

Premuda

Premuda consolidated balance sheet (€/000)

	<u>at 30.06.2004</u>	<u>at 30.06.2003</u>	<u>at 31.12.2003</u>
ASSETS	361.968	408.614	428.672
- vessels	(322.245)	(375.073)	(403.798)
- new vessels under construction	(18.464)	-	-
CURRENT ASSETS, DEFERRED CHARGES	50.048	80.141	67.503
Total Assets	412.016	488.755	496.175
SHAREHOLDERS' EQUITY	140.833	132.655	134.967
- third party interest	(12.544)	(16.731)	(17.592)
PROVISIONS FOR LIABILITIES AND CHARGES	9.261	14.199	14.628
DEBTS, DEFERRALS	261.922	341.901	346.580
Total Liabilities	412.016	488.755	496.175

Premuda consolidated profit and loss account (€/000)

	<u>Jan/June 2004</u>	<u>Jan/June 2003</u>	<u>Jan/Dec 2003</u>
VALUE OF PRODUCTION	101.830	77.829	161.437
COSTS OF PRODUCTION	80.978	66.555	148.615
- depreciation	(17.999)	(10.264)	(28.330)
NET OPERATING PROFITS	20.852	11.274	12.822
FINANCIAL INCOME AND REVENUE	1.887	(2.773)	(125)
CORRECTION OF VALUE OF FINANCIAL ACTIVITIES	120	369	1.936
EXCEPTIONAL INCOME/EXPENSES	142	(424)	451
Profit before taxation	23.001	8.446	15.084
Minority interest	4.549	1.877	3.181 *
NET RESULT OF THE GROUP	18.452	6.569	12.103 *

* net of taxation

Summary of significant accounting policies

This Financial Statement has been prepared per the same principles and criteria of the Annual Accounts, with the sole exclusion of income tax provisions.

There are no estimates and/or valuations excluding the ordinary ones.

The consolidation area and the relative criteria remain unchanged, compared to the Annual Accounts of December 31st 2003.

The Group's structure at June 30, 2004 is attached.

Euro/Dollar exchange rate

The Euro/Dollar exchange rate on June 30th 2004 was 1.2155 (1.1427 on June 30th 2003); the average of the period was 1.2274 (1,105 in the first half 2003); the average of the year 2003 was 1.131.

A strong Dollar is undoubtedly an important positive element for companies operating in our industry, both from a Balance Sheet and Profit and Loss standpoint. In fact, vessels value and freight rates are almost exclusively quoted in dollars, while generally only a part of the relevant costs are denominated in such currency.

It is important to emphasize that both the Consolidated Balance Sheet and the Profit and Loss Account can be significantly affected by the movement of the Euro/Dollar exchange rates.

Special care is then required when making comparisons. In particular first half 2004 profit includes € 5.3 mil of positive exchange differences (net gain) related to long term loans denominated in dollars; the actual gain deriving from such profits will depend on the future Euro/Dollar exchange rate.

Financial Position

The following table summarizes the net financial position, in thousands of euros:

	<u>at 30.06.2004</u>	<u>at 30.06.2003</u>	<u>at 31.12.2003</u>
- short term bank debt	965	9.000	11.474
- short term portion of medium/long term bank debt	32.092	15.663	33.170
- bonds	30.000	30.000	30.000
- medium/long term bank debt	169.691	221.344	238.381
- cash and liquid assets	(10.298)	(36.870)	(26.027)
- medium/long term financial assets	<u>(8.525)</u>	<u>(8.039)</u>	<u>(8.280)</u>
Total net financial debt	<u>213.855</u>	<u>231.098</u>	<u>278.718</u>

The net financial exposure on June 30th 2004 has been sharply reduced (- 64.9 million Euro) compared with year-end 2003. The bond expiring in November will be refinanced through a specific medium/long term loan which the Company is finalizing. In addition, the capital increase (through the offer of 22,354,992 shares to existing shareholders), which took place in the beginning of August, further strengthens the financial structure of the Group.

Financial Result

The consolidated result for the first half of 2004 has recorded a profit before tax of € 23.0 million, with an increase of 172% over the corresponding period in 2003 (the profit of the first half 2003 was €/mil 8.4). The net result of the Group amounts to € 18.5 million (€ 6.6 million in first half 2003) net of minority interest, with a 181% increase over the first half 2003.

The consolidated cash flow of the period amounts to € 41.0 million, a 119% increase over the corresponding period of 2003 (€ 18.7 million).

The Group's net consolidated equity at 30 June 2004 amounts to € 128.3 million (€ 140.8 million inclusive of minority interest) a 10.7% increase over the first half 2003.

The net equity per share is equal to 1.26 Euro (1.15 net of third parties interest).

The Fleet utilization proceeded regularly, characterised by a charter market that reached levels even higher than those – very satisfactory – recorded in the first and last quarter of 2003. Since charter rates are almost entirely in dollars, part of the benefit induced by the market has been eroded by the euro/dollar exchange rate (on average 10% lower than the first half of 2003).

The sale of the vessels *Four Clipper* and *Four Ketch* contributed to the first half of 2004, resulting in € 4 million, 2 of which is on our account.

Premuda Fleet

The attached table shows the Group's fleet, as of June 30th 2004.

In the first half of 2004, the fleet underwent the following changes:

- the sale in February of the two panamax tankers *Four Clipper* and *Four Ketch*, both 73.000 dwt, built in 2003;
- the acquisition in March of the two minibulkers *Sider Gulf* of 5.200 dwt, built in 1990, and *Sider Bay* of 5.200 dwt, built in 1991;
- the sale in April of the minibulker *Sider Stream* of 8.500 dwt, built in 1984;
- the acquisition in April of the minibulker *Sider Glory* of 10.620 dwt, built in 1978/89 .

At the end of April, the fully-owned subsidiary *Moon Shipping Serviços e Navegação Lda.*, Madeira, finalized the order of two Aframax tankers of 113.000 dwt at *Samsung Group* – Korea, with ice-strengthening and equipment for navigation in icy waters as per the ice class A1/A1.

The two units are due for delivery during the second quarter of 2006, with a total investment estimated in about 115 million dollars.

Delivery in 2006 (well in advance on the current shipyard order list) shows an appreciated, special consideration given by *Samsung* towards *Premuda*, in light of the important relations begun in 1998 and concretized with the construction of seven vessels.

The preference by *Premuda* for tonnage Aframax "ICE CLASS A1/A1" is based on valuations and expectations of important increases of exports of crude oil from the Baltic Sea and other territories in areas involving seasonal navigation in ice conditions.

Regarding the Fleet utilization, both tanker and bulk carrier, the available operating time has been allocated as follows:

- for 90.5% for commercial operations;
- for 1.0% awaiting for cargoes;
- for 8.5% for maintenance operations, inclusive of the exceptional repairs on the *Four Etoiles* (see below).

On the 27th of March, the obo *Four Etoiles*, employed as a bulk carrier, suffered from a serious fire outbreak in the engine room, promptly extinguished with on board equipment. The vessel was in the Mediterranean, about 250 miles off Gibraltar, with a cargo of coal to be delivered to Trieste. The vessel was towed to Trieste where it arrived on the 9th of April. The necessary repairs have been carried out, and the vessel returned in service on the 8th of August. The insurance coverage was fully adequate and therefore the damage, while severe, was kept at reasonable levels, even considering that the time lost (120 days) is fully on our account.

The total time lost for technical reasons, more than double than in the first half of 2003, was mainly affected by the *Four Etoiles*, by the planned maintenance on the *Four Euro* (58 days) and by the FPSO *Four Vanguard* (47 days).

Market and prospects

The following table shows the average spot charter rates recorded in the markets we operate in, with values expressed in dollars/day, time charter equivalent.

	1999	2000	2001	2002	2003	1 st half 04
Suezmax	16.398	44.486	33.865	19.765	41.633	63.179
Aframax	13.304	33.094	31.095	19.377	34.201	41.164
Panamax Tankers	12.133	28.375	26.300	16.566	28.833	29.784
Panamax Bulk	6.370	10.843	8.921	7.284	19.091	33.966

The data shows that the first half of 2004 enjoyed a very positive charter market, particularly considering the huge increase of the operating fleet in the same period; the extraordinary growth of Asian economy (mainly China) is regarded as the main factor for the exceptionally high charter rates, which reached levels not seen for decades.

The second half started with a softening of the market, with rates that – while remaining definitely satisfying - decreased, depending on ship types, between 10 and 16% from the record levels of the first half.

Although there is unpredictability in such a volatile market, which is sensitive to various economic and political factors, the charter contracts already acquired and the profit realized in the first six months, lead the management to reasonably envision a very positive year end result.

Significant events occurred after the end of the period

The capital increase of 11,2 mil/€ resolved by the shareholders meeting of May 25th, 2004 was successfully completed at the beginning of August.

In July the fully owned subsidiary *Brig Shipping Lda.* sold the m/t *Four Brig* 73.100 dwt, built 2000, for delivery to buyers within September.

In August the fully owned subsidiary *Jep Navegação Lda.* acquired a new 105.000 dwt Aframax tanker to be delivered by *Hyundai Shipyard* by mid 2005.

The above mentioned operations are in line with Premuda strategy to reduce the presence in the Panamax tanker sector (today scoring an impressive orderbook equivalent to 57% of the existing fleet) and strengthen the commitment in the Aframax sector.

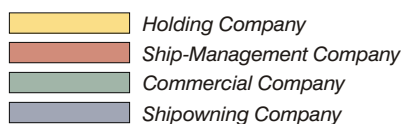
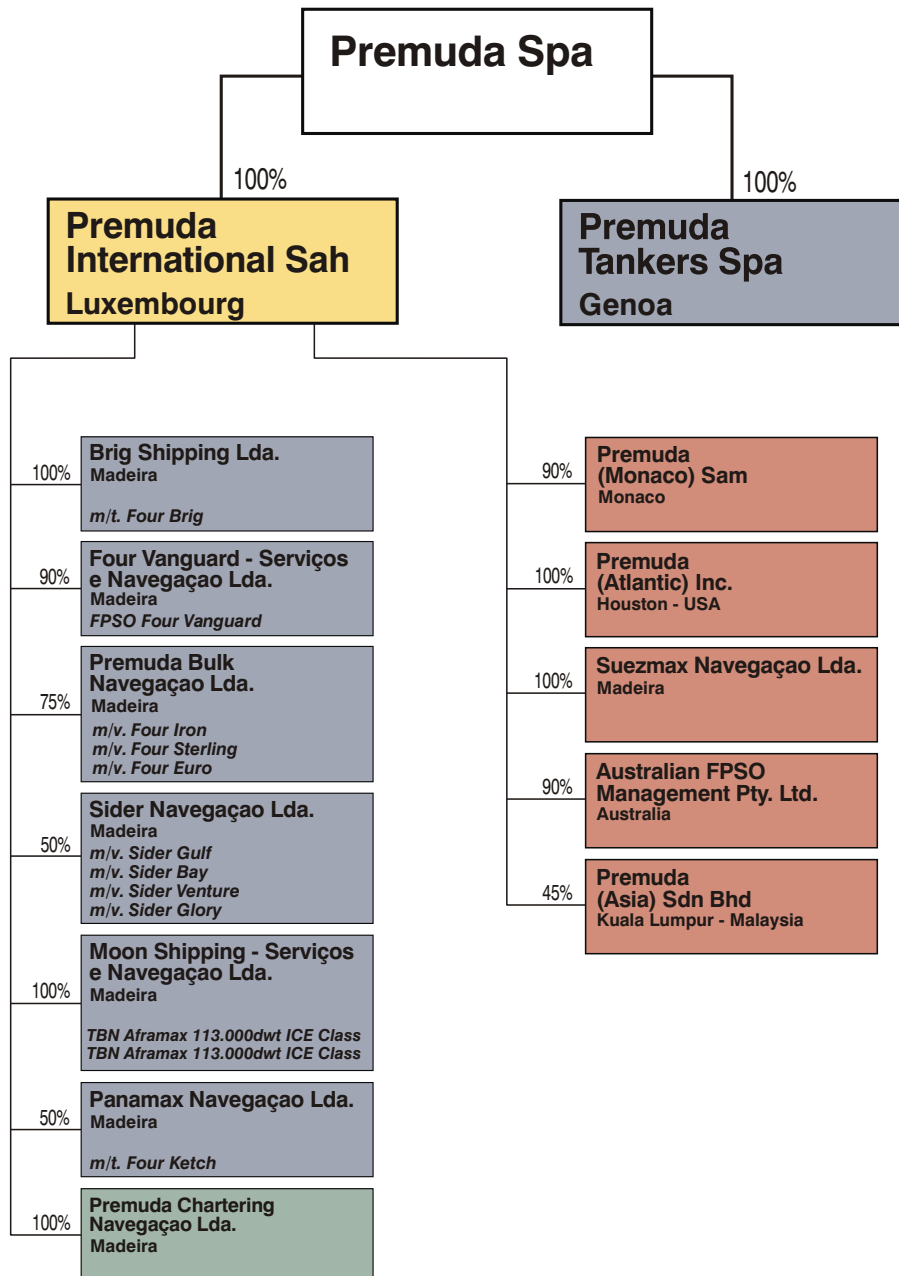
Genoa, 13th September, 2004

The Board of Directors

The present Report has been approved by the Board of Directors of Premuda S.p.A. during the meeting on the 13th of September 2004. The data shown has been subject to limited review by the Auditing Company.

The next communication on the Profit and Loss Account and on the Balance Sheet will be represented by the Third quarterly Report which will be made available within 15 November 2004.

Group's structure at June 30, 2004



The Group's Fleet at 30th June 2004

<u>name</u>	<u>type</u>	<u>hull</u>	<u>built</u>	<u>dwt</u>
1 <i>Four Island</i>	afamax tanker	DH	1995	94.000
2 <i>Four Bay</i>	afamax tanker	DH	1995	94.000
3 <i>Framura</i>	afamax tanker	DH	1993	94.000
4 <i>Four Springs</i>	afamax tanker	DH	1992	94.000
5 <i>Four Brig</i>	panamax tanker	DH	2000	73.100
6 <i>Four Moon</i>	panamax tanker	DH	1984/2002	65.100
7 <i>Four Etoiles</i>	panamax OBO	DB	1984	<u>54.500</u>
total owned tankers				<u>568.700</u>
8 <i>Four Vanguard (90%)</i>	FPSO	DH	1992/2003	<u>94.000</u>
total owned FPSO				<u>94.000</u>
9 <i>Four Coal</i>	panamax bulk	DB	2000	74.400
10 <i>Four Sterling (75%)</i>	panamax bulk	DB	1993	69.600
11 <i>Four Iron (75%)</i>	panamax bulk	DB	1987	67.400
12 <i>Four Euro (75%)</i>	panamax bulk	DB	1984	64.200
13 <i>Sider Ponza</i>	multipurpose bulk	DB	2002	10.300
14 <i>Sider Capri</i>	multipurpose bulk	DB	2002	10.300
15 <i>Sider Glory (50%)</i>	multipurpose bulk	DB	1978/89	10.600
16 <i>Sider Bay (50%)</i>	multipurpose bulk	DS	1991	5.200
17 <i>Sider Gulf (50%)</i>	multipurpose bulk	DS	1990	5.200
18 <i>Sider Venture (50%)</i>	multipurpose bulk	DB	1999	4.900
total owned bulk				<u>322.100</u>
total owned fleet				<u>984.800</u>
19 TBN	afamax ice-class	DH	2006	113.000
20 TBN	afamax ice-class	DH	2006	113.000
total under construction				<u>226.000</u>
21 <i>Four Sun*</i>	suezmax tanker	DH	2003	160.000
22 <i>Four Smile*</i>	suezmax tanker	DH	2001	160.000
23 <i>Four Schooner*</i>	panamax tanker	DH	2000	73.100
24 <i>Four Ketch *</i>	panamax tanker	DH	2003	73.100
25 <i>Four Glens**</i>	panamax tanker	DB	1981/88	51.300
26 <i>Four Lochs**</i>	panamax tanker	DB	1981/88	51.300
27 <i>Four Steel *</i>	panamax bulk	DB	1999	<u>74.400</u>
total tonnage chartered in				<u>643.200</u>
total				<u>1.854.000</u>

* : long term time-charter

** : bare-boat

Premuda Spa

I-16121 Genoa
4/28, via C.R. Ceccardi
phone +39.010.54441
fax +39.010.5531201
telex 5670315 PREMUN
url: www.premuda.net
e-mail: info@premuda.net

Premuda Tankers Spa

I-16121 Genoa
3/22, via Fieschi
phone +39.010.54441
fax +39.010.5531160
telex 5670315 PREMUN
url: www.premuda.net

Premuda (Monaco) SAM

MC-98000 Monaco
Le Métropole - 1, av. des Citronniers
phone +377.93101090
fax +377.93101091
telex 469111 PREMD
url: www.premuda.net

Premuda (Atlantic) Inc.

77056 Houston - Texas USA
2700 Post Oak Blvd.
11th floor Suite 1160
phone +1.713.6279955
fax +1.713.6279949
telex 145054 PAINC
url: www.premuda.net

Premuda (Asia) Sdn Bhd

50460 Kuala Lumpur - Malaysia
Wisma Mirama 14th floor
Jalan Wisma Putra
phone +60.3.21444444
fax +60.3.21444244
telex 31379 PREMUD
url: www.premuda.net