088
<i>Spares, stores and consumables</i>	1,853	1,497	1,648
<i>Voyages in progress</i>	982	573	440
Trade receivables	10,670	10,705	12,381
<i>Clients</i>	2,819	3,766	4,155
<i>Accrued income and prepayments</i>	3,013	3,432	3,041
<i>Other receivables</i>	4,838	3,507	5,185
Current financial assets	-	-	-
Cash and cash equivalents	14,228	12,831	33,614
TOTAL CURRENT ASSETS	27,733	25,606	48,083
TOTAL ASSETS	243,367	258,687	277,515

**PREMUDA SPA
BALANCE SHEET**

(Euro/000)

LIABILITIES AND SHAREHOLDERS' EQUITY	30.06.2006	31.12.2005	30.06.2005
SHAREHOLDERS' EQUITY			
Share capital	70,418	70,418	70,418
Share premium reserve	-	-	-
Legal reserve	14,084	14,084	14,084
Other reserves	16,445	16,445	16,445
Retained profit	19,571	18,547	18,267
Profit for the year	4,521	9,474	5,030
TOTAL SHAREHOLDERS' EQUITY	125,039	128,968	124,244
LONG-TERM LIABILITIES			
Bank loans	92,100	96,911	119,561
Provisions for risks and charges	450	450	1,659
Provisions for staff severance indemnity	1,585	1,555	1,488
Deferred tax liabilities	-	-	61
TOTAL LONG-TERM LIABILITIES	94,135	98,916	122,769
CURRENT LIABILITIES			
Short-term bank debts	9,305	13,204	13,471
Derivative financial instruments	350	500	650
Controlled companies	33	23	44
Suppliers	5,154	7,007	6,378
Tax liabilities	123	284	423
Accrued liabilities and deferred income	5,158	6,565	6,277
Other payables	4,070	3,220	3,259
TOTAL CURRENT LIABILITIES	24,193	30,803	30,502
TOTAL LIABILITIES	118,328	129,719	153,271
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	243,367	258,687	277,515

PREMUDA SPA INCOME STATEMENT

(Euro/000)

	<i>Jan/June 2006</i>	<i>Year 2005</i>	<i>Jan/June 2005</i>
Net revenues	41,621	87,437	43,727
Voyage costs	(3,340)	(5,452)	(3,186)
Time Charter revenues	38,281	81,985	40,541
Charter hire	(11,485)	(24,082)	(11,660)
Running costs	(9,583)	(20,175)	(10,421)
Fleet margin	17,213	37,728	18,460
Profit on vessel sales	267	-	-
Administrative expenses	(4,470)	(9,870)	(4,695)
Other income/(costs)	132	713	(34)
Depreciation	(6,230)	(12,945)	(6,258)
Operating profit	6,912	15,626	7,473
Financial items	(2,161)	(4,070)	(1,920)
Profit/(loss) from associated companies	-	-	17
Profit before tax	4,751	11,556	5,570
Tax on profit	(230)	(2,082)	(540)
Net profit	4,521	9,474	5,030
Net profit per share (euro)	0.032	0.067	0.036

**PREMUDA SPA
CASH FLOW STATEMENT**

(Euro/000)

	30.06.2006	31.12.2005	30.06.2005
A NET CASH POSITION AT YEAR BEGINNING	(373)	948	948
B CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year	4,521	9,474	5,030
Depreciation	6,230	12,945	6,258
Net change in other provisions	-	(1,209)	-
(Profit) /loss on assets disposal	(267)	(13)	-
(Profit) /impairment of associated companies	-	-	-
Net provision for employees severance accruals	30	(68)	(135)
Subtotal: Cash flow from operating activities before working capital changes	10,514	21,129	11,153
Decrease (increase) of receivables	35	1,571	(105)
Decrease (increase) of inventories	(765)	998	980
(Decrease) increase of suppliers and other current liabilities	(2,711)	838	270
Net variance in deferred taxation	115	1,682	589
Total cash flow from operating activities	7,188	26,218	12,887
C CASH FLOW FROM INVESTING ACTIVITIES			
Investments in assets:			
- tangible	(107)	(4,477)	(482)
- financial	(2,250)	(1,250)	(250)
Sale of tangible fixed assets	23,536	14	-
Sale of financial fixed assets	-	1,004	-
Total cash flow from investing activities	21,179	(4,709)	(732)
D CASH FLOW FROM FINANCING ACTIVITIES			
Loan repayments	(4,811)	(29,573)	(6,923)
Net decrease (increase) of financial fixed assets	(9,810)	14,520	22,020
Dividends	(8,451)	(8,048)	(8,048)
Other variances	1	271	(9)
Total cash flow from financing activities	(23,071)	(22,830)	7,040
E CASH FLOW OF THE PERIOD (B + C + D)	5,296	(1,321)	19,195
F NET CASH POSITION AT YEAR END (A + E)	4,923	(373)	20,143

PREMUDA SPA

STATEMENT OF VARIATION IN THE SHAREHOLDERS' EQUITY

(Euro/000)

	Share Capital	Share premium res.	Legal reserve	Other reserves	Retained profits	Profit for the year	Total
Shareholders' equity at 31.12.2004	67,065	281	3,334	16,445	26,938	13,208	127,271
Allocation of 2004 results:							
- legal reserve	-	(281)	10,750	-	(10,469)	-	-
- dividends	-	-	-	-	(8,049)	-	(8,049)
- retained profits	-	-	-	-	13,208	(13,208)	-
Bonus share issue	3,353	-	-	-	(3,353)	-	-
Various	-	-	-	-	(8)	-	(8)
Net profit 1 st half 2005	-	-	-	-	-	5,030	5,030
Shareholders' equity at 30.06.2005	70,418	-	14,084	16,445	18,267	5,030	124,244
Various	-	-	-	-	280	-	280
Net profit 2 nd half 2005	-	-	-	-	-	4,444	4,444
Shareholders' equity at 31.12.2005	70,418	-	14,084	16,445	18,547	9,474	128,968
Allocation of 2005 results:							
- legal reserve	-	-	-	-	-	-	-
- dividends	-	-	-	-	-	(8,451)	(8,451)
- retained profits	-	-	-	-	1,023	(1,023)	-
Various	-	-	-	-	1	-	1
Net profit 1 st half 2006	-	-	-	-	-	4,521	4,521
Shareholders' equity at 30.06.2006	70,418	-	14,084	16,445	19,571	4,521	125,039

