

semiannual report 2009

Premuda

Semi-Annual Report 2009

102nd financial year

Premuda

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Board of Directors

(Due for re-election at the Annual General Meeting approving the Annual Report 2010)

<i>Chairman</i>	Alcide Rosina
<i>Deputy Chairman</i>	Giacomo Costa
<i>Managing Director</i>	Stefano Rosina
<i>Directors</i>	Raffaele Agrusti Amerigo Borrini Antonio Dinia Antonio Gozzi Anna Rosina Alessandro Zapponini Stefano Zara
<i>General Managers</i>	Stefano Rosina Marco Tassara

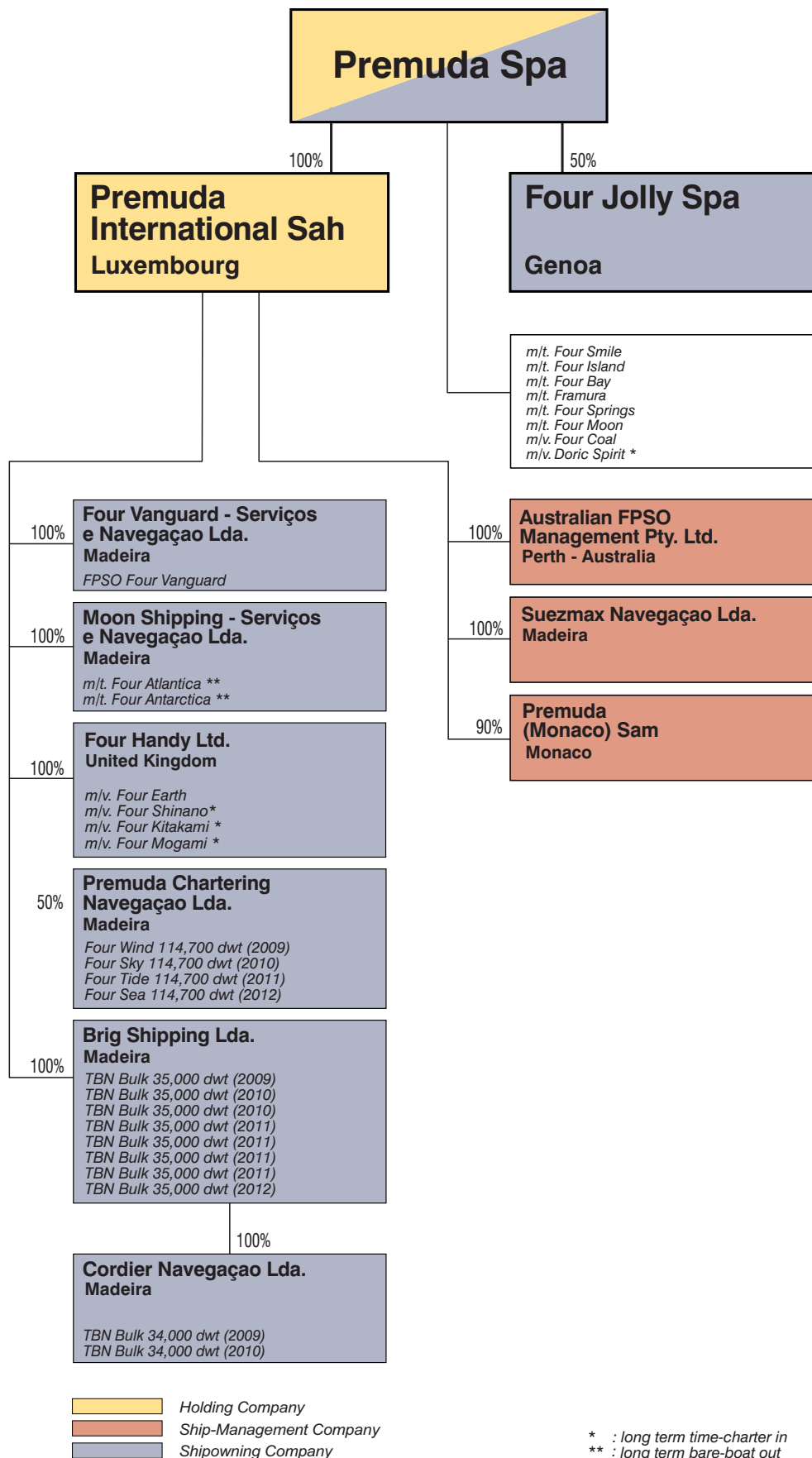
Board of Statutory Auditors

<i>Chairman</i>	Alberto Garibotto
<i>Auditors</i>	Giuseppe Alessio Verni Giorgio Carbone
<i>Alternate Auditors</i>	Edoardo Lagomarsino Luigi Barberi

Auditor

Deloitte & Touche S.p.A.

Group's Structure as at 30th June 2009



Group's Fleet as at 30th June 2009

	<i>name</i>	<i>type</i>	<i>hull design</i>	<i>year built</i>	<i>dwt</i>
tankers	1 <i>Four Smile</i>	suezmax tanker	DH	2001	159,800
	2 <i>Four Antarctica</i> *	afamax Ice Class	DH	2006	114,800
	3 <i>Four Atlantica</i> *	afamax Ice Class	DH	2006	114,900
	4 <i>Four Island</i>	afamax tanker	DH	1995	94,200
	5 <i>Four Bay</i>	afamax tanker	DH	1995	94,200
	6 <i>Framura</i>	afamax tanker	DH	1993	94,200
	7 <i>Four Moon</i>	panamax tanker	DH	1984/2002	65,100
	total owned tankers in service				737,200
FPSO	8 <i>Four Vanguard</i>	FPSO	DH	1992/2003	80,900
	total owned FPSO in service				80,900
bulk carriers	9 <i>Four Springs</i>	mini-cape bulker	DH	1992/2009	99,900
	10 <i>Four Coal</i>	panamax bulker	DB	2000	74,400
	11 <i>Four Earth</i>	panamax bulker	DB	1984	78,000
	total owned bulkers in service				252,300
	total owned Fleet in service				1,070,400
new buildings	12 <i>Four Wind (50%)</i>	afamax product	DH	2009	114,700
	13 <i>Four Sky (50%)</i>	afamax product	DH	2010	114,700
	14 <i>Four Tide (50%)</i>	afamax product	DH	2011	114,700
	15 <i>Four Sea (50%)</i>	afamax product	DH	2012	114,700
	16 <i>TBN</i>	handy bulker	DH	2009	34,000
	17 <i>TBN</i>	handy bulker	DH	2010	34,000
	18 <i>TBN</i>	handy bulker	DB	2009	35,000
	19 <i>TBN</i>	handy bulker	DB	2010	35,000
	20 <i>TBN</i>	handy bulker	DB	2010	35,000
	21 <i>TBN</i>	handy bulker	DB	2011	35,000
	22 <i>TBN</i>	handy bulker	DB	2011	35,000
	23 <i>TBN</i>	handy bulker	DB	2011	35,000
	24 <i>TBN</i>	handy bulker	DB	2011	35,000
25 <i>TBN</i>	handy bulker	DB	2012	35,000	
	total new buidings on order				806,800
chartered in	26 <i>Doric Spirit</i> **	supramax bulker	DB	2001	52,400
	27 <i>Four Shinano</i> **	supramax bulker	DB	2008	56,400
	28 <i>Four Kitakami</i> **	supramax bulker	DB	2009	55,500
	29 <i>Four Mogami</i> **	supramax bulker	DB	2009	55,500
	total tonnage chartered-in				219,800
	total Fleet as at 30th June 2009				2,097,000

* : renamed *Stena Antarctica* and *Stena Atlantica* (long term bare-boat out)

** : long term time-charter

Management Report

Dear Shareholders,

The Board of Directors of the Parent Company *Premuda S.p.A.*, for the 2009/10 term, consists of Raffaele Agrusti, Amerigo Borrini, Giacomo Costa, Antonio Dinia, Antonio Gozzi, Alcide Rosina, Anna Rosina, Stefano Rosina, Alessandro Zapponini and Stefano Zara.

Mr. Alcide Rosina is Chairman of the Board, legal representative towards third-parties, in charge of the ordinary and extraordinary management of the Company, excluding those acts reserved by law to the Board, and transactions exceeding certain amounts in value, such as: sale and purchase of ships; charter contracts longer than 36 months; acquisition and disposal of stakes in other companies; granting of medium/long-term loans to subsidiary companies; release of guarantees.

Mr. Stefano Rosina is the Managing Director, legal representative towards third-parties and in charge of running the Company's commercial activity and fleet operations, as well as co-ordinating the management of controlled companies.

Mr. Giacomo Costa is the Deputy Chairman of the Board.

The Board has appointed two Committees: the "Internal Control Committee" and the "Remuneration Committee".

The purpose of the Internal Control Committee is to review and analyse issues related to the Company's activities, with proactive consultancy functions. Its members are Giacomo Costa, Antonio Dinia and Stefano Zara.

The function of the Remuneration Committee is to advise the Board on the remuneration of the Chairman and the Managing Director and to set the remuneration criteria for the Senior Management of the Company and the Group. Its members are the Company's Chairman, Raffaele Agrusti and Antonio Gozzi.

The Chairman of the Board of Statutory Auditors attends the meetings of both Committees.

During the first six months of 2009 (1H09), the Board of Directors, including the Board of Statutory Auditors, convened four times (of which, once for a specific Agenda). According to pre-determined procedures, the Board consistently received updated information on the performance of freight markets; on the Fleet's charter cover and technical management; on Overhead & Opex costs, as well as Profit & Loss Result; on the activities and performance of subsidiary companies; on the Group's financial position; and on other operations and events of relevance.

During this 6-month period neither unusual transactions related to the ordinary management of the business nor significant transactions with related parties (or giving rise to conflict of interest), have taken place.

As in previous years, this year too the few intra-group transactions concerning the Group's operational structure were all executed with (or between) controlled or affiliated companies, and mainly consisted of management activities, vessel charters and the provision of financial support, for which market-related fees were paid.

We refer you to the Notes to the Accounts for a complete list of intra-group transactions as well as transactions with related parties.

As at 30th June 2009 *Navigazione Italiana S.p.A.* owned 60% of *Investimenti Marittimi S.p.A.*, which held a stake of 78.74% in *Premuda S.p.A.* *Navigazione Italiana S.p.A.* is, therefore, the majority shareholder of *Premuda S.p.A.*, without conducting any management or co-ordination activity as per Art.2497 of the Italian Civil Code.

**Market
Scenario**

In 1H09 all market sectors faced similar economy-related difficulties. Average freight rates were significantly lower than in the first semester 2008: Gas carriers -80%, bulkers -73%, container carriers-71%, tankers -64%. The pattern has not always been the same: tankers had a decent 1Q09 before rates collapsed in 2Q09 whereas bulkers enjoyed good rates in 2Q09 after a despondent 1Q09.

A huge orderbook is looming on all tonnage sectors and, compounded by the scarcity of new loan finance, pressure has been made over the shipyards to cancel, or at least postpone, delivery of many now-unwanted newbuildings. Encouraging results have been achieved on this route, favoured by the shelving of several projects for the opening of new, or the widening of existing, ship-building facilities, especially in Asia.

tanker market

Spot rates in the sectors where the Company is actively trading were unusually low in 2Q09, which made for significantly lower average levels in 1H09 than in 1H08. 3Q09 does not look encouraging, with average rates 50% lower than in the first half of the year! Markets are expected to remain weak for the remainder of the year.

The following table lists average time-charter earnings for tanker vessels from January 1998 to the end of June 2009.

<u>year</u>	<u>panamax</u>		<u>aframax</u>		<u>suezmax</u>	
	<u>\$/day</u>	<u>chg</u>	<u>\$/day</u>	<u>chg</u>	<u>\$/day</u>	<u>chg</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	25,523	- 18%	39,356	- 6%	53,097	- 1%
2007	23,719	- 7%	35,810	- 9%	44,825	- 16%
2008	32,531	37%	49,922	39%	76,626	71%
2009(*)	16,900	- 48%	18,631	- 63%	33,571	- 56%

(*): first six months

As at 30th June 2009 the world tanker fleet totalled 425.2 million ts dwt, a 4.5% increase on the 407.0 million ts dwt trading at the end of 2008. This increase (18.2 million ts dwt) is net of scrapping, as yet unaffected by the current market downturn: only 2.3 million ts dwt have been scrapped, broadly the same level as in 1H08.

The world orderbook at the end of the semester was 147 million ts dwt, equivalent to 34.5% of the existing fleet (one year ago it was 176.3 million ts dwt, i.e. 29.3 million ts dwt smaller).

Deliveries are normally spread over a long timespan: 35.9 million ts dwt in 2H09, 52.2 million ts dwt in FY10 and 58.9 million ts dwt in the following years.

The orderbook is huge but decreasing and close to no new orders have been booked this year. The impact of new deliveries is further slowed down by agreements between shipyards and buyers to postpone deliveries, and tonnage volume delivered in the first part of the year is significantly lagging expectations.

No doubt many ships will not be taken by buyers unable to secure loan finance though it is admittedly difficult to establish how many of these ships will nevertheless be built for the account of other buyers.

Tonnage supply will also be favourably affected by increased scrapping activity due to low freight rates and the phasing out of single-hull tankers (mandatory in 2010/2015).

dry bulk markets

At the end of June, the world panamax bulker tonnage amounted to 117.4 million ts dwt, an increase of 2.8 million ts dwt since December 2008. During the past six months 1.6 million ts dwt were scrapped and the orderbook reached 58.9 million ts dwt (50.2% of the existing fleet).

At the same date the handysize fleet (the most relevant in relation to our fleet expansion plans) was 75.2 million ts dwt (1.9 million ts dwt lower than at the end of 2008); tonnage for 3.3 million ts dwt were scrapped and the orderbook was 28.4 million ts dwt, equal to 38% of the existing fleet.

The orderbook experienced the same problems for tankers and bulkers: no fresh orders, several deliveries postponed and, in any case, fewer than expected. Increased scrapping activity; doubts lingering on the extent to which the forward orderbook will actually be delivered.

In 1Q09 charter rates were extremely poor for all types of vessels, e.g. \$/day 7,600 for panamaxes (FY08: \$/day 43,323). In 2Q09 markets went significantly higher (yet far from 2008 levels) and the resulting average for the 6-month period was \$/day 11,500.

Contrary to what happened with tanker markets, dry cargo ships enjoyed in July significantly (40%) higher rates than in 1H09.

The following table shows average timecharter earnings for panamax-type bulk-carriers from 1998 to the end of June 2009:

<u>year</u>	<u>panamax bulk</u>	
	<u>\$/day</u>	<u>chg</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	21,427	- 7%
2007	49,349	130%
2008	43,323	- 12%
2009(*)	11,500	- 74%

(*): first six months

FPSO market

The FPSO sector also suffered from the general uneasiness affecting the world economy and shipping in 2008/2009, though probably less than in other areas.

The uncontrolled fluctuations of crude oil prices in 1H09, touching a low of \$30-35/barrel before stabilizing around \$60/barrel, and substantially higher prices for spares and consumables (up to 60-70%) have been blamed for the serious difficulties faced by offshore operators.

Despite several building and conversion projects having been temporarily suspended, the FPSO fleet has grown by 9 vessels this year to 150 (April 2009 data).

Plans for the exploitation of minor or close-to-exhaustion oil-fields have been slowed down but fresh attention paid to natural gas exploitation will boost growth in this sector.

The following table shows (€/mil) Net Profit and Cash-flow for 1H09 compared with 1H08:

**Management
Update;
Profit & Loss**

	<u>1Q09</u>	<u>2Q09</u>	<u>1H09</u>	<u>1H08</u>
Consolidated Net Profit	1.8	2.2	4.0	2.4
Consolidated Net Profit (net of third-party interest)	1.8	2.2	4.0	2.4
Consolidated Cash-flow	8.2	8.4	16.6	14.6

The Result for 1H09 includes gains from vessel sales of €/mil 2.8 and in 1H08 we received a Government subsidy of €/mil 3.9 for scrapping m/v. *Four Astra*.

Net of above, 1H09 Profit would be €/mil 1.2 vs. a loss of €/mil 1.5 in 1H08, with a positive difference of €/mil 2.7.

Net of (marginal) third-party interest, Shareholders' Equity at 30th June 2009 was €/mil 201.4 (1H08: €/mil 204.3; FY08: €/mil 198.1) equivalent to €1.43/share (1H08: €1.45).

**Fleet
Changes
during 1H09**

The following changes have affected the Company's Fleet, both existing and on order:

- April: m/v. *Four Kitakami*, the second of three 56,000 ts dwt supramax units, was delivered onto our long-term hire-purchase charter;

- May: following our purchase option declaration at the price of \$/mil 50, we took delivery of the 2001-built suezmax tanker *Four Smile*. After an initial period of spot trading aimed at obtaining the necessary approvals by the Oil Majors, in July the ship was delivered under a long-term time-charter;

the 1984-built panamax bulker *Four Etoiles* was sold for scrap, with a resulting profit of €/mil 0.4.

- June: following our purchase option declaration at the price of \$/mil 32, we took delivery of the 2000-built panamax tanker *Four Schooner*. At the end of the month, we executed the sale of this vessel, for which it was necessary to grant a significant price reduction as well as delayed payment terms, for which a bank guarantee was provided by the buyer. Nonetheless, this transaction has generated a profit of approximately €/mil 2.4 booked in the period just elapsed;

m/v. *Four Mogami*, the last of three 56,000 ts dwt supramax units, was delivered onto our long-term hire-purchase charter.

We also remind you that during 1H09 the conversion of our 94,000 ts dwt aframax tanker *Four Springs* into a bulk-carrier was completed. The ship finished sea-trials in July and was then delivered under an 8-year time-charter.

The conversion works, carried out at a Cosco-controlled Shipyard in China, involved reshaping cargo areas, fitting new hatchcovers and lengthening the hull through the insertion of a pre-fabricated block, which increased the vessel's dwt upto 109,000 ts. Despite exceeding our budget estimate, mainly due to project changes required by the Classification Societies, the return on our project investment of approximately €/mil 19 is justified by the profitability of the vessel's charter. The extent of this major conversion work has also brought the benefit of an 11-year conventional age reduction, which will favourably affect hull insurance cost.

In 1H09 Vessel-Time was used as follows:

	<u>tankers</u>	<u>bulkers</u>
- trading	97%	99%
- awaiting employment	2%	- %
- technical off-hire	1%	1%

Vessel-Time data, both for tankers and bulkers, show a good performance, broadly in line with last year's corresponding period. The volatility of tanker markets in 1H09 has affected Vessel-Time Awaiting Employment. Time spent off hire by m/v. *Four Springs* during her conversion from tanker to bulker has not been included.

The following table shows the Net Consolidated Financial Position (€/000):

**Financial
position**

	<u>at 30.06.09</u>	<u>at 31.12.08</u>	<u>at 30.06.08</u>
- cash	158	180	209
- cash equivalent	23,856	12,856	19,016
Cash & cash equivalent	24,014	13,036	19,225
- short-term bank debt	(8,872)	(1,300)	(11)
- short-term portion of medium/long-term bank debt	(36,667)	(35,526)	(39,155)
- other short-term debt	(1,045)	(929)	-
Short-term borrowings	(46,584)	(37,755)	(39,166)
Net short-term financial position	(22,570)	(24,719)	(19,941)
- long-term financial investments (*)	20,042	20,042	20,042
- loans granted to subsidiary co.'s	20,486	11,846	5,708
Long-term financial credits	40,528	31,888	25,750
- long-term bank debt	(223,946)	(167,291)	(146,613)
Long-term borrowings	(223,946)	(167,291)	(146,613)
Net long-term borrowings	(183,418)	(135,403)	(120,863)
Net financial position	(205,988)	(160,122)	(140,804)

(*): this is a €/mil 20 investment in financial products issued by *Commerzbank* (principal refund guaranteed after 5 years) pledged for a €/mil 30 credit line granted by *Commerzbank* itself valid for the same period, which makes the funds immediately available. The investment can be terminated concurrent with the cancellation of the credit line.

The increase of our net debt exposure (yet on manageable levels, when related to the cash-generating capability of our high-quality fleet) is mainly attributable to our sizeable current investments in new ships.

We refer you to the Consolidated Financial Statements and the relevant Notes for a more detailed analysis of cash flow for the period.

**Controlled
and subsidiary
Companies**

The table on page 5 summarizes the Group structure as at 30th June 2009.

We can report the following:

1.0. *Premuda International S.A.H.*, registered in Luxembourg, wholly-owned.
It is the holding company for the Group's international operations.
In 1H09 it booked a loss of € 821,340 (1H08: a loss of € 427,750).

Premuda International holds controlling stakes in the following companies:

- 1.1. *Premuda (Monaco) S.A.M.*, registered in Monaco, 90%-owned.
It is the commercial manager for the Group's foreign-flagged fleet.
In 1H09 it booked a loss of € 212,508 (1H08: a loss of € 162,555).
- 1.2. *Four Vanguard Serviços e Navegação Lda*, registered in Madeira, wholly-owned.
It owns the FPSO *Four Vanguard*, deployed on Australian marine oilfields for the extraction and preliminary refining of crude oil.
In 1H09 it booked a profit of € 909,183 only after non-euro-denominated receivables were adjusted to end-of-period exchange rate (1H08: a loss of € 4,349,229).
- 1.3. *Moon Shipping Serviços e Navegação Lda*, registered in Madeira, wholly-owned.
It owns two ice-classed Aframax tankers, *Four Antarctica* and *Four Atlantica*, both employed on profitable long-term bareboat charters.
In 1H09 it booked a profit of € 718,514 after depreciation charges of € 4,630,845 (1H08: a profit of € 2,885,550).
- 1.4. *Australian FPSO Management PTY LTD*, registered in Australia, wholly-owned.
It handles the technical and operational management of the FPSO *Four Vanguard*. In 1H09 it booked a profit of € 84,682 (1H08: a profit of € 128,276).
- 1.5. *Brig Shipping Lda*, registered in Madeira, wholly-owned.
It holds an orderbook of eight handysize (35,000 ts dwt) bulkers with south Korean Shipyards, due for delivery 2009/2011, as well as shipbuilding contracts with Vietnamese Shipyards for two handysize (34,000 ts dwt) bulkers, which will be cancelled, upon request by the Shipyard, before the end of the year.
In 1H09 it booked a profit of € 438,955 (1H08: a profit of € 578,537).
 - 1.5.1 *Cordier Navegação Lda.*, registered in Madeira, wholly-owned by *Brig Shipping Lda*.
It holds shipbuilding contracts with Vietnamese Shipyards for two handysize (34,000 ts dwt) bulkers, currently estimated to be delivered in 2010. In 1H09 it booked a profit of € 64,244 (1H08: a profit of € 310,445).

- 1.6. *Suezmax Navegação Lda.*, registered in Madeira, wholly-owned. It provides administrative services to the other Madeira-based subsidiaries. In 1H09 it booked a loss of € 7,548 (1H08: a profit of € 1,414).
- 1.7. *Four Handy Ltd.*, registered in the United Kingdom, wholly-owned. Established in 1H08, it operates, under the UK Tonnage Tax scheme, the bulk-carriers *Four Earth* (owned) and *Four Shinano*, *Four Kitakami* and *Four Mogami* (chartered), of which the latter two were delivered during 1H09. This company will take over, from *Brig Shipping Lda* and *Cordier Navegação Lda*, the bulk-carriers currently under construction. In 1H09 it booked a loss of € 931,565.

The companies *Premuda (Atlantic), Inc.* (Delaware), *Premuda Bulk Navegação Lda.* (Madeira), *JEP Navegação Lda.* (Madeira) and *Panamax Navegação Lda.* (Madeira), all of which are wholly-owned by *Premuda International S.A.H.*, were substantially inactive and cumulatively broke even during the first six months of the year.

Premuda International S.A.H. also holds a 50% stake in *Premuda Chartering Navegação Lda.*, registered in Madeira. In 1H09 this company was substantially inactive, as simple holder of shipbuilding contracts for four aframax (114,700 ts dwt) product carriers due for delivery 2009/2012.

Premuda S.p.A. also holds a 50%-stake in the affiliated company *Four Jolly S.p.A.*, established in 1H09 and not yet operational as at 30th June 2009. This company will own and operate the Italian-flagged ships commissioned by *Premuda Chartering Navegação Lda.* under the Italian Tonnage Tax scheme. The first of these ships was purchased in July 2009 upon her delivery by the shipyard and is now trading.

As at 30th June 2009, *Premuda S.p.A.* and its controlled companies employed 292 people, including 215 seafarers, with an increase of 6 seafarers and 4 shore staff from the corresponding period in 2008.

**Miscellaneous
Information**

The average rate of exchange EUR/USD for the first six months of 2009 was 1.333 (1.5301 in 1H08 and 1.4686 in FY08).

It must be noted that our Fleet value as well as the vast majority of our revenues are USD-denominated whereas only some of the expenses are sustained in the same currency. A weak dollar is, therefore, generally a negative factor for our company, both in terms of Shareholders' Equity and Profit & Loss.

In consideration of the above, significant differences between end-of-period EUR/USD exchange rates may have a serious impact over the Company's Accounts: particular care is, therefore, required when making year-on-year comparisons.

We inform you that during the first semester of 2009, the Group:

- did not carry out any Research & Development activities, except a project for an innovative Multiplex optical-sensor system for the continuous hull stress monitoring called "MOSES", started in 2008;
- did not hold purchase or sell shares of holding companies;
- did not hold any own shares;
- has entered into derivative transactions for the purpose of hedging against exchange and interest rate risks.

In 1H09 the stock of the holding company *Premuda S.p.A.* regularly traded in the "Classe 1" section of *Borsa Italiana*, the Italian stock exchange. 1,645,529 shares were exchanged at the average price of € 0.943 (a high of € 1.099 in June and a low of € 0.810 in March). Prior to the Public Offer to Purchase by *Investimenti Marittimi S.p.A.*, which resulted into a significant reduction of the market float, in 1H08 19,071,424 shares had been traded at the average price of € 1.325 (a high of € 1.639 in January and a low of € 1.149 in March).

As already mentioned in the Group's Annual Report 2008, we remind you that receivables listed under Assets include insurance indemnities yet to be settled as well as credits with *ENI Australia* for a total approximate amount of €/mil 19. Liquidated damages may differ from our estimates; as to the *ENI* credit, it looks likely that arbitration proceedings will be required, the ultimate result of which could lead to only a partial recovery of said receivables

Business developments Significant events after end-of-period

The sale of the 2000-built panamax bulker *Four Coal* was agreed during 1H09. The vessel was then delivered in July, generating a profit of approximately €/mil 7, which will be booked in 2H09.

In July the first of four aframax-sized 115,000 ts dwt product tankers was delivered by *Samsung Heavy Industries* Shipyard . This Italian-flagged ship, named m/v. *Four Wind*, is owned by our 50/50 joint venture with the *Messina Group* and will operate in the highly specialized and renowned *Taurus Pool*.

In September, with a slight delay on her contractual delivery date, the first 35,000 ts dwt handysize bulker will be delivered by South Korea's *SPP* Shipyard. The ship, named m/v. *Four Aida*, will be transferred to our subsidiary *Four Handy Ltd*, which will operate her under the UK Tonnage Tax scheme.

During 2H09 we expect to execute the cancellation of 2 out of 4 bulk-carriers ordered from Vietnam's *Vinashin* Shipyard, as anticipated in our 2008 Annual Report. Installments already paid will be transferred to the two surviving ships after allowing for interest charges and with appropriate refund guarantees in place.

Taking into account all of the above, the residual expansion of the fleet will consist of:

- 9 (nine) 35,000 ts dwt bulk-carriers;
- 3 (three) 115,000 ts dwt aframax product tankers (our share 50%).

All of the above ships are due for delivery between 2010 and 2012.

Our liabilities towards the respective shipyards on account of the above orderbook amount to approximately \$/mil 400 (third-party interest: \$/mil 96). Outstanding commitments as at 30th June 2009 include monies due to Shipyards for two vessels set for delivery in 2H09 (\$/mil 61 of which \$/mil 42 already paid as of today).

Medium to long-term finance for ships due for delivery over the next twelve months has been arranged already. Insofar as the 2010 financial year is concerned, the purchase of two bulk-carriers (of which one is due for delivery by the end of the year) is yet to be financed.

The developments of financial markets and, consequently, the availability of financing institutions to grant ordinary medium to long-term loan facilities will be of great relevance to secure finance for our forward orderbook.

At the end of 1H09 FPSO *Four Vanguard* left the *Woollybutt* oil-field bound for Singapore to undergo major upgrading and class renewal works, required to ensure the vessel's operational efficiency throughout her continuing charter; the ship is expected to resume service next December and the total cost of such works (partially attributable to the Charterer) will be approximately €/mil 30. The longer-term viability of this investment (warranted by our contractual obligations) will largely depend on the offshore market conditions prevailing at the time when our FPSO, one of few fitted with a double-hull, will be again available for new projects, presumably in three/five years' time.

Taking into account the P&L Result achieved during the first six months of the year; the capital gain realized in July through the sale of m/v. *Four Coal*; and the commercial coverage already available, it is reasonable to expect that - barring unforeseen circumstances - the P&L Result for the entire 2009 financial year will be positive, albeit significantly lower than in previous years, particularly in the period 2003/2007. Our forecast does not take into account the possibility that asset impairment tests may be required by international accounting standards if the market sectors where the Company is more active should remain weak over extended periods of time.

The official version of this Report, in Italian language, as approved by the Board of Directors of *Premuda S.p.A.* during their meeting of 4th August 2009, includes the condensed Semi-Annual Financial Statements subjected to a partial audit by *Deloitte & Touche S.p.A.* (also in charge of the full audit of the 2008 Financial Statements).

The next Financial Statements will be the Quarterly Report at 30th September 2009, due for release within 15th November 2009.

4th August 2009

The Board of Directors

**Condensed Consolidated
Financial Statements
as at 30th June 2009**

Premuda Group
Condensed Consolidated Balance Sheet
as at 30th June 2009 (Euro/000)

	<u>at 30.06.2009</u>	<u>at 31.12.2008</u>	<u>at 30.06.2008</u>
ASSETS			
fixed assets			
Tangible fixed assets	376,559	345,289	340,285
of which: Vessels	271,680	260,522	265,327
of which: Vessels under construction	102,265	82,508	72,819
Participations	7,271	2,212	47
Other fixed assets	<u>40,652</u>	<u>31,966</u>	<u>25,844</u>
Total fixed assets	424,482	379,467	366,176
current assets			
Inventories, credits and other current assets	46,601	43,869	36,661
Assets to be sold: vessels	12,338	-	-
Cash and cash-equivalents	<u>24,014</u>	<u>12,797</u>	<u>18,829</u>
Total current assets	82,953	56,666	55,490
TOTAL ASSETS	<u>507,435</u>	<u>436,133</u>	<u>421,666</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
shareholders' equity			
Share capital	70,418	70,418	70,418
Reserved and retained profit	127,014	123,935	131,543
Profit for the year	<u>3,973</u>	<u>3,750</u>	<u>2,373</u>
Group shareholders' equity	201,405	198,103	204,334
minority interest			
Capital and reserve	56	70	70
Profit for the year	<u>(21)</u>	<u>(14)</u>	<u>(16)</u>
Total shareholders' equity	201,440	198,159	204,388
Long-term liabilities			
Bank loans	223,946	167,291	146,613
Provisions and other long-term liabilities	<u>1,742</u>	<u>2,359</u>	<u>1,502</u>
Total Long-term liabilities	225,688	169,650	148,115
Current liabilities			
Short-term bank debts	46,584	37,755	39,166
Other current liabilities	<u>33,723</u>	<u>30,569</u>	<u>29,997</u>
Total Current liabilities	80,307	68,324	69,163
Total liabilities	<u>305,995</u>	<u>237,974</u>	<u>217,278</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>507,435</u>	<u>436,133</u>	<u>421,666</u>

Premuda Group
Condensed Consolidated Income Statement
as at 30th June 2009 (Euro/000)

	<u>Jan/June 2009</u>	<u>year 2008</u>	<u>Jan/June 2008</u>
Net revenues	56,055	150,609	63,763
Voyage expenses	<u>(3,423)</u>	<u>(9,492)</u>	<u>(2,973)</u>
Time Charter revenues	52,632	141,117	60,790
Charter hire and running costs	<u>(26,850)</u>	<u>(82,380)</u>	<u>(32,020)</u>
Fleet margin	25,782	58,737	28,770
Profit on vessel sale	2,757	-	-
Administrative expenses and other income/costs	(9,543)	(18,520)	(8,974)
Depreciations	<u>(12,339)</u>	<u>(24,138)</u>	<u>(12,177)</u>
Operating profit	6,657	16,079	7,619
Financial items	(2,695)	(11,752)	(4,976)
Profit/(loss) from related companies	<u>60</u>	<u>(20)</u>	<u>(6)</u>
Profit before tax	4,022	4,307	2,637
Tax on profit	<u>(70)</u>	<u>(571)</u>	<u>(280)</u>
Net profit	3,952	3,736	2,357
Minority interest	<u>(21)</u>	<u>(14)</u>	<u>(16)</u>
Group's net profit	<u>3,973</u>	<u>3,750</u>	<u>2,373</u>
Net profit per share (Euro)	0.03	0.03	0.02

Note: Net Profit per Share and Diluted Net Profit per Share are the same.

Consolidated Income statement - overall (*)

	<u>Jan/June 2009</u>	<u>year 2008</u>	<u>Jan/June 2008</u>
Group's net profit	3,973	3,750	2,373
Conversion Exchange differences	27	(219)	-
Hedge accounting effect	2,119	(4,220)	2,974
Total net profit of the period	<u>6,119</u>	<u>(689)</u>	<u>5,347</u>

(): as per recent amendments at IAS 1 in force starting year 2009 - no effect on third parties interests*

Premuda Group
Condensed Consolidated Cash Flow Statement (Euro/000)

	<u>at 30.06.2009</u>	<u>at 31.12.2008</u>	<u>at 30.06.2008</u>
A) NET CASH POSITION AT YEAR BEGINNING	<u>(24,029)</u>	<u>15,385</u>	<u>15,385</u>
B) CASH FLOW FROM OPERATING ACTIVITIES	<u>16,073</u>	<u>18,738</u>	<u>6,514</u>
C) CASH FLOW FROM INVESTING ACTIVITIES	<u>(57,141)</u>	<u>(47,940)</u>	<u>(29,778)</u>
D) CASH FLOW FROM FINANCING ACTIVITIES	<u>43,572</u>	<u>(10,212)</u>	<u>(12,458)</u>
E) CASH FLOW FOR THE PERIOD (B + C + D)	<u>2,504</u>	<u>(39,414)</u>	<u>(35,722)</u>
F) NET CASH POSITION AT YEAR END (A + E)	<u>(21,525)</u>	<u>(24,029)</u>	<u>(20,337)</u>

Changes in Group's Shareholders' Equity (Condensed) (Euro/000)

	Share Capital	Reserves and retained profit	Profit for the period	Group Interest Subtotal	Minority Interest	Subtotal
Balance as at 31.12.2007	70,418	103,902	33,118	207,438	70	207,508
Allocation of the 2007 result for Parent Company	-	(5,447)	(3,004)	(8,451)	-	(8,451)
Allocation of the 2007 result for Subsidiaries	-	30,114	(30,114)	-	-	-
Hedge accounting and exchange differences effect (*)	-	2,974	-	2,974	-	2,974
Consolidated result 1 st half 2008	-	-	2,373	2,373	(16)	2,357
Balance as at 30.06.2008	70,418	131,543	2,373	204,334	54	204,388
Capital repayment/dividends	-	-	-	-	-	-
Purchase of third party interest and various	-	(195)	-	(195)	-	(195)
Hedge accounting and exchange differences effect (*)	-	(7,413)	-	(7,413)	-	(7,413)
Consolidated result 2 nd half 2008	-	-	1,377	1,377	2	1,379
Balance as at 31.12.2008	70,418	123,935	3,750	198,103	56	198,159
Allocation of the 2008 result for Parent Company	-	5,890	(8,707)	(2,817)	-	(2,817)
Allocation of the 2008 result for Subsidiaries	-	(4,957)	4,957	-	-	-
Hedge accounting and exchange differences effect (*)	-	2,146	-	2,146	-	2,146
Consolidated result 1 st half 2009	-	-	3,973	3,973	(21)	3,952
Balance as at 30.06.2009	70,418	127,014	3,973	201,405	35	201,440

(*): changes in equity not produced by transactions with shareholders and not affecting Profit and Loss.

Notes to Financial Statements

statement of IFRS-compliance accounting principles

The present Semi-Annual Report as at 30th June 2009 has been drafted in compliance with D. Lgs. 58/1998, art.154 ter; the applicable international accounting standards accepted in the European Union pursuant to Rule (CE) Nr. 1606/2002 issued by the European Parliament and the Commission of 19th July 2002, particularly with respect to IAS 34 - Interim Reports; and rules issued following D. Lgs. Nr. 38/2005, art.9.

Condensed Consolidated Accounts for 1H09 are expressed in €/000 and compared with 1H08 and FY08 data. They include Balance Sheet, Income Statement, Cash-Flow Statement, Statement of Changes in Shareholders' Equity, and Notes.

The present Semi-Annual Report as at 30th June 2009 has been drafted on the basis of accounting principle currently applicable, which are substantially unchanged from those used for the Annual Report as at 31st December 2008. The possible introduction, that at the moment we do not anticipate, of new principles or interpretations before drafting accounts for the current financial year may affect data provided for 1H09.

The Financial Statements are denominated in EUR, which is our Group's functional currency.

scope of consolidation

The Group Companies operate in the business of seaborne transportation of liquid and dry bulk cargoes by means of owned and chartered vessels, except the holding company *Premuda International S.A.H.*; *Premuda (Monaco) S.A.M.* (the commercial manager for the Group's foreign-flagged fleet); *Australian FPSO Management PTY LTD.* (which handles the technical and operational management of the FPSO *Four Vanguard*); *Suezmax Navegação Lda* (which provides administrative services to the other Madeira-based subsidiaries).

Subsidiary Companies are those companies controlled, directly or indirectly, by the Parent Company or those for which the Parent Company establishes financial and operating policies so as to benefit from their activities (de-facto control).

The companies included in the Consolidated Accounts as at 30th June 2009 are:

Premuda S.p.A.

Parent Company, registered in Trieste. Share capital: Euro 70,418,225.

Company directly controlled:

Premuda International S.A.H.

Registered in Luxembourg. Share capital: Euro 52,000,000. Stake: 99.90%.

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

Premuda (Monaco) S.A.M.

Registered in Monaco. Share capital: Euro 305,000. Stake: 90%.

Brig Shipping Lda.

Registered in Madeira. Share capital: Euro 50,005,000. Stake: 100%.

Cordier Navegação Lda.

Registered in Madeira. Share capital: Euro 5,000. Stake: 100%
(through *Brig Shipping Lda.*).

Four Vanguard - Serviços e Navegação Lda.

Registered in Madeira. Share capital: Euro 27,243,505. Stake: 100%.

Panamax Navegação Lda. ()*

Registered in Madeira. Share capital: Euro 5,000. Stake: 100%.

Suezmax Navegação Lda.

Registered in Madeira. Share capital: Euro 5,000. Stake: 100%.

Moon Shipping - Serviços e Navegação Lda.

Registered in Madeira. Share capital: Euro 16,597,027. Stake: 100%.

Premuda Bulk Navegação Lda. ()*

Registered in Madeira. Share capital: Euro 5,000. Stake: 100%.

Premuda (Atlantic) Inc. ()*

Registered in Delaware. Share capital: US\$ 1,000. Stake: 100%.

JEP Navegação Lda. ()*

Registered in Madeira. Share capital: Euro 8,505,000. Stake: 100%.

Australian FPSO Management Pty Ltd.

Registered in Australia. Share capital: AUD 100. Stake: 100%.

Four Handy Ltd.

Registered in United Kingdom. Share capital: US\$ 10,000,000. Stake: 100%.

(*): a non-trading company in 1H09.

Related companies (jointly-owned with third-parties):

Four Jolly S.p.A.

Registered in Genoa. Share capital EUR 10,000,000 (EUR 2,500,000 paid-up).
Stake: 50%

Premuda Chartering Navegação Lda.

Registered in Madeira. Share capital: Euro 5,000. Stake: 43%

The purchase of a 100%-stake of *Cordier Navegacao Lda.*, a non-trading company, holder of shipbuilding contracts for 2 handysize 34,000 ts dwt bulkers, has generated a one-off charge of €/000 5,375 per vessel on the Fleet Under Construction, being the difference between the price paid for the company and its shareholders'equity.

We refer you to the table on page 4 for further information on the Group's structure, the only change on 31st December 2008 being the establishment of *Four Jolly S.p.A.*, 50%-owned.

consolidation principles

They are unchanged from those applied for the 2008 Annual Report.

structure of financial statements

Income statement is based on "destination" (as opposed to "cost type"), deemed to be a more suitable solution.

Balance Sheet is based on separate representation of current/non-current assets and liabilities.

valuation criteria

The valuation criteria used for this Semi-Annual Report are basically unchanged from those applied in the 2008 Annual Report. We also note that:

- The Fleet is booked at purchase cost; value-increasing extraordinary charges, if any, are capitalised. The cost of ships directly ordered from shipyards includes contract price, cost of extras, cost of equipment directly ordered as well as owners' initial stores, supervision expenses, and interest charges on stage payments to the shipyard.

Fleet depreciation is based on each vessel's cost less estimated scrap value, divided by the years of residual life, thus far generally established in twenty-five years for tankers and twenty years for bulkers. Based on recent

statistics about the average age of scrapped tonnage, it has been resolved to extend the trading life of the bulk-carrier fleet currently under construction to twenty-five years. The impact of this change - marginal in the short-term - will be felt when such new ships are delivered.

Cost of scheduled drydock is depreciated over the period until next drydock (usually thirty months).

- Associates companies are those on whose financial and trading strategies the Group has a significant influence, without having a direct or joint control. Such stakes, even when jointly-controlled, is initially booked at acquisition cost and then at Net Equity, i.e. increased or reduced based on net changes occurred after the acquisition. Other investments are stated at acquisition 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 subsequent years only if the reasons for the reduced value cease to exist.
- 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, as the higher between the selling price and the value in use. The latter is determined by discounting future cash flows at current interest rates. If the recoverable value is lower than book value, the resulting impairment is charged to Income Statement. The book value is restored (with immediate effect on Income Statement) to a revised estimated value (in any case not exceeding the acquisition cost) if the cause for loss of value ceases to exist.
- Bare boat charter contracts are usually considered as operating leases, as well as Time Charter contracts. If the contractual terms of bare boat define them as financial leases, pursuant to IAS 17, the vessels are entered as lease assets. Charter hire of operating leases are charged to Profit and Loss throughout the contract life.
- The provision for staff severance indemnity accrued at 31.12.2006 is considered a Defined Benefit Plan according to IAS 19 and allocated on employees' wages and salaries in compliance with the laws and the service agreements in force. The booked value is calculated by independent consultants on an actuarial basis, applying the Projected Unit Credit Method. Actuarial profit and losses arising from this method are directly charged to Income Statement. Due to changes in the relevant Italian regulation, the provision for staff severance accrued from 1.1.2007 is considered a Defined Contribution Plan and directly charged to Income Statement, without any actuarial assumption.
- 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, considered operational leases, 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.
- 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 are charged to Profit & Loss.
- Financial items comprise: interest charged on financial debts (recognized applying the "effective interest" method), interest income, exchange differences, profit and losses on derivatives (if not registered as hedging instruments).
- The issuance of the interim Financial Statements and their related Notes requires the Management to provide estimates and assumptions which may have a certain impact on certain balance sheet items (tangible and intangible assets subject to "impairment test", provisions for risks, useful life of assets, employees' benefit, income tax, insurance claims, fair value of derivative instruments, etc.). As a consequence, actual results may differ from initial estimates. Valuations are reviewed on a periodical basis and their direct effects are immediately charged to Profit & Loss. We point out that in the present scenario of economic and financial crisis, all assumptions on future development are particularly uncertain and future results may differ significantly from estimates: this could require to rectify the relevant balance sheet items (in particular: Fleet book value, commercial receivables, insurance claims).
- The "stock options" plans are recognized pursuant to IFRS2 provisions. The current plan involves exclusively a cash compensation (and not the physical transfer of shares) and it is therefore accounted in the Balance Sheet as a liability based on the fair value of the relevant shares, and in the Income Statement as personnel cost within the administrative expenses.
- Amounts shown in these Notes are in thousands of Euro.

new accounting principles and interpretations

The following accounting principles, amendments and interpretations, reviewed after the annual improvement process carried out by IASB for the year 2008, have been in force since 1st January 2009:

- *IAS 1 updated - Presentation of Financial Statements;*
- *IFRS 8 - Operating Segments (replacing IAS 14 - Segment Reporting);*
- *IAS 23 - Borrowing Costs;*
- *amendment to IFRS 2 - Share-Based Payment - Vesting Conditions and Cancellation;*
- *improvement to IAS 16 - Property, Plant and Equipment;*
- *improvement to IAS 19 - Employee Benefits;*
- *improvement to IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance;*
- *improvement to IAS 28 - Investments in Associates;*
- *improvement to IAS 38 - Intangible Assets;*
- *amendment to IAS 32 - Financial Instruments: Presentation and amendment to IAS 1 - Presentation of Financial Statements, Financial Instruments;*
- *improvement to IAS 29 - Financial Reporting in Hyperinflationary Economies;*
- *improvement to IAS 36 - Impairment of Assets;*
- *improvement to IAS 39 - Financial Instruments: Recognition and Measurement;*
- *improvement to IAS 40 - Investment Property;*
- *IFRIC 13 - Customer Loyalty Programmes;*
- *IFRIC 15 - Agreements for the Construction of Real Estate;*
- *IFRIC 16 - Hedges of a Net Investment in a Foreign Operation.*

The adoption of the above principles, amendments and interpretations, has not had any significant impact on Group Account for 1H09.

Herebelow you can find (in chronologic order of issuance) the new accounting principles, amendments and interpretations, not yet compulsory and not adopted in advance by the Group:

On 10th January 2008 the IASB issued a revised version of *IFRS 3 - Business Combinations* and amended *IAS 27 - Consolidated and Separate Financial Statements*, ruling 1st January 2010 (not yet fully approved by the relevant E.C. authority).

On 22nd May 2008 the IASB issued a number of improvements to following principles:

- *IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations* ruling 1st January 2010;
- *IAS 16 - Property, Plant and Equipment* ruling 1st January 2010.

On 31st July 2008 the IASB issued an amendment to *IAS 39 - Financial Instruments: Recognition and Measurement* ruling (retrospectively) 1st January 2010 and not yet fully approved by the relevant E.C. authority.

On 5th March 2009 the IASB issued an amendment to *IFRS 7 - Financial Instruments: Improving Disclosures* ruling 1st January 2009 but not yet fully approved by the relevant E.C. authority.

On 12th March 2009 the IASB issued amendments to *IFRIC 9 - Reassessment of Embedded Derivatives* and to *IAS 39 - Financial Instruments: Recognition and Measurement* ruling (retrospectively) 31st December 2009 and not yet fully approved by the relevant E.C. authority.

On 16th April 2009 the IASB issued a number of improvements to following principles not yet fully approved by the relevant E.C. authority:

- *IFRS 2 - Share-based Payment* ruling 1st January 2010; anticipated adoption is allowed;
- *IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations* ruling 1st January 2010 onwards;
- *IFRS 8 - Operating Segments* ruling 1st January 2010;
- *IAS 1 - Presentation of Financial Statements* ruling 1st January 2010; anticipated adoption is allowed;
- *IAS 7 - cash Flow Statement* ruling 1st January 2010;
- *IAS 17 - Leases* ruling 1st January 2010;
- *IAS 36 - Impairment of Assets* ruling 1st January 2010 onwards;
- *IAS 38 - Intangible Assets* ruling 1st January 2010 onwards; in case of anticipated adoption of revised *IFRS 3*, also this improvement is to be immediately adopted;
- *IAS 39 - Financial Instruments: Recognition and Measurement* ruling 1st January 2010 onwards; anticipated adoption is allowed.

In June 2009, the IASB issued an amendment to *IFRS 2 - Share-Based Payment: group cash-settled share-based payment transactions* ruling 1st January 2010. As of today, this amendment is not yet fully approved by the relevant E.C. authority.

No significant effect for the Group should arise from the application of above principles, amendments and interpretations.

Finally, we wish to point out that in the 2006-2009 period, also following interpretations (not relevant for our Group) were issued:

- *IFRIC 9 - Reassessment of Embedded Derivatives* (ruling 1st January 2010 onwards);
- *IFRIC 12 - Service Concession Arrangements* (ruling 1st January 2008 and not yet fully approved by the relevant E.C. authority);
- *IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction* (ruling 1st January 2008);
- *IFRIC 17 - Distributions of Non-cash Assets to Owners* (ruling 1st January 2010 and not yet fully approved by the relevant E.C. authority);
- *IFRIC 18 - Transfers of Assets from Customers* (ruling 1st January 2010 and not yet fully approved by the relevant E.C. authority).

**Risk
management**

risk management

Credit risk

The Group is exposed to credit risk typical for the shipping industry, usually concentrated on a limited number of clients, major companies or shipping operators. This risk is significantly reduced by our standard payment terms (in advance for time charter hire and within completion of discharge for spot voyages) and by the large availability of information on clients' credit standing. Receivables are monitored at all times and, when necessary, impaired, based on historical experience and on newly available information on clients' standing.

Liquidity risk

Cash flows, financial requirements and cash resources of all Group Companies are strictly monitored by the Parent Company, in order to adequately coordinate the management of the Group's financial resources. Short and Long-term cash requirements are regularly assessed in order to ensure timely and adequate acquisition of financial resources, as well as proper employment of cash surplus.

Exchange risk

Certain assets and liabilities are exposed to risks arising from exchange rate fluctuations (mainly related to the Euro/Dollar rate). It is a Group policy to partially cover this risk by derivative hedging instruments as well as by natural hedging.

Interest rate risk

The majority of our long-term bank loans are based on floating interest rates, therefore, the Group is exposed to interest rate fluctuation risk. It is a Group policy to reduce such a risk through financial derivatives, fixing interest rates for certain periods.

Freight rates volatility risk

The Group operates in very volatile freight markets. Risks related to market rates fluctuations may be reduced by long-term time-charters or by derivative contracts (Forward Freight Agreements, FFA's).

Risks related to the Current Credit Crunch

All of the above considerations apply to normal market conditions.

The current unprecedented economic and financial crisis has significantly increased the risk of default, defined as non-performance, by our counterparties, of their contractual obligations: a risk impossible to predict, in consideration of the insolvency events, occurred over the last several months, which have affected large-scale renowned operators, universally recognized as financially sound.

Loan finance availability had virtually disappeared since the end of last year, especially for ships already under construction. Today the situation is showing signs of improvement and a few fresh transactions have been confirmed. If, however, these encouraging signals proved to be short-lived, in future it may be difficult to secure long-term loan finance for current investments.

The significant reduction of vessels' revenue-generating capability, currently affecting tankers more than bulkers, has inevitably caused a loss of asset values, particularly of those ships which do not have charter cover.

If this situation should continue over the next few years, the gradual expiration of the current charters may make necessary an impairment of asset values; this, however, is not deemed to be necessary at the moment, on the basis of market analysis conducted.

Balance Sheet

**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 fleet table also includes m/v. *Four Coal* which, in the balance sheet, is recorded as "asset to be sold: fleet" in "Current Assets".

Additions for the semester just elapsed include the purchase of m/vs. *Four Smile* and *Four Schooner* as well as the capitalization of schedule maintenance works. Reductions include the sale of m/vs. *Four Etoiles* and *Four Schooner* as well as depreciation for the period. Variations in the EUR/USD exchange rate are also shown. We note that, commencing with the start of her maintenance works, depreciation of FPSO *Four Vanguard* has been reduced prorata to the reduced contractual revenues resulting from such circumstances. The impact on the accounts for the semester is marginal.

vessels	Framura	Four Island	Four Bay	Four Moon	Four Smile	Four Schooner	Four Antarctica	Four Atlantica	Subtotal Tankers	Four Etoiles	Four Coal ⁽¹⁾	Four Springs	Four Earth	Subtotal Bulkers	FPSO Four Vanguard	Gross Total
Vessel cost	42,237	34,968	45,147	25,178	-	-	46,476	46,574	240,580	14,154	18,003	16,130	12,214	60,501	113,728	414,809
Cumulative depreciation	(25,377)	(13,328)	(24,692)	(9,139)	-	-	(4,219)	(3,482)	(80,237)	(12,548)	(5,377)	(5,421)	(3,296)	(26,642)	(60,662)	(167,541)
Balance at 31.12.2008	16,860	21,640	20,455	16,039	-	-	42,257	43,092	160,343	1,606	12,626	10,709	8,918	33,859	53,066	247,268
Drydock component	1,873	1,223	1,633	1,436	-	-	-	-	6,165	1,736	729	1,274	2,730	6,469	5,062	17,696
Cumulative depreciation	-	(978)	-	(622)	-	-	-	-	(1,600)	(1,212)	(364)	(553)	(296)	(2,425)	(417)	(4,442)
Balance at 31.12.2008	1,873	245	1,633	814	-	-	-	-	4,565	524	365	721	2,434	4,044	4,645	13,254
Net at 31.12.2008	18,733	21,885	22,088	16,853	-	-	42,257	43,092	164,908	2,130	12,991	11,430	11,352	37,903	57,711	260,522
Increases:																
- vessel	-	-	-	-	36,960	22,922	-	-	59,822	-	-	-	-	-	-	59,882
- drydock	-	-	-	-	450	-	-	-	450	-	-	-	-	-	-	450
Vessel sale / (end of depreciation):																
- Book Value	-	-	-	-	-	(22,922)	-	-	(22,922)	(1,606)	-	-	-	(1,606)	-	(24,528)
- Cumulative depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Drydock	-	-	-	-	-	-	-	-	-	(1,736)	-	-	-	(1,736)	-	(1,736)
- Cumulative depreciation	-	-	-	-	-	-	-	-	-	1,736	-	-	-	1,736	-	1,736
Depreciation:																
- Vessel	(786)	(800)	(796)	(759)	(224)	-	(807)	(811)	(4,983)	-	(471)	-	(488)	(959)	(3,075)	(9,017)
- Drydock	(387)	(245)	(516)	(287)	(38)	-	-	-	(1,473)	(524)	(182)	-	(660)	(1,366)	(278)	(3,117)
Exchange differences:																
- Vessel	-	-	-	-	-	-	-	-	-	-	-	-	(138)	(138)	-	(138)
- Drydock	-	-	-	-	-	-	-	-	-	-	-	-	(36)	(36)	-	(36)
Vessel Cost	42,237	34,968	45,147	25,178	36,960	-	46,476	46,574	277,540	12,548	18,003	16,130	12,073	58,754	113,728	450,022
Cumulative depreciation	(26,163)	(14,128)	(25,488)	(9,898)	(224)	-	(5,026)	(4,293)	(85,220)	(12,548)	(5,848)	(5,421)	(3,781)	(27,598)	(63,737)	(176,555)
Balance at 30.06.2009	16,074	20,840	19,659	15,280	36,736	-	41,450	42,281	192,320	-	12,155	10,709	8,292	31,156	49,991	273,467
Drydock	1,873	1,223	1,633	1,436	450	-	-	-	6,615	-	729	1,274	2,689	4,692	5,062	16,369
Cumulative depreciation	(387)	(1,223)	(516)	(909)	(38)	-	-	-	(3,073)	-	(546)	(553)	(951)	(2,050)	(695)	(5,818)
Balance at 30.06.2009	1,486	-	1,117	527	412	-	-	-	3,542	-	183	721	1,738	2,642	4,367	10,551
Net at 30.06.2009	17,560	20,840	20,776	15,807	37,148	-	41,450	42,281	195,862	-	12,338	11,430	10,030	33,798	54,358	284,018

(1): in Balance Sheet as "Vessel Held for Sale" under "Assets".

Vessels under construction

Advances to Shipyards and other charges paid for ships under construction/conversion (€/000):

	<u>as at 31.12.08</u>	<u>increases</u>	<u>decreases</u>	<u>as at 30.06.09</u>
- handy bulker nr. HR-PR 02	13,331	362	-	13,693
- handy bulker nr. HR-PR 04	11,168	393	-	11,561
- handy bulker nr. HR-PR 05	5,490	232	-	5,722
- handy bulker nr. HR-PR 06	5,490	170	-	5,660
- handy bulker SPP H 4002	7,361	2,591	-	9,952
- handy bulker SPP H 4007	4,930	-	-	4,930
- handy bulker SPP H 4008	4,930	-	-	4,930
- handy bulker SPP H 4013	4,857	-	-	4,857
- handy bulker SPP H 4014	4,857	-	-	4,857
- handy bulker SPP H 4017	4,857	-	-	4,857
- handy bulker SPP H 4039	5,008	-	-	5,008
- handy bulker SPP H 4047	5,008	-	-	5,008
- <i>Four Springs</i> (conversion)	5,221	13,579	-	18,800
- <i>Four Vanguard</i> (maintenance)	-	2,430	-	2,430
total	82,508	19,757		102,265

The additional amounts relate to general supervision fees, a stage payment for newbuilding SPP H 4002, and advance payments to Shipyards for the conversion of m/v. *Four Springs* and the inception of maintenance works on FPSO *Four Vanguard*.

After the building contracts for *HR-PR 02* and *HR-PR 04* are cancelled, stage payments made for these vessels shall be credited to the sister-vessels *HR-PR 05* and *HR-PR 06*.

Participations

They include our 50% stakes in the related company *Premuda Chartering Navegação Lda.* and *Four Jolly S.p.A.* (established during the semester) and stakes in other companies, of marginal value.

Other non current assets

They consist of market-related interest-bearing loans (€/000 20,486) to the associated company *Premuda Chartering Navegação Lda.* and deposits (€/000 41) with *Telecom Italia*, *Enel*, etc.

This item also includes a €Mln 20 investment in financial products issued by *Commerzbank* (with guaranteed principal refund after 5 years) kept as security for a Credit Line of Euro 30 million granted by *Commerzbank* itself for the same period.

Current assets

Inventories, receivables and other current assets

These amount to €/000 46,601 as a whole, showing an increase of €/000 2,732 on 31.12.08. The above amount comprise our credit of about €/000 10,462, partially denominated in Australian Dollars, towards *Eni Australia*, referred to hires for the period of no production of the FPSO *Four Vanguard* during 2008, regularly invoiced on the basis (supported by independent expert appointed by us) that these should be for charterer's account. Negotiations aiming to settle the matter has proven to be useless and, as a consequence, we will probably ask for an arbitration award (that could also produce a partial recovery of our claim). Anyway, we believe our arguments to be correct and a reduced recovery (always possible) cannot be quantified. We also remarks that credits with insurance underwriters on account of claim indemnities, totalling €/000 10,036 (of which €/000 1,329 already settled as at the date of the present Report) have been booked (mostly in 2008) on the basis of reasonable expectations of claims settlements (taking into account previous claims, counterparty solvency as known to us, and brokers' judgement) net of applicable deductibles. The sums that will be actually settled might differ from such estimates.

Cash and cash equivalent

Cash position at the end of the period. Variations are reported in the Cash Flow Statement.

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity

Share Capital

The share capital, fully subscribed and paid-up, 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 from the previous year.

Reserves and retained profit

These amount to €/000 127,014 (+ €/000 3,079 from 31.12.08) after a dividend payment by the Parent Company last May in the amount of €/000 2,817.

Profit for the period

It is the Group's net result after taxes, equal to €/000 3,973.

Minority interest

These are marginal stakes held by third-party minority shareholders.

The changes in Shareholders' Equity are detailed in the relevant table.

Long Term liabilities

Bank loans

Amounts due to banks are detailed as follows (in '000 Euro):

	Due			Total
	Within one year	More than one up to five years	More than five years	
medium-long/term:				
<i>BNL</i>				
m/t. <i>Framura</i>	1,514	1,892	-	3,406
<i>Zero Coupon Bond</i>	-	783	-	783
<i>Efibanca</i>				
m/ts. <i>Four Island e Four Bay</i>	4,639	13,311	-	17,950
<i>Unicredit</i>	9,975	-	-	9,975
<i>Unicredit Corporate Banking S.p.A.</i>	-	19,710	-	19,710
<i>Commerzbank</i>				
m/v. <i>Four Coal</i>	8,730	-	-	8,730
m/t. <i>Four Moon</i>	1,391	3,823	-	5,214
m/t. <i>Four Springs</i>	1,664	4,164	-	5,828
<i>MPS Capital Services</i>	-	-	6,960	6,960
<i>Banca Popolare di Novara S.p.A.</i>	-	19,352	15,515	34,867
<i>Banca Intesa - Commerzbank</i>				
<i>FPSO Four Vanguard</i>	5,000	20,000	15,000	40,000
<i>Fortis Bank</i>				
m/t. <i>Four Antarctica</i>	1,877	7,508	14,543	23,928
m/t. <i>Four Atlantica</i>	1,877	7,508	15,482	24,867
<i>Unicredit Banca d'Impresa</i>				
new buildings <i>HR-PR 02 & HR-PR 04</i>	-	5,300	-	5,300
new buildings <i>HR-PR 05 & HR-PR 06</i>	-	3,534	-	3,534
<i>Banca Carige</i>	-	20,561	6,000	26,561
<i>Commerzbank</i>	-	23,000	-	23,000
medium-long term subtotal	<u>36,667</u>	<u>150,446</u>	<u>73,500</u>	<u>260,613</u>
Overdraft and other	<u>9,917</u>	-	-	<u>9,917</u>
Total	<u>46,584</u>	<u>150,446</u>	<u>73,500</u>	<u>270,530</u>

Values due "within one year" are entered in the financial statements as "Short-term bank debt" under "Current liabilities". "Overdraft and other" include drawdowns on credit lines repayable within one year as well as the fair value of existing derivatives contracts.

In addition to the information reported in our Annual Report 2008, please note:

Banca Popolare di Novara (jointly with *Banco Popolare di Verona e Novara*)

The amount of US\$ 49.5 Mln has been drawn on the credit line (reported in our 2008 Annual Report) to finance the purchase of the suezmax tanker *Four Smile*.

The loan provided by *Commerzbank*, collateralised by a mortgage on m/v. *Four Coal*, has been reported as debt due within one year as it will be refunded in July concurrent with the sale of the vessel.

As at 30th June 2009 there were interest rate risk hedging positions, related to certain medium-long term borrowings, for the total amount of US\$ 62.80 Mln (see enclosed table).

Exchange differences generated by the conversion into euro (at the year-end exchange rate) of the US\$ denominated loans related to m/vs. *Four Antarctica*, *Four Atlantica* and *Four Smile* are directly entered in Shareholders' Equity for the efficient portion of the natural hedge granted by the charter contracts denominated in the same currency.

Provisions and other non current liabilities

This item (€/000 1,742 at 30.06.09 - €/000 2,359 at 31.12.08) represents the overall allocation for litigations, third party claims and other liabilities as well as the amounts accrued for employees severance indemnities, determined as previously stated under the Valuation Criteria.

Current liabilities

Short-term bank debts

This item refers to overdraft facilities and the short-term quota of medium/long-term loans, as stated in the description of the bank loan detail table previously shown.

Other current liabilities

Altogether these amount to €/000 33,723 (inclusive of the fair value evaluation of the "phantom stock" options and the other incentive plans for top management), showing an increase of €/000 3,154 when compared to the end of previous year.

Commitments and risks

On the 30th of June 2009, the Group's purchase commitments correspond to €/000 161,053, which relate to the outstanding instalments due to Shipyards for the new buildings bulk carrier (excluding the two contracts to be cancelled).

The Group's sale commitments on same date, amounting to €/000 19,457, refer to m/v. *Four Coal* (sold in July).

We also point out the purchase commitment of the associated company *Premuda Chartering Navegação Lda.* for €/000 170,376 (our portion €/000 85,188) relating to the outstanding instalments due to the Korean Shipyard *Samsung* for four new building Aframax product tanker (the first of which delivered in July).

It's worth notice too that the minimum commitment for chartered-in vessels (costs) amounts to about €/000 77,191 spread over the period 2009-2017 and that the minimum commitment for chartered-out vessels (income) amounts to about €/000 316,696 spread over the same period 2009-2017.

Income Statement

Income Statement

Year-on-year data are not comparable due to Fleet changes and the differing type of employment (spot, timecharter, bareboat charter).

Net revenues

Income from charter hire, freight, demurrage and ancillary services, net of brokerage fees.

	<u>1H09</u>	<u>1H08</u>	<u>change</u>	<u>%</u>
Hire and Freight	56,838	63,470	(6,632)	- 10.4
Demurrages	185	1,194	(1,009)	- 84.5
Brokerage Fees	(968)	(901)	(67)	7.4
Net revenues	<u>56,055</u>	<u>63,763</u>	<u>(7,708)</u>	<u>- 12.1</u>

Voyage expenses

Charges directly incurred for individual voyages, i.e. bunker fuel, port disbursements, canal transit tolls. Under a time- or a bareboat-charter these expenses are normally borne by the charterer.

	<u>1H09</u>	<u>1H08</u>	<u>change</u>	<u>%</u>
Bunker Fuel	2,171	2,298	(127)	- 5.5
Port Disbursements	1,177	658	519	78.9
Miscellaneous	75	17	58	341.2
Total	<u>3,423</u>	<u>2,973</u>	<u>450</u>	<u>15.1</u>

Charter hire and running cost

Hire and Freight expenses paid to third parties on account of vessel charters and expenses incurred to operate the fleet, e.g. crew, maintenance, class, insurance, lubricants, etc.

	<u>1H09</u>	<u>1H08</u>	<u>change</u>	<u>%</u>
Time charter hire	<u>14,238</u>	<u>12,105</u>	<u>2,133</u>	<u>17.6</u>
Subtotal				
charter hire	<u>14,238</u>	<u>12,105</u>	<u>2,133</u>	<u>17.6</u>
Crew	<u>7,169</u>	<u>8,436</u>	<u>(1,267)</u>	<u>15.0</u>
Maintenance	<u>1,829</u>	<u>5,210</u>	<u>(3,381)</u>	<u>- 64.9</u>
Insurance	<u>2,485</u>	<u>2,326</u>	<u>159</u>	<u>6.8</u>
Lubricants	<u>829</u>	<u>655</u>	<u>174</u>	<u>26.6</u>
Miscellaneous	<u>300</u>	<u>3,288</u>	<u>(2,988)</u>	<u>- 90.9</u>
Subtotal				
running costs	<u>12,612</u>	<u>19,915</u>	<u>(7,303)</u>	<u>- 36.7</u>
Total	<u>26,850</u>	<u>32,020</u>	<u>(5,170)</u>	<u>- 16.1</u>

Profit on vessel sales

Profits resulting from the sale of m/vs. *Four Etoiles* (€/000 358) and *Four Schooner* (€/000 2,399). No vessels were sold in 1H08.

Administrative expenses and other income/costs

Group overheads, including shore staff expenses, general expenses, Directors fees and generally all costs not directly related to the Fleet.

	<u>1H09</u>	<u>1H08</u>	<u>change</u>	<u>%</u>
Remuneration	<u>3,223</u>	<u>3,177</u>	<u>46</u>	<u>1.4</u>
Social security costs	<u>1,008</u>	<u>995</u>	<u>13</u>	<u>1.3</u>
Employee				
severance indemnity	<u>175</u>	<u>213</u>	<u>(38)</u>	<u>- 17.8</u>
Other charges	<u>431</u>	<u>423</u>	<u>8</u>	<u>1.9</u>
Subtotal				
Head office personnel	<u>4,837</u>	<u>4,808</u>	<u>29</u>	<u>- 0.6</u>
Overheads	<u>2,309</u>	<u>2,026</u>	<u>283</u>	<u>14.0</u>
Sundry company				
expenses	<u>2,390</u>	<u>2,123</u>	<u>267</u>	<u>12.6</u>
Other charges/(income)	<u>7</u>	<u>17</u>	<u>(10)</u>	<u>- 58.8</u>
Total	<u>9,543</u>	<u>8,974</u>	<u>569</u>	<u>6.3</u>

Depreciation

Depreciation rates applied and criteria used to determine the depreciation concerning the period can be found under the corresponding Balance Sheet items as well as in the “valuation criteria” section.

Financial items

These are detailed as follows (€/000):

	<u>1H09</u>	<u>1H08</u>	<u>change</u>	<u>%</u>
Interest income:				
Banks	386	596	(210)	- 35.2
Securities	301	287	14	4.9
Affiliates	382	163	219	134.4
Other income	<u>28</u>	<u>2</u>	<u>26</u>	<u>1300.0</u>
Income subtotal	<u><u>1,097</u></u>	<u><u>1,048</u></u>	<u><u>49</u></u>	<u><u>4.7</u></u>
Interest expense:				
Short-term to banks	(240)	(74)	(166)	224.3
Loans	(5,670)	(4,761)	(909)	19.1
Fees and expenses	(236)	(148)	(88)	59.5
Other charges	<u>(918)</u>	<u>(165)</u>	<u>(753)</u>	<u>456.4</u>
Charge subtotal	<u><u>(7,064)</u></u>	<u><u>(5,148)</u></u>	<u><u>(1,916)</u></u>	<u><u>37.2</u></u>
Exchange differences	<u><u>3,272</u></u>	<u><u>(876)</u></u>	<u><u>4,148</u></u>	<u><u>- 473.5</u></u>
Total	<u><u>(2,695)</u></u>	<u><u>(4,976)</u></u>	<u><u>2,281</u></u>	<u><u>- 45.8</u></u>

Financial revenues are basically unchanged when compared to first half 2008. Financial charges are increased in connection with higher indebtedness. Exchange differences are positive mainly for adjustments of non-monetary items at the year-end exchange rate.

Profit/loss from associated companies

These indicate the impact of the net equity evaluation of affiliate companies.

Tax on profit

This item accounts for taxes relating to the period. Because of the introduction of the so called “tonnage tax” for the Parent Company, any deferred taxation is practically excluded.

Net profit

This item represents the consolidated profit for the period, gross and net of minority interests. The net profit per share is equal for the two categories of issued shares. We point out that there are no shares having any potential diluting effect.

Segment information

The following table shows the Income Statement of the first half 2009, divided by business sector.

	<u>Tanker</u>	<u>Bulker</u>	<u>FPSO</u>	<u>Unallocated</u>	<u>Total</u>
Net revenues	25,082	15,543	15,271	159	56,055
Voyage expenses	<u>(2,396)</u>	<u>(918)</u>	<u>(109)</u>	-	<u>(3,423)</u>
Time Charter revenues	22,686	14,625	15,162	159	52,632
Charter outlays and running costs	<u>(9,812)</u>	<u>(11,161)</u>	<u>(5,877)</u>	-	<u>(26,850)</u>
Fleet margin	12,874	3,464	9,285	159	25,782
Profit on vessel sale	2,399	358	-	-	2,757
Administrative expenses and other income/costs	-	-	(4,156)	(5,387)	(9,543)
Depreciation	<u>(6,455)</u>	<u>(2,388)</u>	<u>(3,354)</u>	<u>(142)</u>	<u>(12,339)</u>
Operating profit	8,818	1,434	1,775	(5,370)	6,657
Financial items					(2,695)
Profit/(loss) from associated companies					60
Profit before tax					4,022
Tax on profit					<u>(70)</u>
Net profit					3,952
Minority interest					<u>(21)</u>
Group's net profit					3,973

The subdivision of the Fleet and of the Net Financial Indebtedness by business sector is also reported.

	<u>Tanker</u>	<u>Bulker^(*)</u>	<u>FPSO</u>	<u>Unallocated</u>	<u>Total</u>
Fleet	195,862	33,798	54,358	-	284,018
Net Financial Indebtedness	(110,232)	(23,392)	(40,000)	(32,364)	(205,988)

(*): *m/v. Four Coal, held for sale, is included.*

Geographical subdivision

No geographical subdivision has been detailed, taking into consideration that our vessels operate in global markets and no single ship is traded in a specific market, with the exception of the FPSO *Four Vanguard*, permanently deployed in Australia under a long-term contract.

Business developments - Significant events after end-of-period

Please refer to the Management Report.

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement

The Cash Flow Statement has been drawn up following the indirect method.

The operating activity generated a liquidity of Euro/mil 16.1, with working capital basically unchanged.

The investment activity absorbed Euro/mil 57.1 of liquidity because of the payments for new investments, net of disposal and interest income cashed meanwhile.

The financial activity generated Euro/mil 43.6 of liquidity, mainly because of new loans drawn, net of repayments, interest charges and dividend paid.

Transactions with related parties

Transactions with related parties

Directors, General Managers and Managers with strategic responsibility disclose any transaction they should perform (even through fiduciaries and/or related people according to IAS 24) with *Premuda S.p.A.* or with any other Group's Company.

Based on the information received, no transaction with related parties, atypical or unusual (as stated by *Consob*) involving any Group's Company is to be reported.

Transactions with related parties, not irrelevant, are reported in the attached table (which includes the additional information requested by *Consob* resolution nr. 15519 dd. 27th July 2006).

Annex 1:
Transactions with related parties
(Euro/000 at 30.06.2009)

	Receivables	Payables	Cost	Income
Trading with related parties				
<i>Assicurazioni Generali S.p.A:</i> (shareholder of <i>Investimenti Marittimi S.p.A.</i> , majority shareholder of <i>Premuda S.p.A.</i>)	1,605	-	824	1,329
Financing with associated parties				
<i>Premuda Chartering Navegação Lda.</i>	20,486	-	-	262
<i>Four Jolly S.p.A.</i>	-	3,750	-	-
Trading with associated parties				
<i>Premuda Chartering Navegação Lda.</i>	65	-	-	72

Above amounts arise from the following transactions, all of which are related to ordinary trading activity and executed at prevailing market rates, i.e., at the same terms that would have been applied between unrelated parties:

- entering marine insurance policies with *Assicurazioni Generali S.p.A.*;
- granting loan finance and providing services to *Premuda Chartering Navegação Lda.*;
- share capital to be paid in *Four Jolly S.p.A.*

Annex 2: Derivative Instruments (Euro/000)

<i>type</i>	<i>Face value as at 30.06.09</i>	<i>Fair value</i>	<i>Due date</i>
Interest Rate Swap	24,867	(711)	11.02.2011
Interest Rate Swap	23,928	(104)	26.05.2011
Interest Rate Swap	5,234	(18)	14.01.2013
Interest Rate Swap	8,768	(78)	11.07.2013
	62,797	(911)	

All of the above derivative transactions have been carried out hedging purposes and marked to market at the end of the semester. If the hedge is non-efficient, or in case of non-compliance with IAS 39, fair value changes are accounted for in the Income Statement.

As in past Reports, three cross-currency swap transactions covering three long-term loans, have not been included as these loans have been represented at their historical rate of exchange. The Net Result and the Shareholders' Equity would not have been affected by a separate representation of such transactions.

As far as "natural hedging" is concerned, please refer to the Notes (Bank Loan).

