

**SWISSCO INTERNATIONAL LIMITED**  
**(COMPANY REGISTRATION NO: 200401051D)**

**Half Year Financial Statement Announcement for the Period Ended 30 June 2006**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>30.06.06</b>	<b>30.06.05</b>	<b>Variance</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%age +/-</b>
Turnover	10,491	7,193	+45.9%
Cost of sales	(6,323)	(4,992)	+26.7%
Gross profit	4,168	2,201	+89.4%
Other operating income	162	5,224	-96.9%
Administrative expenses	(1,817)	(1,484)	+22.4%
Other operating expenses	(162)	(211)	-23.2%
Profit from operation	2,351	5,730	-59.0%
Financial expenses	(148)	(83)	+78.3%
Share of results of associated companies	604	867	-30.3%
Profit before tax	2,807	6,514	-56.9%
Taxation	(100)	(90)	+11.1%
Profit after tax	2,707	6,424	-57.9%

<b>Notes to income statement :</b>	<b>30.06.06</b>	<b>30.06.05</b>
	<b>S\$'000</b>	<b>S\$'000</b>
The profit after tax is determined after charging/(crediting) the following:		
Depreciation	728	598
Impairment charge for trade receivables	14	211
Interest Expense	148	83
Interest Income	(50)	(2)
Exchange (gain)/loss	148	(55)
Gain on disposal of property, plant and equipment	(33)	(5,154)
Amortisation of deferred gain	(9)	(13)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group	The Group	The Company	The Company
	30.06.06	31.12.05	30.06.06	31.12.05
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Fixed assets</b>				
Property, plant & equipment	40,863	30,303	0	0
Investment in subsidiaries	0	0	7,736	7,686
Investment in associated companies	6,668	6,064	3,451	3,451
Club membership, at fair value	4	4	0	0
	<b>47,535</b>	<b>36,371</b>	<b>11,187</b>	<b>11,137</b>
<b>Current assets</b>				
Inventories	46	64	0	0
Trade debtors	4,443	3,380	0	0
Other debtors, deposits and prepayments	844	1,045	48	467
Due from subsidiaries (non-trade)	0	0	17,298	7,364
Due from associated companies (trade)	2,873	1,404	0	0
Fixed deposits	3,181	3,356	0	0
Cash and bank balances	1,244	850	322	19
	<b>12,631</b>	<b>10,099</b>	<b>17,668</b>	<b>7,850</b>
<b>Current liabilities</b>				
Trade payables	3,771	5,039	0	0
Other payables and accruals	3,323	2,900	1,470	1,697
Due to associated companies (trade)	243	18	0	0
Provision for tax	538	676	0	0
Bank overdraft	455	0	0	0
Bank term loans, current portion	3,476	3,581	0	0
Lease obligation, current portion	184	172	0	0
	<b>11,990</b>	<b>12,386</b>	<b>1,470</b>	<b>1,697</b>
	<b>641</b>	<b>(2,287)</b>	<b>16,198</b>	<b>6,153</b>
<b>Non-current liabilities</b>				
Bank term loans, non-current portion	2,545	1,316	0	0
Lease obligation, non-current portion	258	310	0	0
Deferred tax	101	101	0	0
Deferred gain	443	454	0	0
	<b>3,347</b>	<b>2,181</b>	<b>0</b>	<b>0</b>
	<b>44,829</b>	<b>31,903</b>	<b>27,385</b>	<b>17,290</b>

	The Group	The Group	The Company	The Company
	30.06.06	31.12.05	30.06.06	31.12.05
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Share capital and reserves</b>				
Share capital	25,786	15,651	25,786	15,651
Other reserves	44	(40)	114	30
Retained earnings	18,999	16,292	1,485	1,609
	<b>44,829</b>	<b>31,903</b>	<b>27,385</b>	<b>17,290</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

**30.06.06**

**31.12.05**

Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,100	2,560	553	3,200

**Amount repayable after one year**

**30.06.06**

**31.12.05**

Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,803	0	1,626	0

The Group's borrowings comprise :

**(a) Bank Overdraft**

The bank overdraft and facilities are secured by the mortgage of the Group's leasehold buildings and corporate guarantee from the Holding Company.

**(b) Bank Term Loans**

One (1) term loan with a balance of S\$528,074 as at balance sheet date (FY05 : S\$577,868) on a tenure of 10 years was secured by Group's leasehold buildings and corporate guarantee from the Holding Company.

**(c) Vessel Loans**

Two (2) vessel loans with a balance of S\$2,932,530 as at balance sheet date (FY05 : One (1) vessel loan with a balance of S\$1,119,187) on a tenure of 4 years were secured by Group's vessels.

**(d) Finance Lease**

The finance lease obligations are secured over the fixed assets of the Group with net book values amounting to approximately S\$654,370 (FY05 : S\$732,616)

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	30.06.06	30.06.05
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,807	6,514
Adjustments for :		
Share of results of associated companies	(604)	(867)
Gain on disposal of property, plant and equipment	(33)	(5,154)
Depreciation of property, plant and equipment	728	598
Amortisation of deferred income	(9)	(13)
Interest expense	148	83
Employee share option benefit	84	30
<b>Operating profit before working capital changes</b>	<b>3,121</b>	<b>1,191</b>
<b>Changes in operating assets and liabilities</b>		
Inventories	17	(42)
Trade and other receivables	(2,532)	(2,070)
Other current assets	201	(648)
Trade and other payables	(620)	1,282
<b>Cash generated from/(used in) operations</b>	<b>187</b>	<b>(287)</b>
Income tax paid	(238)	(79)
<b>Net cash outflow from operating activities</b>	<b>(51)</b>	<b>(366)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(11,295)	(11,995)
Proceeds from sale of property, plant and equipment	41	11,900
<b>Net cash outflow from investing activities</b>	<b>(11,254)</b>	<b>(95)</b>
<b>Cash flows from financing activities</b>		
Issue of share capital	10,467	0
Share issue expenses	(332)	0
Proceeds from borrowings	6,806	0
Repayment of borrowings	(5,724)	(290)
Interest paid	(148)	(83)
<b>Net cash inflow (outflow) from financing activities</b>	<b>11,069</b>	<b>(373)</b>
Net decrease in cash and cash equivalent held	(236)	(834)
Cash and cash equivalent at the beginning of the financial period	4,206	3,733
<b>Cash and cash equivalent at the end of the financial period</b>	<b>3,970</b>	<b>2,899</b>

(A) Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following :

	30.06.06	30.06.05
	S\$'000	S\$'000
Bank overdraft	(455)	(821)
Fixed Deposit	3,181	0
Cash and bank balances	1,244	3,720
	3,970	2,899

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Group

As at 30.06.06 (S\$'000)	Share capital	Share premium	Other reserves	Retained earnings	Total
Balance as 01.01.06	11,735	3,916	(40)	16,292	31,903
Effect of Companies (Amendment) Act 2005	3,916	(3,916)	-	-	0
Total recognized gain for the financial period	-	-	-	2,707	2,707
Issue of shares	10,135	-	-	-	10,135
Employee share option -value of employee service	-	-	84	-	84
Balance as 30.06.06	25,786	0	44	18,999	44,829
As at 30.06.05 (S\$'000)	Share Capital	Share premium	Other reserves	Retained earnings	Total
Balance as at 01.01.05	11,735	3,916	-	3,812	19,463
Total recognized gain for the financial period	-	-	-	6,424	6,424
Employee share option -value of employee service	-	-	30	-	30
Currency translation difference	-	-	(50)	-	(50)
Balance @ 30.06.05	11,735	3,916	(20)	10,236	25,867

The Company

As at 30.06.06 (S\$'000)	Share capital	Share premium	Other reserves	Retained earnings	Total
Balance as at 01.01.06	11,735	3,916	30	1,609	17,290
Effect of Companies (Amendment) Act 2005	3,916	(3,916)	-	-	0
Recognised loss for the financial period	-	-	-	(124)	(124)
Issue of shares	10,135	-	-	-	10,135
Employee share option-value of employee service	-	-	84	-	84
Balance as at 30.06.06	25,786	0	114	1,485	27,385
As at 30.06.05 (S\$'000)	Share Capital	Share premium	Other reserves	Retained earnings	Total
Balance as at 01.01.05	11,735	3,916	-	(922)	14,729
Recognised loss for the financial period	-	-	-	(338)	(338)
Employee share option-value of employee service	-	-	30	-	30
Balance as at 30.06.05	11,735	3,916	30	(1,260)	14,421

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Under the Companies (Amendment) Act that came into effect on 30 January 2006, any amount standing to the credit of the Company's share premium account shall become part of the Company's share capital.

In April 2006, the Company has issued 29,000,000 ordinary shares through a private placement exercise, and raise a net capital amount of S\$9.963m. The share capital has been increased from 146,692,925 issued and paid up ordinary shares to 175,692,925 issued and paid up ordinary shares.

In May 2006, the Company issued 685,000 ordinary shares arising from the exercise of share options, for S\$171,760. The share capital has been increased from 175,692,925 issued and paid up shares to 176,377,925 issued and paid up shares accordingly.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Yes. Please refer to paragraph 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

In 2006, the Group adopted the new and revised FRS and Interpretations to FRS ("INT FRS") that are applicable in the current period. The 2005 financial statements have been amended as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The following are the FRS and INT FRS that are relevant to the Group :

FRS 19 (Amendment)	Employee Benefits
INT FRS 104	Determining whether an Arrangement contains a Lease

The adoption of the above FRS and INT FRS did not result in any substantial changes to the Group's accounting policies.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	30.06.06	30.06.05
Based on weighted average number of ordinary shares in issue (in cts)	1.68	4.38
Based on fully diluted number of ordinary shares in issue (in cts)	1.68	NA

The calculation of basic earnings per share for the financial period ended 30 June 2006 is based on the weighted average number of 161,421,258 issued and fully paid ordinary shares. The calculation of basic

earnings per share for the financial period ended 30 June 2005 is based on 146,692,925 issued and fully paid ordinary shares.

The calculation of fully diluted earnings per share for the financial period ended 30 June 2006 is based on adjusted weighted average number of ordinary shares in the Company of 161,346,021 shares. As at 30 June 2005, the Company did not issue any equity instrument that has a dilutive effect on earnings per share.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	<b>The Group</b>	<b>The Group</b>	<b>The Company</b>	<b>The Company</b>
	<b>30.06.06</b>	<b>31.12.05</b>	<b>30.06.06</b>	<b>31.12.05</b>
Net asset value per ordinary share based on existing share capital as at the end of the period (cts)	30.56	21.75	18.67	11.79
Number of shares used in computing net asset value per ordinary share	146,692,925	146,692,925	146,692,925	146,692,925

The net asset value per ordinary share of the Group and the Company as at 30 June 2006 and 31 December 2005 were calculated based on 146,692,925 issued and fully paid ordinary shares.

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Group Income Statement**

In the first half of FY06 (1H06), our Group registered a turnover of S\$10.5m (1H05 : S\$7.2m) and a profit of S\$2.7m (1H05 : S\$6.4m). Profit for 1H05 included a gain of S\$5.2m from vessel disposal but no gain was recorded for vessel disposal in 1H06. The higher turnover came from the increase in the offshore vessel chartering business and ship repair services. Our gross profit increased to S\$4.2m in the 1H06 from S\$2.2m in 1H05. Total operating expenses rose by approximately 17% to S\$2.0m (1H05 : S\$1.7m) due to higher sales. Finance cost rose 78% to S\$148K (1H05: S\$83K) because of increased bank borrowings.

The Group achieved better turnover in 1H06 compared with 1H05 with better contribution from our various business segments; namely marine logistic chartering business, ship repair and maintenance services.



Marine logistics support services to the maritime and oil and gas industries saw an increase in demand and turnover of S\$8.4m (1H06) compared with S\$5.7m (1H05). Profit before tax from operations jumped significantly to S\$2.3m (1H06) from S\$785K (1H05).

Our ship repair and maintenance business chalked up an increase in turnover to S\$2.1m in 1H06 from S\$1.5m in 1H05. This is attributed to the continued buoyant marine industry, which has driven demand for ship repair and maintenance. The profit before tax increased to S\$655K (1H06) compared with S\$278K (1H05).

The restructuring of our associated companies in 2H05 has resulted in our Group's shareholding in these companies to be reduced from 27% to current 22%. Contributions from associated companies, which offer offshore engineering and shipping services, remained significant at S\$604K in 1H06 compared with S\$867K in 1H05.

### Balance Sheet

Fixed assets have increased substantially due to progressive payments which the Group has made towards the new-buildings which are expected for delivery in the second half of FY06.

Increase in the carrying value of investment in associated companies is due to their contributions during the period.

Similarly, the higher sales recorded have resulted in higher amount owing from trade debtors and associated companies.

Bank borrowings have increased as the Group has drawn down new loans to make progressive payments for new-buildings and to lower trade and other payables.

**9. If there is a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The current tension in oil producing countries has sparked uncertainties in the energy supply and has precipitated surging oil prices. Coupled with the strong consumption for energy, namely oil and gas, by industrialized economies and the year-end wintery conditions, our Group expects the industry to remain buoyant for the rest of FY06. This will translate into a continued demand for the Group's offshore vessels and related services.

Our Group expects to take delivery of 7 new offshore vessels for the remainder of the year. They are expected to contribute progressively to our earnings as and when they join the fleet. Demand for used tonnage is still high and we will continue to capitalize on disposal opportunities to maximize earnings and returns as and when they become available.

The directors expect our Group to remain profitable for 2H06.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**12. If no dividend has been declared/recommendeded, a statement to that effect**

No dividend has been declared or recommende

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not Applicable

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not Applicable

**15. A breakdown of sales**

Not Applicable

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable

**17. Interested Persons Transactions**

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000)
Swissco Structural Mechanical Pte Ltd	Rental expense of S\$216,000 paid for the use of the premises at No 9 Pandan Road Singapore 609257

The Company has no shareholder mandate pursuant to Rule 720 of the Listing Manual.

**BY ORDER OF THE BOARD**

**Tan Ching Chek**  
Company Secretary

**10 August 2006**