



d'Amico International Shipping S.A.
2012 ANNUAL REPORT



d'Amico



2012 Annual Report

Consolidated and Statutory Financial Statements
Year Ended 31 December 2012

d'Amico International Shipping S.A.

Registered office at 25C Boulevard Royal, Luxembourg
Share capital US\$ 35,987,977.40 as at 31 December 2012

This document is available on
www.damicointernationalshipping.com



d'Amico
INTERNATIONAL SHIPPING S.A.



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Letter to Shareholders

Dear Shareholders,

2012 has unfortunately been, at international level, a difficult year in which we experienced a continuous recessionary situation leading both to continuous decrease in consumption and to geopolitical instability.

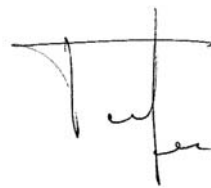
Within this context our Company, thanks to the astute trade and financial policies set up already in the previous years, was able to maintain and even improve its market position. As a matter of fact, in a year where most of the market players have been striving for survival, d'Amico International Shipping has been ploughing ahead, improving its industrial, operational and organisational strategies in order to be prepared to face 2013 with its glimpses of a consumption recovery.

During 2012 we strengthened our financial structure through the successful completion of a major capital increase that, among other positive things, stimulated the interest of investors and bankers to the point that the latter, in a credit-crunch context, have supported our broad investment plan at very competitive conditions. The support of these two groups, coupled with a large, young and highly technological fleet, will allow us to better tackle the market growth that we started experiencing in the first months of 2013.

Continuing to follow our long-term balanced growth model, we started the year by covering a part of our fleet open days with long time-charter contracts, finalizing a five-year coverage for two ships with an oil major. This kind of activity confirms the good reputation our Group enjoys among the major companies operating in the products trade.

I am proud to see today our group stronger, better organized and with large financial resources ready to compete in the improving conditions of 2013 basing itself on the values that are the base of our history and that made and will continue to make a difference and to set us apart from our competitors.

Last but not the least I would like to thank all of our shareholders because it is your trust and support coupled with the loyalty, hardworking ethics and commitment of all our staff that allows us to make a difference and motivates us to try to be the best.

A handwritten signature in black ink, appearing to read 'Paolo d'Amico', written in a cursive style.

Paolo d'Amico | Chairman of the Board of Directors

Board of Directors and Auditors

Board of Directors

Chairman

Paolo d'Amico¹

Chief Executive Officer

Marco Fiori¹

Directors

Cesare d'Amico¹

Massimo Castrogiovanni²

Stas Andrzej Jozwiak³

Giovanni Battista Nunziante

Heinz Peter Barandun²

John Joseph Danilovich²

Independent Auditors

Moore Stephens Audit S.à.r.l.

¹ Member of the Executive Committee

² Independent Director

³ Lead Independent Director

Key Figures

Financials

US\$ Thousand	2012 (*)	2011(*)
Time charter equivalent (TCE) earnings	183,421	187,005
EBITDA	20,214	31,002
<i>as % of margin on TCE</i>	11.02%	16.58%
EBIT	(103,140)	(6,048)
<i>as % of margin on TCE</i>	(56.23)%	(3.23)%
Net profit / (loss)	(105,994)	(21,013)
<i>as % of margin on TCE</i>	(57.79)%	(11.24)%
Earnings / (loss) per share (US\$)	(0.295)	(0.140)
Operating cash flow	2,372	28,992
Gross capital expenditure (CapEx)	85,066	64,700
Total assets	676,895	670,237
Net financial indebtedness (**)	220,706	239,565
Shareholders' equity	294,208	315,481

(*) Figures are shown gross of the result on disposal of vessels of US\$ 1.5 million in 2012 and US\$3.3 million in 2011 and of the fleet impairment of US\$ 85.0 million in 2012

(**) Net indebtedness is defined on page 23

Other Operating Measures

	2012	2011
Daily operating measures - TCE earnings per employment day (US\$) ¹	13,205	14,265
Fleet development - Total vessel equivalent	39.2	37.3
- Owned	21.0	19.1
- Chartered	18.2	17.4
- Chartered through pools	-	0.8
Off-hire days / available vessel days ² (%)	3.0%	2.0%
Fixed rate contract / available vessel days ³ (coverage %)	36.3%	48.1%

¹ This figure represents time charter ("TC") equivalent earnings for vessels employed on the spot market and time charter contracts net of commissions. Calculations exclude vessels chartered through the pools.

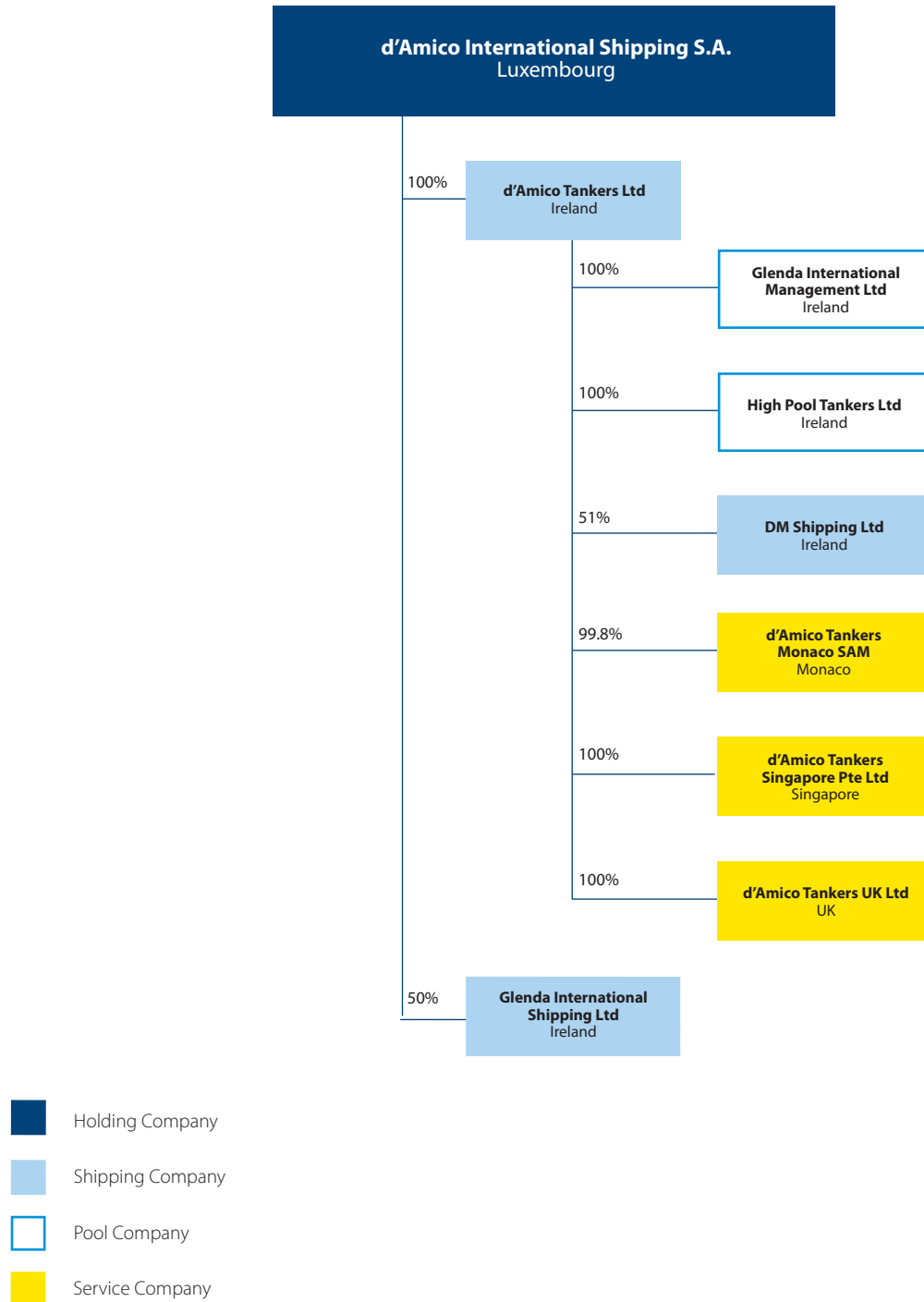
² This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

³ Fixed rate contract days/available vessel days (coverage ratio): this figure represents how many vessel days were employed on time charter contracts, inclusive of off-hire days.

Consolidated Management Report

Group Structure

Set out below is d'Amico International Shipping Group's structure:



d'Amico Tankers Singapore Pte.Ltd. under liquidation

d'Amico International Shipping Group

d'Amico International Shipping S.A. (DIS, the Group or d'Amico International Shipping) is an international marine transportation company, part of the d'Amico Group that traces its origins to 1936. d'Amico International Shipping operates, mainly through its fully owned subsidiary d'Amico Tankers Limited (Ireland), a fleet with an average age of approximately 6.3 years, compared to an average in the product tankers industry of 9.5 years (source: Clarkson). All DIS vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to major oil companies and trading houses. All the vessels are

compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), with the requirements of oil-majors and energy-related companies and other relevant international standards. Based on MARPOL/IMO rules, cargoes such as palm oil, vegetable oil and other chemicals can only be transported by vessels that meet certain requirements (IMO Classed). As at December 31 2012, 66.7% of the DIS fleet was IMO Classed, allowing the Group to transport a large range of products.



Fleet

The following tables set forth information about the DIS fleet as at December 31 2012, which consists of **39 vessels**:

MR fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
OWNED				
High Tide	51,768	2012	Hyundai Mipo, South Korea	IMO II/III
High Seas	51,678	2012	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melissa ¹	47,203	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Meryl ¹	47,251	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melody ¹	47,238	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melanie ¹	47,162	2010	Hyundai Mipo, South Korea	IMO II/III
GLEND A Meredith ¹	46,147	2010	Hyundai Mipo, South Korea	IMO II/III
High Strength ²	46,800	2009	Nakai Zosen, Japan	-
GLEND A Megan ¹	47,147	2009	Hyundai Mipo, South Korea	IMO II/III
High Efficiency ²	46,547	2009	Nakai Zosen, Japan	-
High Venture	51,087	2006	STX, South Korea	IMO II/III
High Prosperity	48,711	2006	Imabari, Japan	-
High Presence	48,700	2005	Imabari, Japan	-
High Priority	46,847	2005	Nakai Zosen, Japan	-
High Progress	51,303	2005	STX, South Korea	IMO II/III
High Performance	51,303	2005	STX, South Korea	IMO II/III
High Valor	46,975	2005	STX, South Korea	IMO II/III
High Courage	46,975	2005	STX, South Korea	IMO II/III
High Endurance	46,992	2004	STX, South Korea	IMO II/III
High Endeavour	46,992	2004	STX, South Korea	IMO II/III
High Challenge	46,475	1999	STX, South Korea	IMO II/III
High Spirit	46,473	1999	STX, South Korea	IMO II/III
TIME CHARTERED WITH PURCHASE OPTION				
High Enterprise	45,800	2009	Shin Kurushima, Japan	-
High Pearl	48,023	2009	Imabari, Japan	-
TIME CHARTERED WITHOUT PURCHASE OPTION				
High Force	53,603	2009	Shin Kurushima, Japan	-
Eastern Force	48,056	2009	Imabari, Japan	-
High Saturn	51,149	2008	STX, South Korea	IMO II/III
High Mars	51,149	2008	STX, South Korea	IMO II/III
High Mercury	51,149	2008	STX, South Korea	IMO II/III
High Jupiter	51,149	2008	STX, South Korea	IMO II/III
Torm Hellerup ³	45,990	2008	Shin Kurushima, Japan	-
Freja Hafnia	53,700	2006	Shin Kurushima, Japan	-
High Glow	46,846	2006	Nakai Zosen, Japan	-
High Energy	46,874	2004	Nakai Zosen, Japan	-
High Power	46,874	2004	Nakai Zosen, Japan	-
High Nefeli	45,976	2003	STX, South Korea	IMO II/III

¹ Vessels owned by GLEND A International Shipping, in which DIS has a 50% interest

² Vessels owned by DM Shipping (in which DIS has a 51% interest) and time chartered to d'Amico Tankers Limited

³ In February 2013 the vessel changed owners and her new name is "Hallinden"

Handysize fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
OWNED				
Cielo di Salerno	36,032	2002	STX, South Korea	IMO II/III
Cielo di Parigi	36,032	2001	STX, South Korea	IMO II/III
Cielo di Londra	35,985	2001	STX, South Korea	IMO II/III
TIME CHARTERED WITH PURCHASE OPTION				
Malbec	38,499	2008	Guangzhou, China	IMO II/III
Marvel	38,435	2008	Guangzhou, China	IMO II/III
TIME CHARTERED WITHOUT PURCHASE OPTION				
Cielo di Guangzhou ⁴	38,877	2006	Guangzhou, China	IMO II

Fleet Employment and Partnership

	DIS' No. of Vessels	Total Pool Vessels
Direct employment	24.0	-
High Pool (MR vessels)	9.0	12.0
GLENDIA Int. Mgmt. (MR vessels)	6.0	9.0
TOTAL	39.0	21.0

As at December 31 2012, d'Amico International Shipping directly employed 24 Vessels: 10 MRs ('Medium Range') on fixed term contract, whilst 8 MRs and 6 Handy-size vessels are currently employed on the spot market. The Group still employs a significant portion of its controlled vessels through partnership arrangements, even if lower compared to the previous periods:

High Pool Tankers Limited – a Pool with JX Shipping Co. Limited, Japan (originated from the merger between Nissho Shipping Co. Limited and Yuyo Steamship Co. Limited) and Mitsubishi Corporation. It operated 12 MR product tankers as at December 31 2012. d'Amico International Shipping, through d'Amico Tankers Limited, is exclusively responsible for the Pool's commercial management, in particular chartering, vessel operations and administration.

GLENDIA International Management Limited – a Pool with ST Shipping (Glencore Group) to trade vessels under a single brand name, 'GLENDIA'. GLENDIA International Management Limited operated 9 MR product tankers at the end of December 2012, 6 of which owned by *GLENDIA International Shipping Limited*, a 50/50 joint venture company with the Glencore Group. This joint

venture Company owns 6 MR vessels, delivered between August 2009 and February 2011.

DIS also established another joint venture agreement, *DM Shipping Limited*, with Mitsubishi Group. The Company owns two MR vessels, delivered in 2009.

d'Amico International Shipping is part of the d'Amico Group, one of the world's leading privately-owned marine transportation companies with over 70 years of experience in the shipping business, whose ultimate parent company is d'Amico Società di Navigazione S.p.A. (Italy). Today, the entire d'Amico Group controls 79 owned and chartered-in vessels, of which 39 are part of the DIS fleet, operating in the product tanker market, while the remaining 40 vessels are mainly dry-bulk carriers controlled by d'Amico Dry Limited and d'Amico Shipping Italia S.p.A. d'Amico International Shipping benefits from a strong brand name and a well-established reputation in the international markets due to the long operating history of the d'Amico Group. In addition, it benefits from the expertise of the d'Amico Group, which provides support for technical management services, as well as safety, quality and technical products and services to DIS' vessels, including crewing and insurance arrangements.

d'Amico International Shipping has offices in Luxembourg, Dublin, London, Monaco and Singapore. As at December 31 2012, the group employed 508 seagoing personnel and 31 onshore personnel.

⁴ Bare-Boat charter contract

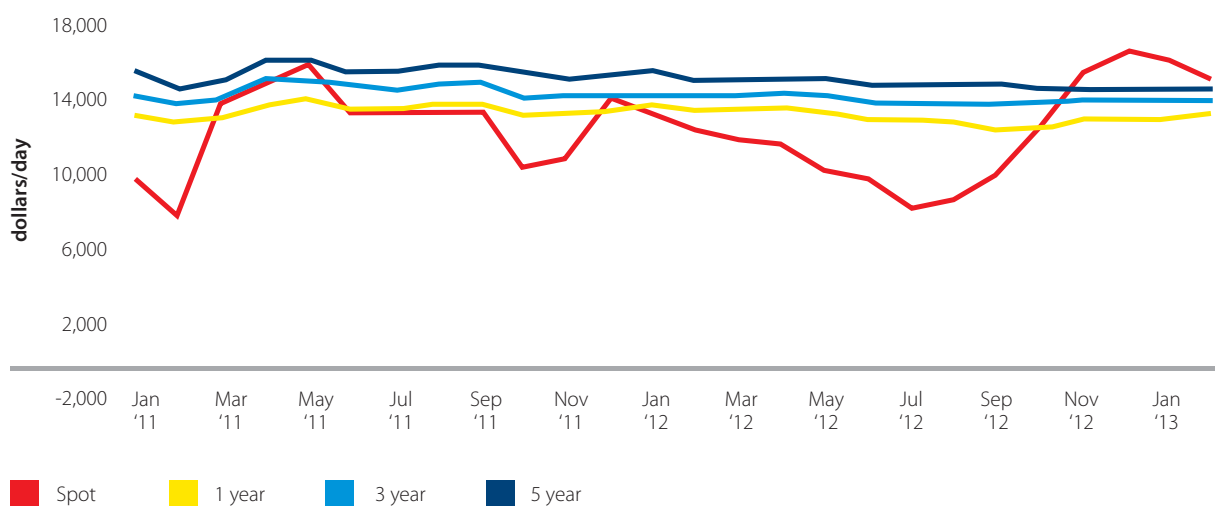
The Product Tankers Industry

Product tankers normally move refined petroleum products, typically gasoline, jet fuel, kerosene, fuel oil, naphtha and other soft chemicals and edible oils. The seaborne movement of refined oil products amongst different world regions addresses demand and supply imbalances, mainly caused by the lack of resources or refining capacity in consuming countries. Additional 'arbitrage' also occurs, taking advantage of differences in price and specific production amongst refining centres.

Within the product tanker industry, d'Amico International Shipping operates in the Medium Range segment, which comprises vessels ranging from 25,000 dwt to 55,000 dwt. This specific vessel size allows the greatest flexibility in terms of trade routes and port access.

Product tanker class (dwt)	Short range (SR) 10,000 – 25,000	Medium range (MR) 25,000 – 55,000	Long range (LR) 55,000 – 120,000
Characteristics	Trades in specialised market regionally Focused primarily on the distribution side	Access to more ports than larger vessels Better economies of scale over medium and longer distances versus small vessels	Better economies of scale over longer haul voyages
Voyages	Only short	Short and long	Only long
Flexibility	Low	High	Low
Arbitrage Voyages	No	Yes	No
% world fleet ¹	21%	40%	39%

Market Overview – Average Rates for MR² Product Tankers (US\$)



¹ Source: Clarksons Research Services Limited, as of 1 January 2013. Percentage of total product tankers (4,584 vessels) excludes vessels with stainless steel tanks.

² Source: Clarkson as at Jan'13

Shareholders Information

Investor Relations

In light of the expected growth in the product tanker market and of the consequent share capital increase aimed at financing its major Investment plan, d'Amico International Shipping IR Team, has been strengthening its activity. DIS IR team ran a structured program aimed at promoting an on-going dialogue with institutional investors, shareholders and the markets to ensure systematic dissemination of exhaustive, complete, and timely information on its activities, in accordance with legal requirements and on the basis of corporate governance standards and recommendations from relevant organizations, with the sole limitation imposed by the confidential nature of certain information.

The financial results were presented on a quarterly basis through public conference calls which can be widely accessed, including through the Investor Relations website. During the year the IR Team kept in constant contact with the financial community to discuss company performance and results through meetings, conference calls, presentations at broker conferences and at the relevant events that Borsa Italiana (STAR Segment) organizes.

Participation in road-shows with shareholders and investors focused on the major financial markets, and on new potential areas of interest, where investor profiles matched the Group's structural characteristics and strategic outlook.

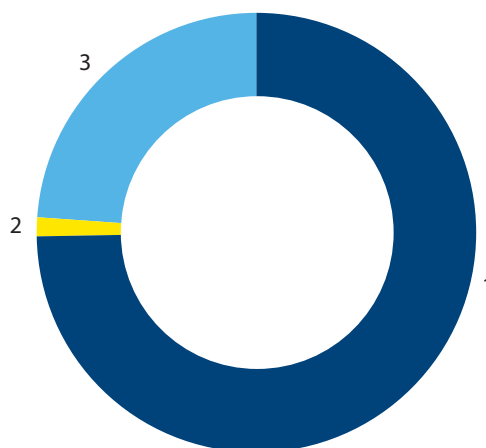
More information is available on the Group's institutional website www.damicointernationalshipping.com. The Investor Relations section provides share information, historical financial data, press releases, institutional presentations, periodic publications and analyst coverage.

d'Amico International Shipping shareholders may also contact: ir@damicointernationalshipping.com.

Shareholders

d'Amico International Shipping S.A. share capital consists of 359,879,774 ordinary shares. The shares are issued to bearer and listed on Borsa Italiana SpA in the STAR segment.

Based on the latest shareholdings communicated by investors and after the share capital increase occurred during Q4 2012, in accordance with applicable rules and Art.6 of our Articles of Association, the following individuals and institutions have holdings exceeding 2% of d'Amico International Shipping's total ordinary outstanding shares:



1	d'Amico International S.A.	74.89 %
2	d'Amico International Shipping S.A.	1.41 %
3	Others	23.70 %

Share Price Performance



2012 was another challenging year, with a relatively low level of oil demand and rates under pressure, even though improvements were clearly noted in the last quarter of the year. Such weak market environment negatively influenced DIS share price trend, similarly to other shipping companies.

In 2012, DIS' share price fell by 22.4%, ending the year at Euro 0.319, versus Euro 0.411 at the end of 2011. The market capitalization of the Company's shares was Euro 114.8 million at the end of 2012, after the share capital increase completed in the last quarter of the year. The average daily volumes during the year were 144.6 thousand shares.

Share Capital Increase

In November 2012 DIS resolved to launch a rights issue offering addressed to shareholders to increase the share capital through the issuance of up to 209,929,867 new shares with attached free warrants allowing the subscription of up to 69,976,622 additional shares. The Offer was successfully completed in December 2012 with 100% of the shares subscribed and gross proceeds for the USD equivalent of approximately EUR 65.1 million.

The capital increases will allow DIS to maintain a strong financial structure throughout its major investment plan. Thanks to this deal, DIS is ready to take full advantage of all the current market opportunities, in order to maximise value for its shareholders and to reward their trust.

Financial Calendar

The 2013 Company's Financial Calendar is the following:

2012 draft Annual Financial Statements

Thursday 28 February 2013

Annual General Meeting

Wednesday 03 April 2013

2013 First Interim Management Statements

Tuesday 07 May 2013

2013 Half Yearly Report

Wednesday 31 July 2013

2013 Third Interim Management Statements

Tuesday 12 November 2013

Dividend Policy

The dividend policy is based on the current results and estimated future liquidity requirements, taking into account the Group's development strategy, the expected future market developments and the maximization of the Shareholders' return.



Human Resources

As at 31 December 2012, the Group employed a workforce of 508 seagoing personnel and 31 onshore personnel.

The Group dedicates special attention to the management of its human resources as a key factor in exploiting a distinctive competitive advantage. The development and consolidation of policies and procedures related to any dimension of people management (recruiting, training, performance analysis and reward systems) constantly steer company decisions towards the creation of a motivating workplace that engages resources, a factor that affects the organizational climate, and therefore the company's results. Further development of work-life balance policies allows the Group to respond actively to its employees' needs, even in areas that not directly related to, yet indirectly impact, their working lives.

In these regards, during 2012 an internal survey on 'people engagement' has been undertaken: the related main findings clearly confirm the strength of the current Group's practices (low rate of staff turnover, high level of personal and professional commitment, etc.) and give the managers interesting inputs that will guide the Group in reinforcing its future investments in human resources.

Crew on board of the DIS vessels in particular represent one of the key elements in the safe and efficient operation of the fleet. The crewing policy implemented by the Group, which boasts more than 75 years of experience in the sector, aims to promote on-board safety and environmental protection, while also maintaining conditions of crew efficiency and reliability. The Group achieves these objectives on the basis of three main pillars: a meticulous selection process, thorough training and a permanent monitoring and assessment system.

Access to highly qualified personnel also requires an effective recruitment programme. In order to meet these needs fully, the Group has developed a personnel selection strategy that has resulted in the implementation of initiatives such as the consolidation of a base of operations on the Indian market located in Mumbai. The Indian market has an established track record as a provider of quality English-speaking crew. The Group also has representation in Manila with the aim of ensuring access to the important Philippine market. Competitive challenges constantly require productivity gains and the development of the latest know-how.

The business environment creates opportunities, yet also entails significant challenges for the Group. Such circumstances require an active response involving constant updates to the human resource management plan. Accordingly, the Group invests in people in order to create exclusive drivers of success and adopts people-management tools with a view towards honing professional skills, retaining employees and developing talent and 'critical' resources (i.e., persons with skills that have the greatest impact on core processes).

To this end, with respect to ground staff in particular, a reward systems that targets individual performance was implemented together with compensation policies aimed at fostering an effective pay-for performance system.

Great importance is attached to training and professional growth and development processes for both onshore and seagoing personnel. Appropriate training programmes are followed to ensure crews employed on its vessels meet the high standards of professionalism essential to their duties.

In this respect, DIS organizes a rigorous training programme both ashore and on-board vessels. In addition, the Group pursues a policy of collaboration with various naval education institutions with the aim of increasing awareness of safety and environmental issues, key priorities for d'Amico. As part of initiatives aimed at supporting educational institutions, the holding of the Group (d'Amico Società di Navigazione), along with other important Italian institutional partners, has established an advanced technical education school - ITS Fondazione G. Caboto - for the training of specialized technical staff, that offers two-year post-secondary training courses intended for persons interested in embarking upon an international career in the naval sector. Courses, which are divided into one year of theoretical study and one year of hands-on training, aim to provide an excellent technical background, allowing pupils to expand their knowledge of d'Amico's organizational structure, policies, expertise and vision in order to facilitate their hiring as the Company's seagoing or onshore personnel.

From the standpoint of training and the definition of professional growth, the Group has continued and consolidated its efforts in the area of internal staff with the potential to assume roles of managerial responsibility, follow-up programmes to the communications initiatives aimed at reinforcing information and ensuring the entire population's involvement in company life.

Ship Management

d'Amico Compliance with International Standards

All d'Amico vessels are built in accordance with international industry standards and are continuously monitored in order to ensure their compliance with IMO (International Maritime Organization) regulations, MARPOL (the International Convention for the Prevention of Pollution from Ships) and other international standards. Indeed, every year DIS product tankers are required to pass the following external examinations:

- Inspection and monitoring of compliance with MARPOL's standards by the flag state;
- Port-state controls, which are inspections of foreign ships in national ports to verify that the condition of the ship and its equipment complies with the requirements of international conventions and that the ship is manned and operated in compliance with these rules;
- Flag state controls in the country where a ship is registered;
- 'Vetting inspections' by major oil and energy-related companies.

IMO (International Maritime Organization) is a specialized agency of the United Nations founded in 1958 in the United Kingdom with a specific task: the development and updating of a comprehensive regulatory framework of international conventions and recommendations governing every facet of shipping, such as safety, environmental concerns, legal matters, technical co-operation, maritime security and the efficiency of shipping. Among them there are the MARPOL convention and the STCW convention on standards of training for seafarers. MARPOL 73/78 is an international frame convention for the prevention of pollution from ships ('Marpol' stands for marine pollution and 73/78 short for the years 1973 and 1978), aiming at preserving the marine ecosystem through the complete elimination of pollution by oil and other harmful substances (e.g. gasoline, jet fuel, kerosene, naphtha). It comprises 6 detailed annexes, each concerned with preventing a specific form of marine pollution from ships.

Pursuant to a ship management agreement, d'Amico Società di Navigazione S.p.A., d'Amico Group's ultimate parent company, with the cooperation and under the supervision of d'Amico Tankers Limited (Ireland), is responsible for the technical management of d'Amico International Shipping Group's owned and bareboat

chartered vessels.

In addition, d'Amico Società di Navigazione S.p.A. gives its assistance to arrange insurance cover for the fleet and operates the Tanker Management and Self-Assessment programme (TMSA), launched in 2004 by the OCIMF (Oil Companies International Marine Forum), and the Safety Quality and Environment (SQE) Management System. Safety on board and for the environment is an overarching priority of d'Amico International Shipping.

The ship manager's responsibilities include those of performing general vessel maintenance, ensuring compliance with regulatory and classification society's requirement, satisfying oil majors vetting procedures, supervising the maintenance and promoting the efficiency of vessels, arranging and supervising dry-docks and repairs, purchasing supplies and spare parts, and appointing supervisors and technical consultants.

The Group is committed to promoting safety on-board and respect for the environment, aiming to eliminate incidents such as groundings, fires, collisions, and petroleum spills. In this respect, d'Amico International Shipping has adopted the TMSA programme since 2005 and SQE system since 2003.

Although not compulsory, the TMSA programme is recommended by major oil companies as a means of encouraging ship operators to measure, evaluate and improve their safety management systems against key listed performance indicators. In addition, the programme establishes best practices to solve problems and to optimize safety and environmental performance. Electronic tools to control and measure key performance indicators for different areas of technical management system have been implemented and the TMSA review is carried out every six months. The assessment results are the starting point for a continuous improvement plan aimed at achieving and guaranteeing high standards in safety and respect for the environment.

Since before the introduction of the TMSA programme, d'Amico International Shipping has been promoting internal SQE (Safety, Quality and Environmental) management procedures and operating an integrated SQE system on all its vessels, in conformity with the quality and environmental standards ISO 9001:2008 and ISO 14001:2004 established by the International Organisation for Standardization, and was certified by the international classification society RINA S.p.A. (Registro Italiano Navale) in 2003.

In particular, in respect of ISO 14001 and in order to demonstrate its vessels compliance and engagement regarding environmental aspects, d'Amico Società di Navigazione honors its commitment to protect people and the environment by tracking and analyzing energy consumption on our vessels, using lessons learned and General guidelines and procedure, to improve energy efficiency while reducing emissions.

It is d'Amico Società di Navigazione Shipping Policy that we always operate our vessels and conduct our marine operations as efficiently as possible, consistent with safe and reliable operations.

Increased energy efficiency remains the cheapest and most abundant form of new energy available today.

d'Amico Ship-management, during the 2012 has developed an Energy Efficiency Management Plan (SEEMP) in line with the guideline of IMO on ship efficiency. The SEEMP will be implemented in the office

and on board of all vessels by the beginning of 2013 to optimize operational processes and improve profitability through the efficient use of people and assets. It is a resource guide for all personnel to increase energy efficiency in our vessel systems and operational processes.

d'Amico Management is committed to:

- Reducing energy costs;
- Increasing energy efficiency;
- Reducing emissions of CO₂;
- Investing in clean, energy efficient technologies where financially viable;
- Reducing environmental impacts arising from consumption of energy;
- Raising staff awareness and commitment to reduce energy consumption.

The performance will be analyzed within the annual SQE (Safety, Quality and Environment) System Management Review.



Corporate Social Responsibility

d'Amico Group believes its social commitment is not only to closely respect the regulations and operational safety procedures but also to contribute to a sustainable development.

In the last years the d'Amico Group strategy has included the set-up and the continuous implementation of a Corporate Social Responsibility (CSR) strategy, which follows the Group full understanding of the importance of the environmental and social aspects.

The d'Amico Group CSR plans consist of principles and policies involving several functions of a company. Some of the milestones of the ship management approach are disclosed under the previous section, like the SQE / Security Quality and Environment management system. The SQE system has enabled d'Amico to set up a unified approach to the management system, yet at the same time has enabled to take into account the specific, individual needs of the various sectors and exploit the possible synergies to their best advantage. Continual monitoring, scrupulous internal inspections, a detailed analysis of the data collected and a rapid implementation of corrective actions of improvement have enabled the Group to continually enhance its corporate performance in terms of safety, customer satisfaction and environmental protection. With reference to the way the Group intends to approach the environmental principles, d'Amico is developing a 'Ship Energy Efficiency Management Plan' (energy saving programme) providing ship /company- specific

measures for the management and improvement of the environmental performance of the fleet. This Management Plan includes a system of procedures and measures ashore-company level and at ship-specific level and includes the following primary aspects, having as one of the key target the reduction of CO₂ emissions:

1. Programme for Measuring and Monitoring Ship Efficiency;
2. Voyage Optimization Programme, involving speed selection optimisation, optimisation of route planning and trim;
3. Propulsion Resistance Management Programme with reference to hull and propeller resistance;
4. Machinery Optimisation Programme focusing on main Engine monitoring and optimisation, together with the optimisation of lubrication as well as other machinery and equipment;
5. Cargo Handling Optimization (cargo temperature control optimization);
6. Energy Conservation Awareness Plan, providing on board and on shore training and familiarisation of company's efficiency programme and an accommodation-specific energy conservation programme.

The energy saving programme is integrated in our Company general ship management operations to ensure all relevant information being gathered is being used and understood by the management team as a whole.

Financial Review of the Group

The Global economic and financial picture remained gloomy, though improving throughout the last quarter of 2012. Policy actions have lowered acute crisis risks in the Euro area and the United States. However after a protracted contraction, the return to recovery in the Euro area appears to be delayed. Growth in a number of major emerging market economies has been lower than forecast, but still positive compared to the most established economies. The IMF, in their recent 'World Economic Outlook', has revised baseline projections by a small percentage to reflect their belief that any upturn will be more gradual compared to their earlier estimations. In the first nine months of the year there was an oversupply of tonnage within the Western Hemisphere. This was corrected with more ships trading out to the East on 'arbitrage' movements. This fact coupled with an improvement in demand in the Western Hemisphere led to a marked improvement in rates in the last quarter.

Overall, product tanker spot earnings in the fourth quarter of 2012 exceeded on average the levels achieved in the same quarter of the last three years. Tonnage supply in both the Eastern and Western Hemisphere came into balance in Q4 compared to the previous three quarters of 2012. Oil product supply in the Atlantic Basin was disrupted in the middle of Q4 due to the Hurricane 'Sandy' and the delay in the Amuay Refinery, coming fully back on line after the fire in the previous quarter. After the Hurricane, the 'Jones Act' (the U.S. cabotage laws, which require all commercial vessels transporting goods between ports in the United States to be built, owned, operated and manned by U.S. citizens and to be registered under the U.S. flag) was briefly suspended to handle the disruption of product supply. This resulted in a marked improvement in product tanker rates that were sustained throughout the balance of the last quarter of 2012. Further to the disruption caused by Hurricane 'Sandy', the product tanker demand improved also on the back of the continued steady demand in South America and Sub-Saharan Africa. General sentiment improved as the product tanker 'time charter' market became more active in the last quarter of the year, as more charterers sought to take period coverage. Time charter rates were slightly higher in comparison to the third quarter of 2012.

DIS registered a Net Loss of US\$ 106.0 million in 2012, including US\$ 85.0 million of fleet write down following the impairment booked at the end of the first half of the year.

In fact, after challenging years, the estimated market value of the fleet had decreased by about a further 15% in June 2012 compared to December 2011. Therefore based on the market conditions and on the impairment test carried out, DIS Board of Directors resolved to write down the fleet net book value by US\$ 85.0 million. It should be highlighted that the impairment resulted in a Net Equity more in line with the theoretical Net Asset Value of the Company and had no effect on cash flow and cash balance.

Excluding the impairment, 2012 Net Loss was of US\$ 21.0 million. The full year negative result was mainly driven by the TCE Earnings performance, reflecting the weak product tanker market experienced during 2012 and especially in the second quarter of the year. Despite the TCE average rates achieved in 2012 being lower compared to the previous year, the 2012 Net Result was substantially in line with 2011, mainly thanks to the efficiencies brought forward by DIS management.

However solid signs of improvement were clearly noted in the last quarter of 2012, with DIS returning to profitability for the first time after 14 consecutive quarters (Q1 2009), posting a positive Net Result of US\$ 1.0 million. Q4 2012 positive results seem to confirm and anticipate the current market forecasts for an improved product tanker scenario in 2013.

In November 2012, the Board of Directors of DIS resolved to launch a right issue offering, addressed to shareholders and to increase the share capital through the issuance of up to 209,929,867 new shares with attached free warrants, allowing the subscription of up to 69,976,622 additional shares. DIS share capital increase was successfully completed in December 2012, with 100% of the shares on offer subscribed and providing the Company with gross proceeds of the USD equivalent of approximately EUR 65.1 million. The purpose of this deal is to allow DIS to maintain a strong financial structure throughout its significant investment plan and to take advantage of all the current market opportunities.

In correlation with this clear objective and with DIS usual practice of financing new-building vessels with around 40% of equity, during the second half of 2012 DIS ordered 6 fuel efficient 'Eco' new-building product/chemical tankers at Hyundai Mipo Dockyard Co. Ltd. – South Korea, expected to be delivered between 2014 and early 2015.

DIS 2012 results benefited also from a strong treasury

performance and the gain arising from the US Dollar conversion of the Japanese Yen denominated debt.

In spite of the soft product tanker market experienced for a good part of 2012, DIS was able to generate a positive cash flow at operating level of US\$ 2.4 million, of which US\$ 3.6 million was generated in the last

quarter of the year. The Net Cash Flow of the year was positive for US\$ 67.3 million, mainly thanks to the proceeds of the Share Capital increase and including relevant capital expenditures, mainly in connection to DIS new-building program.

Operating Performance

US\$ Thousand	2012	2011
Revenue	325,253	291,721
Voyage costs	(141,832)	(104,716)
TIME CHARTER EQUIVALENT EARNINGS	183,421	187,005
Time charter hire costs	(91,714)	(89,761)
Other direct operating costs	(57,541)	(53,403)
General and administrative costs	(17,478)	(19,330)
Other operating Income	2,053	3,205
Result from disposal of vessels	1,473	3,286
EBITDA	20,214	31,002
Depreciation and impairment	(123,354)	(37,050)
EBIT	(103,140)	(6,048)
Net financial income (charges)	(1,757)	(14,329)
PROFIT / (LOSS) BEFORE TAX	(104,897)	(20,377)
Income taxes	(1,097)	(636)
NET PROFIT / (LOSS)	(105,994)	(21,013)

Revenue in 2012 was US\$ 325.3 million compared to US\$ 291.7 million realized in 2011. The increase in gross revenues compared to the same period of 2011 was mainly due to the following factors: (i) higher average number of vessels in the period (2012: 39.2 vs. 2011: 37.3), mainly due to the delivery of 2 owned new-building MR vessels early in H1 2012; (ii) increase of the activity on the spot market, due to the lower fixed contract coverage percentage (2012: 36.3% vs. 2011: 48.1%). The off-hire days percentage in 2012 (3%) was higher than the previous year (2%), simply due to the timing of dry-docks.

Voyage costs reflected the revenue trend and the related vessel employment mix (spot and time charter contracts). These costs, which occur only for the vessel employed on the spot market, amounted to US\$ 141.8 million in 2012 vs. US\$ 104.7 million in 2011. Such

increase is in relation to the higher volume of activity realized on the spot market compared to the previous year, as disclosed above.

Time charter equivalent earnings were US\$ 183.4 million in 2012 compared with US\$ 187.0 million in the previous year. According to its strategy, DIS maintained a considerable level of 'coverage' (fixed contracts) throughout 2012, securing an average of 36.3% of its revenue. The lower daily average fixed rate in 2012 compared to the previous year, is simply due to the contracts signed in the last two years, at levels reflecting the market conditions of the time. Other than securing revenue and supporting the operating cash flow generation, those contracts pursue the objective of strengthening DIS historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

As shown in the table below, the decrease in 2012 daily average returns (US\$ 13,205 daily) compared to 2011 (US\$ 14,265 daily), was mainly due to the aforesaid reduction of the average fixed rate (2012: US\$ 15,869 vs. 2011: 16,607), whilst 2012 Spot returns (US\$ 11,686 daily) were substantially in line with the previous year (US\$ 12,022).

Looking at the quarterly evolution of the spot results in 2012, a relatively good first quarter of the year, was

unfortunately followed by a very weak market in Q2, which turned to be the worst quarter in the last three years. However the market scenario and DIS spot performance started to improve in Q3 and bounced back to good levels especially in the last two months of the year.

The table below shows the DIS TC-rates comparable trend in 2011 and 2012:

DISTCE daily rates

(US dollars)	2012					2011				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Spot	12,623	10,872	11,226	12,113	11,686	11,871	12,516	11,894	11,819	12,022
Fixed	15,972	15,956	15,819	15,728	15,869	16,932	16,854	16,517	16,082	16,607
Average	13,904	12,753	12,887	13,344	13,205	14,328	14,687	14,164	13,869	14,265

Time charter hire costs relate to the chartered-in vessels and amounted to US\$ 91.7 million in 2012 (US\$ 89.8 million in 2011). The average number of chartered-in vessels was 18.2 in 2012, compared to 17.4 in 2011. The daily cost for the chartered-in fleet slightly decreased compared to 2011.

Other direct operating costs mainly consist of crew, technical, luboil and insurance expenses relating to the operation of owned vessels. These costs were US\$ 57.5 million in 2012 vs. US\$ 53.4 million in 2011. The increase in absolute values compared to the previous year, was only related to the fleet growth (21.0 owned vessels on average in 2012 vs. 19.1 in 2011), while a positive trend in daily costs was noted in 2012. The operating costs are constantly monitored, while focusing on crew with appropriate skills, high SQE (Safety, Quality & Environment) standards and remaining in full compliance with very stringent market regulations. Maintaining a 'high quality' profile of the fleet represents an essential part of the d'Amico vision and strategy.

The **General and administrative costs** were US\$ 17.5 million in 2011 vs. US\$ 19.3 million in the previous year. These costs mainly relate to on-shore personnel, together with premises costs, consultancies, travel and others. The positive trend (9.6% reduction), other than the favourable USD/Euro exchange rate, it is mainly explained by the accurate cost management activity carried out during the year, focused 'inter alia' on the ashore personnel cost saving targets.

Other operating income amounted to US\$ 2.1 million in 2012 (US\$ 3.2 million in 2011). The balance refers to chartering commissions from third parties vessels operated through pools.

Result on disposal of vessels (2012: US\$ 1.5 million vs. 2011: US\$ 3.3 million). In the last quarter of the year, DIS sold an MR product tanker vessel built in 1999, reducing the average age of the fleet and realizing a gain on disposal of US\$ 1.5 million.

EBITDA for 2012 amounted to US\$ 20.2 million. Excluding the 'capital gains' realized in both the current and the previous years, 2012 EBITDA was US\$ 18.7 million vs. US\$ 27.7 million in 2011. As disclosed above, this result was mainly due to: (i) the lower daily average fixed rate, which negatively impacted on 2012 total TCE Earnings; (ii) the increase of total 'Time Charter Hire' and 'Other direct operating' costs, following the fleet growth which occurred in the current year. As a consequence of the above factors and excluding the 'capital gains', 2012 EBITDA margin on TCE Earnings was 10.2% vs. 14.8% in 2011.

Depreciation and impairment amounted to US\$ 123.4 million in 2012, of which US\$ 38.4 million related to recurring depreciation (US\$ 37.1 million in 2011) and US\$ 85.0 million to a write down arising from the fleet impairment.

The depreciation charges increase compared to last year was mainly due to the increased number of owned vessels, following the delivery of 'new-building' vessels.

EBIT for the year was negative for US\$ 103.1 million, mainly due to the US\$ 85 million impairment (operating loss of US\$ 6.1 million booked in 2011).

Net financial charges amounted to US\$ 1.8 million in 2012 compared to US\$ 14.3 million in 2011. The significant positive variance (US\$ 12.6 million) compared to the previous year was mainly due to foreign exchange (FX) gain (total US\$ 4.2 million, mainly arising from the US Dollar conversion of the loans denominated in Japanese Yen), trading gain on FX derivatives and realized capital gains on bond portfolio (total US\$ 4.9 million). DIS derived the aforesaid gain mainly on the US Dollar/Japanese Yen foreign exchange, the Group exposure to the Yen constantly monitored and actively managed by an adequate financial policy. Following the renegotiation of two interest rate swap (IRS) contracts,

loan interests amounted to US\$ 10.8 million in 2012, lower compared to the same period of last year (US\$ 11.1 million), despite the new loan draw-downs to finance the two 'new-building' vessels delivered in H1 2012 and the purchase of the second-hand vessel *M/T High Prosperity*.

The Company's **Loss before tax** for 2012 was US\$ 104.9 million (loss of US\$ 20.4 million in 2011).

Income taxes amounted to US\$ 1.1 million in 2012, in line with the previous year.

The **Net loss** for 2012 was US\$ 106.0 million. Excluding the US\$ 85.0 million impairment, DIS Net loss was US\$ 21.0 million in 2012 in line with the previous year.

Consolidated Statement of Financial Position

US\$ Thousand	As at 31 December 2012	As at 31 December 2011
ASSETS		
Non-current assets	498,922	547,634
Current assets	177,973	122,603
TOTAL ASSETS	676,895	670,237
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	294,208	315,481
Non-current liabilities	288,787	282,492
Current liabilities	93,900	72,264
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	676,895	670,237

Non-current assets mainly relate to the DIS owned vessels net book value. According to the valuation report provided by a primary broker, the estimated market value of the DIS owned fleet including the portions relating to the newbuildings under construction is of US\$ 450.2 million as at 31 December 2012, compared to a net book value of US\$ 497.9 million (including capitalised dry-dock costs of US\$6.4 million) following the impairment of US\$ 85.0 million accounted for as at June 30 2012.

Gross Capital expenditures in 2012 were US\$ 85.1 million. This amount comprises the final installments

paid on the two Hyundai-Mipo new-building vessels, delivered respectively in March and April 2012, the purchase of the second-hand vessel *M/T High Prosperity* in March 2012, the first installments paid in the second half of the year on four of the newbuilding vessels recently ordered and under construction at Hyundai-Mipo. Dry-dock costs pertaining to owned vessels are also included in capitalized costs.

Current assets as at 31 December 2012 were US\$ 178.0 million. Other than the working capital items, inventories and trade receivables amounting to US\$ 20.2 million and US\$ 39.4 million respectively, current

assets include current financial assets (currency swaps) of US\$ 0.8 million and cash on hand of US\$ 117.6 million.

Non-current liabilities (US\$ 288.8 million) consist of the long-term portion of debt due to banks, disclosed under the following section (Net Indebtedness).

The balance of **Current liabilities**, other than the debt due to banks and other lenders (see the following

section), includes the working capital items amounting to US\$ 43.0 million, essentially relating to trade and other payables.

Following the loss incurred in the year, including the impairment of US\$ 85 million booked as at 30 June 2012, and the Share Capital Increase equivalent to US\$ 83.8 million, the **Shareholders' equity** balance as at 31 December 2012 was of US\$ 294.7 million (US\$ 315.5 million as at 31 December 2011).

Net Indebtedness

Net debt as at 31 December 2012 amounted to US\$ 220.7 million vs. US\$ 239.6 million at the end of the previous year and compared to US\$ 320.3 million at the end of Q3 2012. The significant improvement occurred in the Net Indebtedness was mainly due to the Share Capital

Increase completed in December 2012, which provided the Company with total proceeds of US\$ 83.8 million. The ratio of net debt to shareholders equity was of 0.75 at the end of the year (2011: 0.76).

US\$ Thousand	As at 31 December 2012	As at 31 December 2011
LIQUIDITY		
Cash and cash equivalents	117,617	51,068
CURRENT FINANCIAL ASSETS	757	14,396
TOTAL CURRENT FINANCIAL ASSETS	118,374	65,464
BANK LOANS – CURRENT	28,160	14,864
OTHER CURRENT FINANCIAL LIABILITIES		
Due to third parties	22,133	7,673
TOTAL CURRENT FINANCIAL DEBT	50,293	22,537
NET CURRENT FINANCIAL DEBT	(68,081)	(42,927)
BANK LOANS NON-CURRENT	284,264	282,492
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Due to third parties	4,523	-
TOTAL NON-CURRENT FINANCIAL DEBT	288,787	282,492
NET FINANCIAL INDEBTEDNESS	220,706	239,565

Cash and cash equivalents is US\$ 117.6 million at the end of December 2012, while treasury investments (bonds portfolio), previously shown under *Current financial assets* were liquidated in the course of the current year. These financial resources boosted by the proceeds raised through the Share Capital increase, allow DIS to maintain a strong financial structure throughout its significant investment plan.

The total outstanding bank debt (*Bank loans*) as at 31

December 2012 amounted to US\$ 312.4 million, of which US\$ 28.2 million is due within one year. DIS debt structure is based on the following facilities granted to d'Amico Tankers Limited (Ireland), the key operating company of the Group: (i) Crédit Agricole 10 years revolving facility (syndicated by other banking institutions) of US\$ 139.2 million; (ii) Mizuho syndicated loan facility of US\$ 21.1 million; (iii) Crédit Agricole and DnB NOR Bank seven years term loan facility to finance the two newbuilding MR vessels delivered in H1 2012 for total US\$ 44.0 million; (iv)

Danish Ship Finance 18 months term loan facility to finance the purchase of the second-hand vessel *M/T High Prosperity*, purchased in H1 2012, for US\$ 11.4 million. DIS debt also comprises of the share of the loans existing at the two joint ventures level, GLENDA International Shipping Ltd and DM Shipping Ltd: (i) Commerzbank AG Global Shipping and Crédit Suisse loans of US\$ 73.4 million for the six Glenda International Shipping Ltd vessels, delivered between 2009 and 2011; (ii) Mitsubishi UFJ Lease loan of US\$ 23.3 million for the financing of the

two DM Shipping Ltd vessels delivered in 2009.

The Net debt includes also US\$ 20 million subordinated loan granted in September 2012 by DIS' parent company d'Amico International S.A, shown under *Other current financial liabilities* and fully reimbursed in January 2013. Further, US\$ 6.7 million of negative valuation of derivatives hedging instruments (essentially interest rate swap agreements – IRS) are shown under *Other Financial Liabilities*.

Cash Flow

DIS net cash flow for 2012 was a positive US\$ 67.3 million, mainly thanks to US\$ 83.8 million proceeds of

the Share Capital increase (2011 net cash flow negative US\$ 17.3 million).

US\$ Thousand	2012	2011
Cash flow from operating activities	2,372	28,992
Cash flow from investing activities	(73,180)	(37,305)
Cash flow from financing activities	138,141	(8,998)
CHANGE IN CASH BALANCE	67,333	(17,311)
NET INCREASE (DECREASE) IN CASH AND CASH-EQUIVALENTS	67,333	(17,311)
Cash and cash equivalents at the beginning of the period	51,068	68,266
Exchange gain/(loss) on cash and cash equivalents	(784)	113
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	117,617	51,068

Cash flow from operating activities for the year was a positive US\$ 2.4 million (cash flow of US\$ 29.0 million in 2011), with US\$ 3.6 million generated in the last quarter of 2012. It should be highlighted that the large variance compared to 2011, was due to significant timing effects positively affecting the working capital trend in the first

quarter of last year (which reversed the negative operating cash flow of Q4 2010) largely due to changes made on payments policy and to extra US\$ 5.0 million received in Q3 2011, following the contract renegotiation carried out with the new owners of four DIS chartered-in vessels.

	Q1	Q2	Q3	Q4	FY
(US Dollars)					
Operating cash flow	(2,547)	2,580	(1,223)	3,562	2,372

The net **Cash flow from investing activities** of US\$ 73.2 million (outflow) was made up of the capital expenditures in connection with the final installments paid for the two Hyundai-Mipo new-building vessels, (delivered respectively in March and April 2012), the purchase of the second-hand vessel *M/T High Prosperity*

in March 2012, the first installments paid in the second half of the year on four of the newbuilding vessels recently ordered and under construction at Hyundai-Mipo, the proceeds derived from the sale of *M/T High Wind*, as well as dry-dock expenses.

Cash flow from financing activities was positive for US\$ 138.1 million in 2012, including US\$ 83.8 million proceeds of the Share Capital increase, US\$ 20 million subordinated loan granted in Q3 2012 by DIS' parent company d'Amico International S.A., around US\$ 14.4

million sale of bonds since the beginning of the year, together with a net US\$ 20.0 million cash-flow from bank drawdowns (relating to the vessels delivered or purchased in 2012) and scheduled debt repayments.



Quarterly Results

Fourth Quarter Results

The fourth quarter 2012 and 2011 full income statements are shown below:

US\$ Thousand	Q4 2012	Q4 2011
Revenue	84,127	75,357
Voyage costs	(36,434)	(30,175)
TIME CHARTER EQUIVALENT EARNINGS	47,693	45,182
Time charter hire costs	(22,612)	(20,845)
Other direct operating costs	(15,233)	(13,287)
General and administrative costs	(5,447)	(4,542)
Other operating income	562	524
Result from disposal of vessels	1,473	3,286
EBITDA	6,436	10,318
Depreciation	(9,036)	(9,277)
EBIT	(2,600)	1,041
Net financial income (charges)	4,281	(2,046)
PROFIT / (LOSS) BEFORE TAX	1,681	(1,005)
Income taxes	(693)	(220)
NET PROFIT / (LOSS)	988	(1,225)

Market and Key Operating Measures Review by Quarter

	Q1	Q2	Q3	Q4	FY
TOTAL VESSEL EQUIVALENT					
2012	36.7	40.1	40.3	39.5	39.2
2011	38.6	38.2	37.1	35.3	37.3
OFF-HIRE DAYS/AVAILABLE VESSEL DAYS (%)					
2012	4.1%	4.3%	1.9%	1.9%	3.0%
2011	1.0%	3.4%	2.0%	1.8%	2.0%
TCE EARNINGS PER EMPLOYMENT DAY (US\$)					
2012	13,904	12,753	12,887	13,344	13,205
2011	14,238	14,687	14,164	13,869	14,265

Financials by Quarter

The 2012 quarterly financials substantially reflect the trend in freight markets.

US\$ Thousand	Q1	Q2	Q3	Q4	FY
Revenue	77,711	79,899	83,516	84,127	325,253
Voyage costs	(33,244)	(35,406)	(36,748)	(36,434)	(141,832)
TIME CHARTER EQUIVALENT EARNINGS	44,467	44,493	46,768	47,693	183,421
Time charter hire costs	(22,433)	(23,284)	(23,385)	(22,612)	(91,714)
Other direct operating costs	(12,987)	(14,118)	(15,203)	(15,233)	(57,541)
General and administrative costs	(3,872)	(4,076)	(4,083)	(5,447)	(17,478)
Other operating Income	596	407	488	562	2,053
Result from disposal of vessels		-	-	1,473	1,473
EBITDA	5,771	3,422	4,585	6,436	20,214
Depreciation and impairment	(8,967)	(95,358)	(9,993)	(9,036)	(123,354)
EBIT	(3,196)	(91,936)	(5,408)	(2,600)	(103,140)
Net financial income (charges)	1,883	(3,723)	(4,198)	4,281	(1,757)
PROFIT / (LOSS) BEFORE TAX	(1,313)	(95,659)	(9,606)	1,681	(104,897)
Income taxes	(146)	(117)	(141)	(693)	(1,097)
NET PROFIT / (LOSS)	(1,459)	(95,776)	(9,747)	988	(105,994)

The following table shows the Net Debt at the end of the fourth quarter 2012 compared with the figures at end of the third quarter of the same year:

US\$ Thousand	As at 31 December 2012	As at 30 September 2012
Cash and cash equivalents	(117,617)	41,572
Current financial assets	(757)	-
Current financial debt	28,160	21,078
Current financial liabilities	22,133	24,522
Non-current financial debt	288,787	316,269
NET FINANCIAL INDEBTEDNESS	220,706	320,297

Significant Events of the Year

During 2012 the following main events occurred in the activity of d'Amico International Shipping Group:

d'Amico International Shipping:

- **Extraordinary General Meeting of Shareholders' Resolutions:** On 2 October 2012, the Extraordinary General Meeting of Shareholders of d'Amico International Shipping S.A. resolved to amend the authorised corporate capital to USD 50,000,000 divided into 500,000,000 shares with no nominal value and to authorise the Board of Directors to increase the share capital, in one or several times, within the limits of the above amended authorised capital during a new period ending five (5) years after the date of publication of the relevant minutes and to subsequently amend the Company's articles of association. The Extraordinary General Meeting of Shareholders further resolved to reduce the accounting value of each share of the issued share capital of the Company to USD 0.10 per share, to reduce the total amount of the issued share capital to USD 14,994,990.70 and to subsequently amend the Company's articles of association.
- **The Board of Directors of d'Amico International Shipping S.A. resolved to launch a rights issue offering addressed to shareholders and to increase the share capital through the issuance of up to 209,929,867 new shares with attached free warrants allowing the subscription of up to 69,976,622 additional shares:** On 6 November 2012, the Board of Directors of d'Amico International Shipping S.A. (the "Company" or the "Group"), – exercising the powers delegated by the Extraordinary General Meeting of Shareholders of 2 October 2012 – has resolved:
 - to approve a rights issue addressed to the shareholders of the Company which consists of (i) an offering by the Company with preferential subscription rights (the 'Preferential Subscription Rights') of new shares of the Company (the 'New Shares') with warrants issued simultaneously (the 'Warrants') to be exercised into shares (the 'Warrant Shares'), (the 'Rights Offering') and (ii) a public auction organised by the Société de la Bourse de Luxembourg S.A. (the 'Luxembourg Stock Exchange') for the sale of the unexercised Preferential Subscription Rights (the 'Public Auction' and together with the Rights Offering, the 'Offering');
 - to approve an increase of the share capital of the Company, within the limits of the authorised

capital, of up to a maximum of the USD equivalent of Euro 65.1 million (including share premium), through the issuance of up to 209,929,867 New Shares, that will generally in all respects rank *pari passu* with the existing shares, at an issuance price per New Share of Euro 0.310 (the 'Issuance Price'), in the ratio of 7 New Shares for every 5 Preferential Subscription Rights exercised (the 'Ratio') and with attached up to 209,929,867 free Warrants issued simultaneously in the ratio of 7 Warrants for every 5 Preferential Subscription Rights exercised, subject to the implementing decision of a special attorney of the Board of Directors; and

- to approve a further increase of the share capital of the Company, within the limits of the authorised capital, up to a maximum of the USD equivalent of Euro 32.2 million (including share premium), through the issuance – in one or more tranches – of up to 69,976,622 Warrant Shares upon exercise of the Warrants, that will generally in all respects rank *pari passu* with the shares in issue on the relevant exercise date, subject to the implementing decision of a special attorney of the Board of Directors.

Prospectus

A prospectus in relation to (i) the rights issue offering and (ii) the admission to trading of the New Shares, the Warrants and the Warrant Shares on the STAR segment of the MTA (the 'Prospectus') was approved on 6 November 2012 by the Commission de Surveillance du Secteur Financier ('CSSF') in Luxembourg. At the Company's request the CSSF provided the Italian Companies and Stock Exchange Commission (Commissione Nazionale per le Società e la Borsa) ('CONSOB') and the Company with a certificate of approval attesting that this Prospectus has been prepared in accordance with Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended and the relevant implementing measures in Luxembourg, in particular the Luxembourg law of 10 July 2005 relating to prospectuses for securities, as amended.

Warrants

Trading on the Mercato Telematico Azionario of Borsa Italiana of the related Warrants commenced

on 17 December 2012 under ISIN code LU0849020044.

Based on the terms and conditions of the Warrants, the holders of Warrants had the right to subscribe to Warrant Shares in the ratio of 1 Warrant Share for every 3 Warrants exercised based on the following exercise prices and exercised during the following periods:

- Euro 0.360, for the Warrants exercised in all the trading days in January 2014;
- Euro 0.400, for the Warrants exercised in all the trading days in January 2015;
- Euro 0.460, for the Warrants exercised in all the trading days in January 2016.

From 1 December 2013 to 31 December 2015, the Board of Directors – under the conditions set by article 3 of the terms and conditions of the Warrants – may set additional exercise periods.

The terms and conditions of the Warrants are set out in the Prospectus.

- **The Board of Directors of d'Amico International Shipping S.A. announces preliminary results of rights issue – approximately 86.7% take up during Rights Subscription Period – gross proceeds of the USD equivalent of approximately EUR 56.5 million:** On December 12 2012, d'Amico International Shipping S.A. announced that, in connection with its offering with preferential subscription rights (the 'Preferential Subscription Rights') of up to 209,929,867 new shares (the 'New Shares') with up to 209,929,867 warrants issued simultaneously (the 'Warrants', which will be named 'd'Amico International Shipping Warrants 2012 – 2016') at an issuance price of EUR 0.31 per New Share (the 'Issuance Price'), it has received subscriptions for 182,082,775 New Shares (representing a capital increase - including share premium - of the USD equivalent of approximately EUR 56.5 million) with 182,082,775 Warrants issued simultaneously through the exercise of Preferential Subscription Rights. This represented a take up of approximately 86.7%. The capital increase - including share premium - of the USD equivalent of approximately EUR 56.5 million was out of a maximum total capital increase (including share premium) of the USD equivalent of EUR 65.1 million and excludes any proceeds from the exercise of Warrants.

Results of Rights Subscription Period

A total of 130,059,125 Preferential Subscription Rights representing approximately 86.7% of the total number of Preferential Subscription Rights were exercised during the exercise period for the Preferential Subscription Rights which started on 12 November 2012 and ended on 11 December 2012 (the 'Rights Subscription Period'). Given the ratio of 7 New Shares with 7 Warrants issued simultaneously for 5 Preferential Subscription Rights exercised on 14 December 2012 the Company issued 182,082,775 New Shares with 182,082,775 free Warrants issued simultaneously, to be exercised into shares (the 'Warrant Shares'), to the subscribers who subscribed during the Rights Subscription Period. Delivery of the New Shares and Warrants issued simultaneously occurred on 14 December 2012. The ISIN code of the New Shares is LU0290697514, which is the ISIN code for the DIS shares.

- **The Board of Directors of d'Amico International Shipping S.A. announces results of public auction and final results of rights issue – Success of DIS Share Capital Increase - 100% of the shares on offer are subscribed – gross proceeds of the USD equivalent of approximately EUR 65.1 million:** On 20 December 2012, In connection with its offering with preferential subscription rights (the 'Preferential Subscription Rights') of up to 209,929,867 new shares (the 'New Shares') with up to 209,929,867 warrants issued simultaneously (the 'Warrants', which are named "d'Amico International Shipping Warrants 2012 – 2016") at an issuance price of EUR 0.31 per New Share (the 'Issuance Price'), d'Amico International Shipping S.A. (Borsa Italiana: DIS) (the 'Company') announced that, following the public auction of unexercised Preferential Subscription Rights organised by the Société de la Bourse de Luxembourg S.A. (the 'Luxembourg Stock Exchange') on 19 December 2012 (the 'Public Auction'), it has received, through the exercise of Preferential Subscription Rights at the Public Auction, additional subscriptions for 27,847,092 New Shares (representing an additional capital increase - including share premium - of the USD equivalent of approximately EUR 8.6 million) with 27,847,092 Warrants issued simultaneously.

Final results of rights issue

The take up at the Public Auction, together with the take up of approximately 86.7% during the rights subscription period which started on 12 November 2012 and ended on 11 December 2012 (the 'Rights Subscription Period'), represents a total take up of 100% for the rights issue offering as a whole. On 14 December 2012 a first capital increase in the amount of USD 18,208,277.50 plus the payment of a share premium in the amount of USD 55,605,712.41 took place (the aggregate amount of USD 73,813,989.91 being the USD equivalent of EUR 56,445,660.25 received as a result of subscriptions during the Rights Subscription Period). 182,082,775 New Shares were issued on 14 December 2012, with 182,082,775 Warrants issued simultaneously. Since 14 December 2012 the Company's capital amounts to USD 33,203,268.20, divided into 332,032,682 shares with no nominal value. Taking into account the 14 December 2012 capital increase, the total capital increase – including share premium – as a result of the rights issue offering as a whole represents the USD equivalent of approximately EUR 65.1 million (excluding any proceeds from the exercise of Warrants).

Results of Public Auction of unexercised Preferential Subscription Rights

The 19,890,780 Preferential Subscription Rights not exercised during the Rights Subscription Period were offered for sale at the Public Auction on 19 December 2012, all of which were sold at the Public Auction.

The total gross proceeds of the unexercised Preferential Subscription Rights sold at the Public Auction amount to EUR 10,000. After deduction of the costs and fees relating to the Public Auction in an aggregate amount of EUR 2,158.99, the total net proceeds for the unexercised Preferential Subscription Rights sold at the Public Auction amount to EUR 7,841.01. Such net proceeds were distributed to the holders of unexercised Preferential Subscription Rights on 27 December 2012. Unclaimed payments for the sale price of unexercised Preferential Subscription Rights which have been sold at the Public Auction will be kept, after deduction of all costs related thereto, available to the shareholders for a period of five (5) years at the end of which they will definitively accrue to the Company. Given the ratio of 7 New Shares with 7 Warrants issued simultaneously for 5 Preferential Subscription Rights exercised at the Public Auction on

19 December 2012, the Company issued on 27 December 2012 27,847,092 New Shares with 27,847,092 free Warrants issued simultaneously, to be exercised into shares (the 'Warrant Shares'), to the purchasers of unexercised Preferential Subscription Rights at the Public Auction who immediately subscribed at the Public Auction. The Issuance Price for the New Shares subscribed for in the Public Auction and the bid price for the Preferential Subscription Rights purchased at the Public Auction were due and payable with value date 21 December 2012 and delivery of the 27,847,092 New Shares and 27,847,092 Warrants issued simultaneously occurred on 27 December 2012. The ISIN code of the New Shares is LU0290697514, which is the ISIN code for the DIS shares. After the 27 December 2012 second capital increase, the Company's capital amounts to USD 35,987,977.40, divided into 359,879,774 shares with no nominal value.

d'Amico Tankers Limited:

- **Vessel Purchase:** In March 2012 d'Amico Tankers Limited agreed the purchase of the Medium Range (MR) double hulled product tanker vessel *M/T High Prosperity*, built in 2006 by Imabari Shipbuilding Co. Ltd, Japan, at the price of US\$ 22.5 million. The time charter-in contract included a purchase option, which was not exercised earlier as it was not 'in the money'. This purchase allowed us to lower our break-even level on the vessel by an amount in excess of 2,500 US\$ per day. The Vessel was delivered to d'Amico Tankers in May 2012.
- **New-building Deliveries:** *M/T High Seas* and *M/T High Tide*, two Medium Range (MR) owned new-building vessels were delivered by Hyundai-Mipo dockyard, South Korea, to d'Amico Tankers Limited, respectively in March and April 2012.
- **Vessel Sale:** On October 25, 2012 d'Amico Tankers Limited agreed the sale of the Medium Range (MR) double hulled product tanker vessel *M/T High Wind*, built in 1999 by STX, South Korea at the price of US\$ 12.2 million. This sale generated a profit on disposal of US\$ 1.5 million and at the same time reduced the average age of DIS Fleet.
- **'Time Charter-In' Fleet:** In January 2012, *M/T Freja Hafnia*, a Medium Range (MR) vessel built in 2006,

was delivered to d'Amico Tankers Limited for a 1 year time charter period. In April 2012, *M/T Eastern Force*, a Medium Range (MR) vessel built in 2009, was delivered to d'Amico Tankers Limited for a 1 year time charter period, with an option for a further 1 year. In May 2012, *M/T Torm Hellerup*, a Medium Range (MR) vessel built in 2008, was delivered to d'Amico Tankers Limited for a 1 year time charter period, with an option for a further 1 year.

- Order of two 'Eco' 40 Shallowmax new-building Product Tankers:** in July 2012 d'Amico Tankers Limited, the fully owned operating subsidiary of d'Amico International Shipping S.A., entered into contracts for the construction of two additional new product/chemical tanker vessels (Hulls 2385 and 2386 - 40,000 dwt Handysize) with Hyundai Mipo Dockyard Co. Ltd. - Korea, expected to be delivered early in 2014, for a consideration of US\$ 30.65 million each and with an option for two further vessels, under same terms and conditions, to be exercised by the end of 2012 (see below). These two newbuildings in addition to being double-hulled, operationally flexible and IMO classed vessels are also belonging to a new generation of vessels with lower consumption of fuel. The design of these vessels is the latest HMD concept of low fuel consumption/high efficiency and cubic/shallow-draft combination denominated 'HMD ECO 40 ShallowMax'. The vessel are designed to be able to save between 5 to 6 tonnes of fuel per day, compared to older vessel types, allowing a lower operating cost, at the same speed of 14 Knots, of between US\$ 2,000 to US\$ 4,000 per day. Another financial advantage of these ships is that they incorporate all the most recent regulatory requirements and therefore will not need any modifications to operate them. On older tonnage these improvements have been calculated at a daily cost of at least US\$ 700. These vessels are more flexible to operate since they have a draught of 9.5 meters instead of over 10 meters for older design vessels. Moreover d'Amico Tankers Limited signed Time Charter agreements with one of the main Oil Majors for these two vessels for a period of five years. These Time Charter contracts increase DIS fixed rate coverage (revenue generated by fixed price contracts) and are fixed at attractive levels.
- Order of two 'Eco' Medium Range new-building Product Tankers:** in September 2012 d'Amico International Shipping S.A., announced that its

operating subsidiary d'Amico Tankers Limited (Ireland), entered into contracts for the construction of two additional new product/chemical tanker vessels (Hulls 2407 and 2408 - 50,000 dwt Medium Range) with Hyundai Mipo Dockyard Co. Ltd. - Korea, expected to be delivered early in 2014, for a consideration of US\$ 33.0 million each. These two new-buildings are the latest IMO II MR design with the highest fuel efficiency. The design is the latest HMD concept of hull shape and propulsion efficiency leading to a fuel saving of 6 -7 tonnes of fuel per day compared to the older vessel types. The vessels will have an attained Energy Design Index (EEDI) falling already well within the IMO phase-in 3 requirement due for vessels to be built after 1 January 2025, being 31.5% lower than the current IMO reference line. In order to fully support DIS in this new investment project, d'Amico International S.A. (Luxembourg) granted a subordinated loan of US\$ 20.0 million. The loan is based on terms and conditions in line with current financial market conditions for similar transactions and will be used for general corporate purposes, future potentials vessels purchases and new building orders.

- Order of two 'Eco' design Product Tankers:** in December 2012, d'Amico International Shipping S.A., announced that its operating subsidiary d'Amico Tankers Limited (Ireland), will enter into shipbuilding contracts for the construction of two additional new product/chemical tanker vessels (50,000 dwt Medium Range) with Hyundai Mipo Dockyard Co. Ltd. - Korea. These are expected to be delivered between the end of 2014 and the beginning of 2015, for a consideration of about US\$ 32.0 million each. d'Amico International Shipping S.A. was offered the opportunity to buy these two new vessels by exercising the option, as amended, attached to the contracts when it ordered its two ECO-40 Shallowmaxs, announced on 26 July 2012. These two newbuildings are the latest IMO II MR design with the highest fuel efficiency. The design is the latest HMD concept of hull shape and propulsion efficiency leading to a fuel saving of 6 -7 of fuel per day compared to the older vessel types. The vessels will have an attained Energy Design Index (EEDI) falling already well within the IMO phase-in 3 requirement due for vessels to be built after 1 January 2025, being 31.5% lower than the current IMO reference line.

Organisation Structure

On 25 October Alberto Mussini, Chief Financial Officer (CFO), left the Group. On the same day the Board of Directors announced the appointment of Giovanni Barberis to the role of Chief Financial Officer (CFO). Giovanni Barberis was appointed as d'Amico Group CFO last September, after consolidating a strong professional background, in Italy and abroad, in several industries and important listed companies. Giovanni Barberis will keep also his role as d'Amico Group CFO.

During the last quarter of the year DIS improved the re-organization plan relating to its operating functions. The

chartering and operations services of d'Amico Tankers Singapore have been transferred to a DIS related party belonging to the d'Amico Group, continuing to cover the Eastern hemisphere in supporting the Dublin office in its strategic and commercial management of the fleet, and the company started its liquidation process.

VPC Logistic Limited, wholly owned subsidiary of d'Amico Tankers Limited, completed the process of liquidation and on October 2 2012 was dissolved and cancelled from the UK Companies House Register.



Significant Events Since the End of the Year and Business Outlook

Controlled Fleet

- **'Time Charter-In' Fleet:** In January 2013, *M/T High Nefeli*, a Medium Range (MR) vessel built in 2003 and Time Chartered-In by d'Amico Tankers Limited was redelivered back to her Owners.
- Also, in January 2013, the contract on *M/T Freja Hafnia*, a Medium Range (MR) vessel built in 2006 and delivered to d'Amico Tankers Limited in January 2012 for a 1 year time charter period, was extended until January 2015.
- In February 2013, *M/T Torm Hellerup*, a Medium Range (MR) vessel built in 2008 and delivered to d'Amico Tankers Limited in May 2012 for a 1 year time charter period, with an option for a further 1 year, changed name into *M/T Hallinden*, upon change in her ownership.

The profile of d'Amico International Shipping's vessels on the water as of today is summarized as follows.

	As at 31 December 2012			As at 28 February 2013		
	MR	Handysize	Total	MR	Handysize	Total
Owned	18.0	3.0	21.0	18.0	3.0	21.0
Time chartered	15.0	3.0	18.0	14.0	3.0	17.0
TOTAL	33.0	6.0	39.0	32.0	6.0	38.0

Business Outlook

The projection of global oil demand for 2013 was adjusted marginally lower, to 90.7 million barrels per day, following downward revisions in the IMF forecast of economic activity. In its latest World Economic Outlook, the IMF trimmed its forecast of global GDP growth to 3.5% for 2013, from 3.6% previously.

Going into Q1, supply issues dominate the entire Oil Product market. Planned Refinery maintenance will draw stocks and should fundamentally support Product movements. Hess announcing the closure of its Port Reading refinery helped boost the Gasoline Market, resulting in Trans-Atlantic freight rates achieving their highest levels in January – February compared to the same months in the last five years.

Gasoline imports into the East Coast increased markedly in early February, to around 665,000 barrels per day in the first week compared with around 500,000 barrels per day on average in the December – January period.

Libyan Refineries are still facing difficulties getting back up to full capacity and will have to import gasoline to meet domestic demand. This translates to about 3 million tonnes in 2013.

Refining throughputs in Venezuela continue to be highly

impacted by outages at the Amuay refinery (645,000 barrels per day) after a fire and an explosion in late August cut refinery production by half. To date, the Amuay refinery is still not operating at its full capacity, requiring the country to import products, a situation that is likely to prevail in Q1 2013.

Refinery runs in the US have come down from the 90% utilisation rates seen in December to 86% in January. In December 2012 US crude runs hit a record for that month at 15.4 million barrels per day amid strong export demand from Latin America. Argentina and Brazil imported around 350,000 barrels per day by the middle of 2012 compared to around 50,000 barrels in the beginning of 2010.

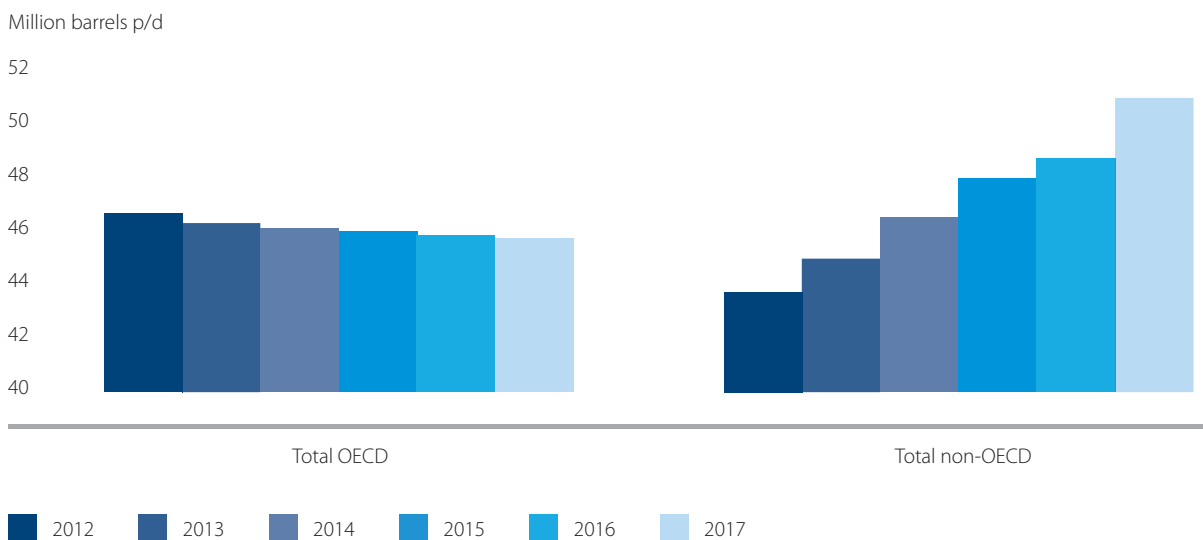
The short term view is bearish under the current Economic conditions. Despite signs of improvement in China and the US, weak macroeconomic conditions are forecast to keep global oil demand growth marginal. Concerns over the current European economies still prevail. The longer term view is positive but any substantial improvement in demand is fragile and the current Economic environment could easily moderate any growth potential. However this being said d'Amico International Shipping maintains a cautious approach going into this quarter.

The key drivers that should affect the product tanker freight markets and d'Amico International Shipping performance are (1) Global oil demand (2) worldwide GDP growth and (3) the large modern fleet. The factors that could mitigate and partially off-set the current scenario for the Product Tanker demand and supply in the longer term are disclosed in more details below:

Product Tanker Demand

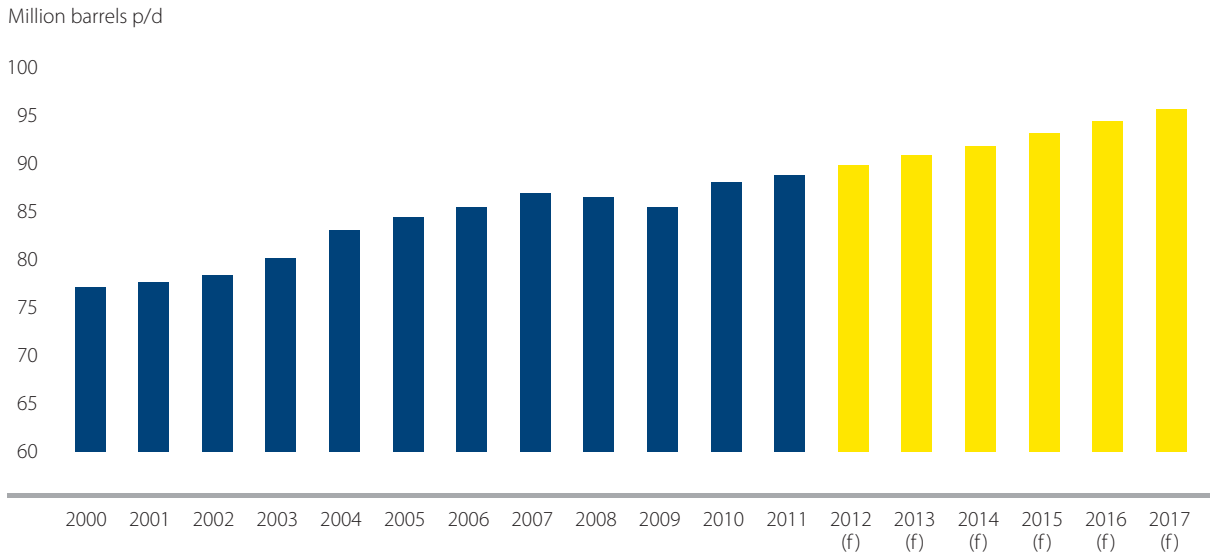
- Chinese refinery crude distillation capacity increased by close to half a million barrels per day in 2012 and a further 300,000 barrels per day in 2013. This expansion now exceeds domestic demand and any potential increase in demand. This will result in Product Stock build and potential exports. New capacity in Latin America and Africa will not meet projected growth and thus require imports in the medium term;
 - OECD refinery rationalisation intensified over 2012, as completed and committed shutdowns cut capacity by 1.3 million barrels per day since December 2011;
 - Some of the remaining Gasoline capacity within
- Europe has been saved from closure for the time being on the back of improved gasoline demand for export to South America and West Africa. However OECD demand contraction will call for additional industry consolidation before 2017;
 - Approximately a third of Australian refinery capacity will be closed. The Australian government said "domestic refiners will produce just over half the fuel consumed" in the country. "The remainder will be imported." Oil traders believe Australia could soon overtake Indonesia as the biggest importer of refined oil products in the Asia-Pacific region;
 - Almost all the new refinery capacity is based in NON-OECD Asia, based on available data an additional one million barrels was added in 2012. The shift of crude runs from the West to the East should favour product trades routes;
 - The US has transformed itself from the world's top product importer to its second largest product exporter, surpassed only by Russia. US product exports have averaged 3.1 million barrels per day from January to October 2012, compared with 2.9 in 2011 and just 1 million barrels per day in 2005.

Global Oil Demand¹ 2012 – 2017

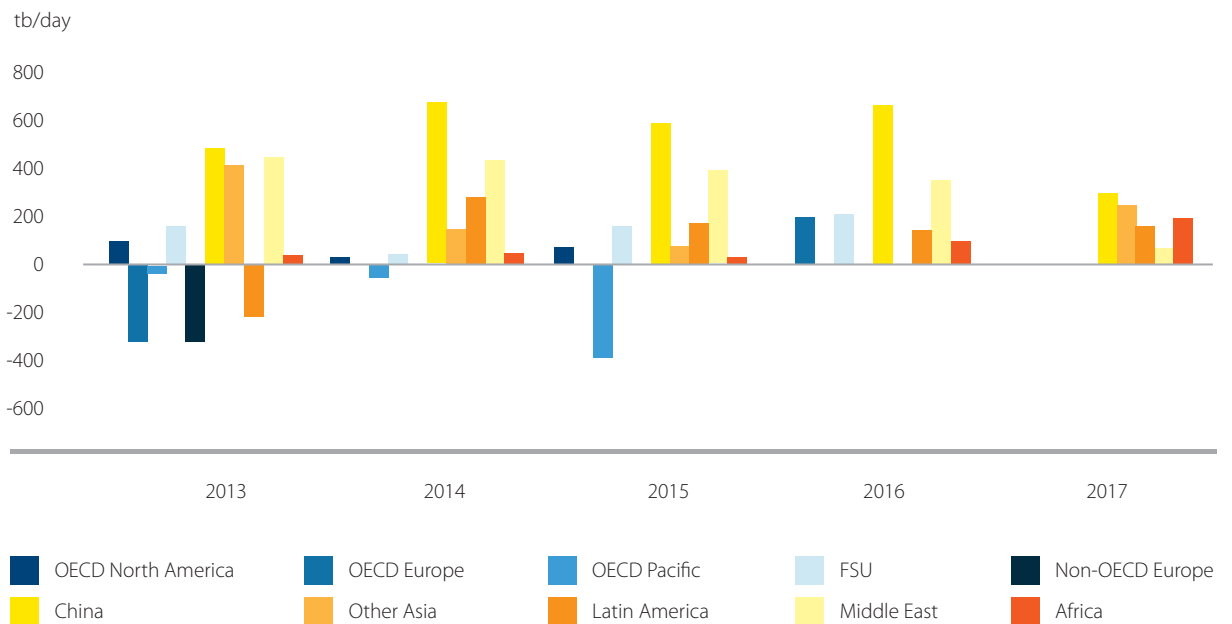


¹ Source: International Energy Agency Medium-Term Oil Market Report, Jan. '13

Global Oil Demand Growth¹ 2000 - 2017



New Refinery Capacity Additions 2013-2017



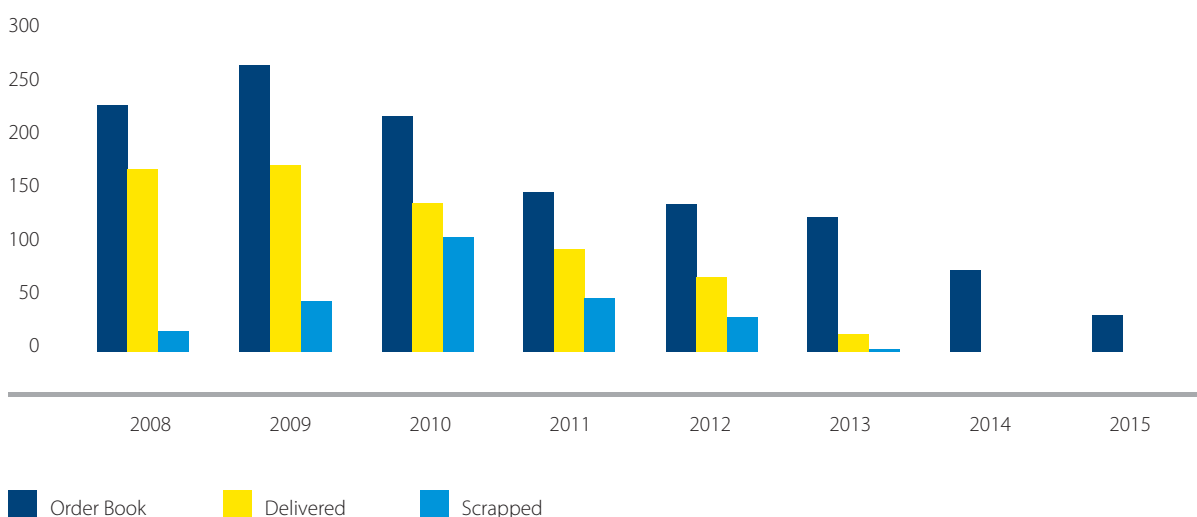
¹ Source: International Energy Agency Medium-Term Oil Market Report, Jan. '13

Product Tanker Supply

- The forward order book has been boosted by the additional orders placed in 2012 and the total ordered is said to be in excess of a hundred units in the MR sector;
- This substantial ordering has raised concerns in this sector and this should deter further investment in this market segment as it is still absorbing the large amount of ships that were delivered between the years 2007 – 2012;
- Slippage, cancellations and conversions have been a significant factor in the new buildings. The average slippage has been around 35% over the last 5 years, and as high as 50% in 2012;
- The Order book on paper for 2013 according to various broking sources could range between 86 and 134 Ships, however based on experience over the last five years we would expect actual deliveries to be at the lower end of the range;
- Scrapping removed around 1.48 million tonnes of capacity in 2012 which translates to a very manageable net growth of about 2%;
- The MR Sector net growth should still only run at between 2% and 4% on average till 2016. Therefore it should remain below the projected growth in seaborne trade in the same period;
- Improving demand and supply balance of the product tanker market should continue to positively affect spot and period charter rates going forward;
- Obtaining suitable financing is still a major factor and is not that readily available. There is still a certain amount of speculation that all the ships ordered will be delivered;
- A gradual increase in utilization rates, slow steaming and port congestion is having a positive effect on supply. As demand improves we would expect utilization rates to on average exceed 80% between 2013 and 2015 up from the low of 75% in 2008;
- Crude runs are constantly been revised downwards and longer haul product exports from emerging markets are effectively reducing the available supply of tonnage and are expected to increase.

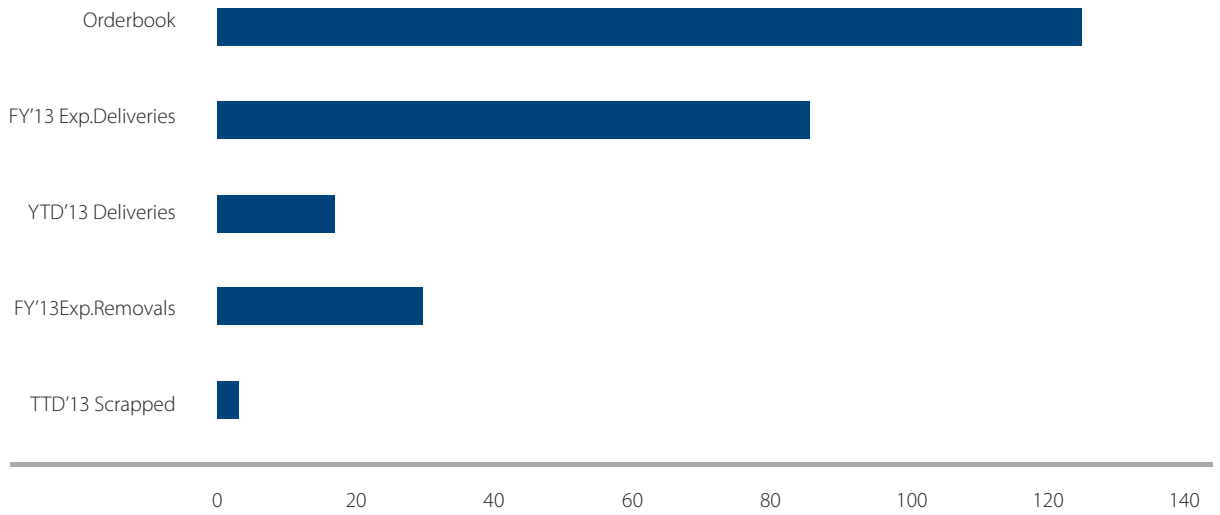
Medium Range Product Tankers Deliveries / Scrapping

Net MR¹ fleet growth 2008 - 2015



¹ MR product tankers ranging from 25,000 to 55,000 dwt. Source: Clarkson, ICAP, SSY, Braemar and Gibson search

Order book vs. deliveries - MR¹ Tankers



¹ MR product tankers ranging from 25,000 to 55,000 dwt. Source: Clarkson, ICAP, SSY, Braemar and Gibson search

Corporate Governance and Ownership Structure

The Company is organized in compliance with the applicable Luxembourg laws and regulations on companies and, as per resolution of its Board of Directors of 23 February 2007, resolved to adopt and still adopts, to the extent possible, the Borsa Italiana Code (available at the Borsa Italiana S.p.A. website being www.borsaitaliana.it and also at the Company's website) not being obliged to comply with the corporate governance regime of the Luxembourg Stock Exchange. The Company is further subject to the disclosure obligations related to corporate actions and periodic information established by the Transparency Law and, where applicable due to its listing on the Italian market, also to those established by the Italian laws and regulations.

In accordance with article 123-bis of Legislative Decree No. 58/98, the Company provides complete disclosure on the Ownership Structure and Corporate Governance system adopted, at 31 December 2012, in line with the

recommendations of the Borsa Italiana Code, in the Corporate Governance and Ownership Structure Report available on the website of the Company www.damicointernationalshipping.com in the Corporate Governance/ Information Document section, which also contains other documents regarding the Company's Corporate Governance system. The report - which contains also a specific paragraph related to the takeover bid' legislation as applicable to the Company, including among others all information required by article 11 of the Luxembourg law of 19 May 2006 and subsequent amendments which implements the Directive 2004/25/EC of 21 April 2004 on takeover bids - is filed with Borsa Italiana, Commission de Surveillance du Secteur Financier (CSSF) and Société de la Bourse de Luxembourg S.A. in its quality of Official Appointed Mechanism for the central storage of regulated information (hereinafter, the 'OAM'), then made available at the registered office of the Company.

Provision of Articles 36 & 39 of the Italian Market Regulations

The Company - according to the provisions of article 36, paragraph 1, letter b) and c) and paragraph 2, of the Consob Regulation in force implementing the provisions on Markets, although the above provisions are not applicable to the Company - obtained from its controlled subsidiaries established and regulated under the law of non-European Union countries and considered relevant as per the Consob Regulation in force implementing the provisions on Issuers both the relevant articles of association and the composition and

powers of their controlling bodies. Moreover, the Company duly assessed that the above mentioned companies have adopted an internal audit system adequate for the regular submission to the management and to the auditors of the Company of the economic and financial data necessary for the compilation of the consolidated financial statements of the Company and so that the Company's auditor can perform its annual audit interim review of the accounts of the Company.



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d'Amico International Shipping Group

Consolidated Financial Statements
as at 31 December 2012

d'Amico International Shipping Group

Consolidated Statement of Income

US\$ Thousand	Note	2012	2011
Revenue	(4)	325,253	291,721
Voyage costs	(5)	(141,832)	(104,716)
TIME CHARTER EQUIVALENT EARNINGS	(6)	183,421	187,005
Time charter hire costs	(7)	(91,714)	(89,761)
Other direct operating costs	(8)	(57,541)	(53,403)
General and administrative costs	(9)	(17,478)	(19,330)
Other operating income	(10)	2,053	3,205
Result from disposal of vessels	(11)	1,473	3,286
EBITDA		20,214	31,002
Depreciation and impairment	(14)	(123,354)	(37,050)
EBIT		(103,140)	(6,048)
Net financial income (charges)	(12)	(1,757)	(14,329)
PROFIT/ (LOSS) BEFORE TAX		(104,897)	(20,377)
Income taxes	(13)	(1,097)	(636)
NET PROFIT / (LOSS)		(105,994)	(21,013)

The net loss is entirely attributable to the equity holders of the Company

EARNINGS PER SHARE ⁽¹⁾		(0.295)	(0.140)
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Consolidated Statement of Comprehensive Income

US\$ Thousand		2012	2011
Profit / (loss) for the period		(105,994)	(21,013)
Movement of valuation of Cash flow hedges	(25)	961	4,136
Total comprehensive result for the period		(105,033)	(16,877)

Earnings / (loss) per share ⁽¹⁾		(0.292)	(0.113)
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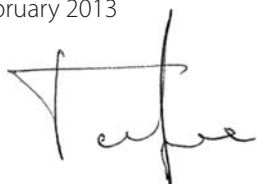
The total comprehensive income is entirely attributable to the equity holders of the Company

¹ There are no dilutive instruments, thus no diluted earnings per share has been presented. The figures are presented in US\$.

Consolidated Statement of Financial Position

US\$ Thousand	Note	As at 31 December 2012	As at 31 December 2011
ASSETS			
<i>Non-current assets</i>			
Tangible assets	(14)	498,922	547,634
TOTAL NON-CURRENT ASSETS		498,922	547,634
<i>Current assets</i>			
Inventories	(15)	20,221	17,522
Receivables and other current assets	(16)	39,378	39,617
Current financial assets	(17)	757	14,396
Cash and cash equivalents	(18)	117,617	51,068
TOTAL CURRENT ASSETS		177,973	122,603
TOTAL ASSETS		676,895	670,237
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital		35,988	149,950
Retained earnings		12,439	118,433
Other reserves		245,781	47,098
TOTAL SHAREHOLDERS' EQUITY	(19)	294,208	315,481
<i>Non-current liabilities</i>			
Banks and other lenders	(20)	284,264	282,492
Other non-current financial liabilities	(23)	4,523	-
TOTAL NON-CURRENT LIABILITIES		288,787	282,492
<i>Current liabilities</i>			
Banks and other lenders	(20)	28,160	14,864
Amounts due to parent company	(21)	20,000	-
Payables and other current liabilities	(22)	43,009	49,678
Other current financial liabilities	(23)	2,178	7,673
Current tax payable	(24)	553	49
TOTAL CURRENT LIABILITIES		93,900	72,264
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		676,895	670,237

The financial statements on pages 42 to 76 were authorized for issue by the Board of Directors on its behalf on 28 February 2013



Paolo d'Amico, Chairman



Marco Fiori, Chief Executive Officer

Consolidated Statement of Cash Flows

US\$ Thousand	2012	2011
PROFIT / (LOSS) FOR THE PERIOD	(105,994)	(21,013)
Depreciation, amortisation and impairment	123,354	37,050
Current and deferred income tax	1,097	636
Financial charges	7,027	10,878
Fair value gains on foreign currency retranslation	(5,254)	2,865
Profit on disposal of vessels	(1,473)	(3,286)
Other non-cash items	(16)	641
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	18,741	27,771
Movement in inventories	(2,699)	3,650
Movement in amounts receivable	239	27,930
Movement in amounts payable	(6,669)	(19,177)
Taxes paid	(651)	(656)
Interest paid	(6,589)	(10,526)
NET CASH FLOW FROM OPERATING ACTIVITIES	2,372	28,992
Acquisition of fixed assets	(85,066)	(64,700)
Disposal of fixed assets	11,886	27,395
NET CASH FLOW FROM INVESTING ACTIVITIES	(73,180)	(37,305)
Share capital increase	83,828	-
Other changes in shareholders' equity	(40)	-
Treasury shares	-	(676)
Movement in other financial receivable	-	(20)
Movement in other financial payable	20,000	-
Movement in other financial assets	14,396	(6,600)
Bank loan repayments	(27,131)	(54,875)
Bank loan draw-downs	47,088	53,173
NET CASH FLOW FROM FINANCING ACTIVITIES	138,141	(8,998)
CHANGE IN CASH BALANCE	67,333	(17,311)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	67,333	(17,311)
Cash and cash equivalents at the beginning of the year	51,068	68,266
Exchange gain (loss) on cash and cash equivalents	(784)	113
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	117,617	51,068

Consolidated Statement of Changes in Shareholders' Equity

US\$ Thousand	Share capital	Retained earnings	Other	Other Reserves Cash-Flow hedge	Total
BALANCE AS AT 1 JANUARY 2012	149,950	118,433	54,715	(7,617)	315,481
Reduction in share capital	(134,955)	-	134,955	-	-
Results of Rights Subscription Period	18,208	-	55,684	-	73,892
Results of the Public Auction	2,785	-	8,589	-	11,374
Cost of Issue	-	-	(1,478)	-	(1,478)
Other changes (consolidation reserve)	-	-	(28)	-	(28)
Total comprehensive income	-	(105,994)	-	961	(105,033)
BALANCE AS AT 31 DECEMBER 2012	35,988	12,439	252,437	(6,656)	294,208

US\$ Thousand	Share capital	Retained earnings	Other	Other Reserves Cash-Flow hedge	Total
BALANCE AS AT 1 JANUARY 2011	149,950	139,446	55,463	(11,753)	333,106
Other changes (consolidation reserve)	-	-	(72)	-	(72)
Treasury shares	-	-	(676)	-	(676)
Total comprehensive income	-	(201,013)	-	4,136	(16,877)
BALANCE AS AT 31 DECEMBER 2011	149,950	118,433	54,715	(7,617)	315,481

Notes

d'Amico International Shipping S.A. (the 'Company', DIS) a Société Anonyme, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The financial statements have been prepared in accordance with provisions of Art. 3 of the Luxembourg Law dated 11 January 2008, which transposed Directive 2004/109/EC of the European Parliament and of Council of 15 December 2004 in the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

The d'Amico International Shipping Group has adopted International Financial Reporting Standards (IFRS – International Financial Reporting Standards and IAS – International Accounting Standards) as issued by the 'IASB' (International Accounting Standards Board) and adopted by the European Union. The designation 'IFRS' also includes all 'IAS', as well as all interpretations of the International Financial Reporting Interpretations Committee 'IFRIC', formerly the Standing Interpretations Committee SIC as adopted by the European Union. This annual financial statements were prepared in compliance with IAS 34.

The d'Amico International Shipping Group has adequate resources to continue in operational existence for the foreseeable future; accordingly, the financial statements have been prepared on a going concern basis.

The financial statements are expressed in U.S. Dollars, being the functional currency of the Company and its principal subsidiaries.

1. Accounting Policies

The principal accounting policies, which have been consistently applied, are set out below.

Basis of Consolidation

The financial statements present the consolidated results of the parent company, d'Amico International Shipping S.A., and its subsidiaries for the year ended 31 December 2012.

Subsidiaries

Subsidiaries are enterprises controlled by the Group, as defined in IAS 27 – Consolidated and Separate Financial Statements.

Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The assets and liabilities of the parent and subsidiary companies are consolidated on a line-by-line basis and the carrying value of the investments held by the parent company and other consolidated subsidiaries is eliminated against shareholders' equity. Intra-group balances and transactions, and gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements, as well as unrealized gains and losses from intra-group operations. Non-controlling interests and net profit attributable to minorities, if any, are listed separately from the Group's equity, on the basis of the percentage of net Group assets they possess.

Jointly Controlled Entities

Jointly controlled entities are enterprises over whose activities the Group has joint control, as defined in IAS 31 – Interests in Joint Ventures. The consolidated financial statements include the assets and liabilities, revenue and costs of jointly controlled on a proportional basis, based on the Group's share.

Foreign Currencies

Most of the Group's revenues and costs are denominated in U.S. Dollars, which is the functional currency of the Company. Transactions during the year in currencies other than U.S. Dollars have been translated at the appropriate rate ruling at the time of the transactions. Assets and liabilities denominated in currencies other than the U.S. Dollar have been translated into U.S. Dollars at the rate ruling at the financial position date. All exchange differences have been accounted for in the income statement.

In the consolidated financial statements, the income statements of subsidiaries, which do not report in U.S. Dollars, are translated at the average exchange rate for the period, whereas statement of financial position items are translated at the exchange rates at the financial position date. Exchange differences arising on the translation of financial statements into U.S. Dollars are recognized directly in the statement of comprehensive income.

Revenue Recognition

All freight revenues from vessels are recognized on a percentage of completion bases. The discharge to discharge basis is used in determining percentage of completion for all spot voyages and voyages servicing contracts of affreightment (COAs). Under this method, the freight revenue is recognized over the period from the departure of a vessel from its original discharge port to departure from the next discharge port. The departure date is defined as the date of the most recent discharge, and the voyage ends at the date of the next discharge ('discharge to discharge').

For voyages in progress at the end of a reporting period the Group recognizes a percentage of the estimated revenue for the voyage equal to the percentage of the estimated duration of the voyage completed at the financial position date. The estimate of revenue is based on the expected duration and destination of the voyage. Revenues from time charter contracts are recognized at pro-rata temporaria basis over the rental periods of such charters, as service is performed.

Participation in Pools

d'Amico International Shipping generates a significant portion of its revenue through pools. The total pool revenue is generated from vessels contributed to pools in which the Group participates, deriving from spot voyages, COAs and time charter contracts.

The pool companies are considered as jointly controlled operations and the Group's share of the income statement and statement of financial position in the respective pools is accounted for by recognizing the related interests share, based on participation in the pool. The Group's share of the revenues in the pools is dependent on the number of days the Group's vessels have been available for the pools in relation to the total available pool earning days during the period, as adjusted by share of pool points, where applicable. The pool legal entities that are fully controlled are consolidated on a line by line basis.

Demurrage Revenues

Freight contracts contain conditions regarding the amount of time available for loading and discharging of the vessel. Demurrage revenues, recognized upon delivery of service in accordance with the terms and conditions of the charter parties, represent the

compensation estimated for the additional time incurred for discharging a vessel. These revenues are accounted for net of any provision made in respect of demurrage claims where full recovery is not anticipated.

Voyage Costs and Other Direct Operating Costs

Voyage costs (Port expenses, bunker fuel consumption and commissions) are incurred in connection with the employment of the fleet on the spot market and under COAs (contracts of affreightment). Voyage expenses are recognized as incurred.

Time Charter hire rates paid for chartering in vessels are charged to the income statement on an accruals basis. Vessel operating costs such as crew, repairs, spares, stores, insurance, commercial fees and technical fees are charged to the income statement as incurred. The cost of lubricants is based on the consumption in the period.

General and Administrative Costs

Administrative expenses, which comprise administrative staff costs, management costs, office expenses and other expenses relating to administration, are expensed as incurred.

Financial Income and Charges

Financial income and charges include interest, realized and unrealized exchange rate differences relating to transactions in currencies other than the functional currency, and other financial income and charges, including value adjustments of certain financial instruments not accounted for as hedging instruments. Interest is recognized in accordance with the accrual basis of accounting using the effective interest method.

Taxation

The current taxation of the holding company d'Amico International Shipping S.A. and certain subsidiaries (service companies) is based on taxable income for the year using local tax rates that have been enacted at the

financial position date. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not subject to tax or are not deductible.

The key operating company of the Group, d'Amico Tankers Limited (Ireland) as well as DM Shipping Limited (Ireland) and Glenda International Shipping (Ireland) are taxed under the Irish Tonnage Tax regime in respect of all eligible activities.

Under the tonnage tax regime, the tax liability is not calculated on the basis of income and expenses as under the normal corporate taxation, but is based on the controlled fleet's notional shipping income, which in turn depends on the total net tonnage of the controlled fleet. The tonnage tax charge is included within the income tax charge in the Consolidated Income Statement. For all of the Irish activities, which fall outside tonnage tax, income tax expense represents the tax charge based on the result for the year adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates enacted or substantially enacted at the financial position date. Certain minor activities will not fall within the tonnage tax regime and are subject to standard rates of local corporation tax (currently 12.5% on trading income, and 25% on passive income, with non-tonnage tax capital gains being taxable at the rate of 22%). These activities will also give rise to deferred tax assets and liabilities. Items of other comprehensive income are taxed depending on the tax regime they fall within; as far as cash-flow hedge in 2012, it is falling within the provisions of the Tonnage Tax.

Deferred tax, if any, represents tax the group is expecting to pay or recover on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable profit. It is accounted for using the financial position liability method. Liabilities relating to deferred tax are generally recognized for all taxable temporary differences. Assets relating to deferred tax are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. The carrying amounts of deferred tax assets are reviewed at each financial position date and reduced in the event that it is not considered probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is calculated at the applicable tax rates during the period

when liability is settled or the asset realized. It is charged or credited in the income statement, unless it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also accounted for in other comprehensive income.

Fixed Assets (Fleet)

Vessels

The owned vessels are shown in the statement of financial position at cost less accumulated depreciation and any impairment loss. Cost includes the acquisition cost of the vessels as well as other costs which are directly attributable to the acquisition or construction of the vessel, including interest expenses incurred during the period of construction based on the loans obtained for the vessels.

Depreciation is calculated on a straight-line basis to the estimated residual value over the estimated useful life of the major components of the vessels. The new vessels contracted by the group are estimated to have a useful economic life normally of 20 years, depending on the specifications and expected kind of employment. Residual value is estimated as the lightweight tonnage of each vessel multiplied by the current market scrap value per ton, which is reassessed every year. The vessel tank coatings are depreciated over ten years and the dry dock element is depreciated over the period to the expected next dry dock. The remaining useful economic life is estimated at the date of acquisition or delivery from the shipyard and is periodically reassessed.

Vessels in the course of construction (new buildings) are shown at cost less any identified impairment losses. Costs relating to new buildings include instalment payments made to date, and other vessel costs incurred during the construction period including capitalized interest. Depreciation commences upon vessel delivery.

In making their judgement for the recognition of gains or losses incurred on the disposal of vessels, management considers the detailed criteria set out in IAS 18 and, in particular, whether the Group had transferred to the buyer the related significant risks and rewards of ownership, can measure reliably the sale price net of costs relating to the disposal and the carrying amount of the vessel, it is probable that the economic benefits associated with the transaction will

flow to the Group and the Group does not retain continuing managerial involvement to the degree associated with ownership or effective control.

Dry-docking costs

To comply with industry certification or governmental requirements, the vessels are required to undergo planned major inspections or classification (dry-docking) for major repairs and maintenance, which cannot be carried out while the vessels are operating. The vessels' dry-dock takes place approximately every 30 months, depending on the nature of work and external requirements. The costs of dry-docking, which may include some related costs, are capitalized and depreciated on a straight-line basis over the period to the next dry-docking. If the next dry-docking of a vessel is performed in less than 30 months from the last dry-docking date, the balance on the original dry-dock is written off.

For new buildings and other vessels acquired, the initial dry-docking asset is segregated and capitalized separately. The cost of such assets is estimated based on the expected costs related to the first dry-docking.

Impairment of assets

The values of the vessels are periodically reviewed considering market conditions. The carrying amount of the vessels is tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Recoverable amount is normally defined as the higher of an asset's fair value less costs to sell and its value in use, that is, the net present value of the cash flow from its remaining useful life. In assessing value in use the estimated future cash flow from its remaining useful life are discounted to their present value. Write down is made for any impairment of vessels. An impairment loss recognized in prior years is reversed if the current estimated value in use is higher than at the time the impairment loss was recognized.

Management judgment is critical in assessing whether events have occurred that may impact the carrying value of the Group's vessels and in developing estimates of the future cash flow, future charter rates, ship-

operating expenses, and the estimated remaining useful lives and residual values of those vessels. These estimates are based on historical trends, current fixtures as well as future expectations.

Operating Leases (Charter Agreements)

The charter-in and charter-out agreements relating to the vessels, where substantially all the risks and rewards of ownership are not transferred to the lessee, are treated as operating leases, and lease payments and income are recognized to the income statement on a straight-line basis over the lease term. The obligation for the remaining lease period relating to the charter-in contracts is disclosed as a commitment in the notes to the financial statements.

Inventories

Inventories relate to Intermediate Fuel Oil (IFO), Marine Diesel Oil (MDO) and Luboil on board vessels. IFO and MDO inventories of fuel and luboils on board the vessels are shown at cost calculated using the first-in first-out method.

Financial Instruments

Financial instruments, i.e. contracts giving rise to financial assets and financial liabilities or equity instruments of another entity, as defined in IAS 32 (Financial Instruments: Presentation), are recognized at their fair value when the Group becomes party to the contractual provisions of the instrument (trade date). Liabilities are classified in accordance with the substance of the contractual arrangement from which they arise and the relevant definitions of a financial liability. For contracts negotiated at market price, the fair value of the instrument is equivalent to the purchase cost (nominal value of the transaction). The external costs and income from transactions directly attributable to the negotiation, such as intermediation costs, are included during initial recognition of the instrument, unless measured at fair value. The measurement of financial assets is performed, depending on the characteristics of the instrument, at fair value or on the basis of amortized cost. Financial liabilities are measured on the basis of amortized cost. The measurement at fair

value is applied only to any financial liabilities held for trading and to the derivative financial instruments. The 'fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The measurement on the basis of amortized cost involves the recognition of the asset or liability at the value initially measured, deducting any redemption of equity, increased or decreased by overall depreciation, applying the effective interest method, on any difference between the initial value and that at maturity. These amounts shall in any case be adjusted following a decrease of value or an irrecoverable condition. The effective interest rate is the rate that reduces at source the future contractual cash flows to the net amount of the financial asset or liability. The calculation also includes the external expenses and income directly assigned during initial recognition of the financial instrument.

The accounting policies adopted for specific assets and liabilities are disclosed below.

Trade and other receivables

Receivables arising from outstanding freight are initially measured at their nominal value (representative of the 'fair value' of the transaction) and are subsequently measured at amortized cost, net of write-downs for impairment and allowance for credit losses. Impairment is recognized in the income statement when there is objective evidence that the asset is impaired. Such write-downs are calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the asset original effective interest rate. Particularly with regard to short-term trade receivables, considering the short period of time, the measurement at amortized cost is equivalent to the nominal value, less write-downs for impairment.

Allowances for credit losses are made when management considers the full recovery of a receivable to be in doubt. If management considers the amounts non-recoverable then they are written off to the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in-hand, current accounts and deposits held on demand with banks, and other short-term highly-liquid investments readily convertible to a known amount of cash within six

months from inception and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at fair value, corresponding to their nominal value, or at cost plus interest charges, if any.

Banks and other lenders

Interest-bearing bank loans relating to the financing of the vessels and overdrafts are recorded on the basis of the amounts received net of transaction costs and are subsequently measured at amortized cost, using the effective interest rate method, with the difference between the loan proceeds and the nominal value being recognized in the income statement over the term of the loan.

Trade and other payables

Trade and other payables are measured at amortized cost which, considering the characteristics and maturity of such payables, is generally equivalent to the nominal value.

Derivative Instruments

Derivative financial instruments are primarily used to hedge the exposure to interest rate risks (interest rate swap) and currency fluctuations. Forward currency contracts used to partially hedge exposure on the vessel purchase options (denominated in Japanese yen), in accordance with IAS 39 (derivative financial instruments) qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which the hedge is designated. All derivative financial instruments are measured in accordance with IAS 39 at fair value. They are initially recognized at cost and subsequently stated at fair value as other receivables or other liabilities respectively. When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:

Cash flow hedge - These are derivatives to hedge exposure to fluctuations in future cash flows arising in particular from risks relating to changing interest rates on loans or currency risks relating to Yen loans and commitments. Changes in the fair value of the 'effective' portion of the hedge are recognized to other

comprehensive income while the ineffective portion is recognized in the income statement. Hedge effectiveness, i.e. its ability to adequately offset fluctuations caused by the hedged risk, is periodically tested, in particular analysing correlation between the 'fair value' or the cash flows of the hedged item and those of the hedging instrument.

Fair value hedge - Hedging instruments fall within this classification when used to hedge changes in the fair value of an asset or liability that are attributable to a specific risk. Changes of value related both to the hedged item, in relation to changes caused by the underlying risk, and to the hedging instrument are recognized to the income statement. Any difference, representing the partial ineffectiveness of the hedge, therefore corresponds to the net financial effect.

With regard to financial instruments that do not qualify for hedge accounting, changes arising from the fair value assessment of the derivative are recognized in the income statement.

Provisions for Risks and Charges

Provisions for risks and charges are recognized when the Group has a present obligation as a result of a past event and it is likely that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the financial position date and are discounted to present values where the effect is material.

Treasury Shares

Treasury shares, following the buy-back program, are recognized at cost and are presented as a deduction from equity (under separate item of equity). The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

Dividends

Dividends payable are reported as a movement in equity in the period in which they are approved by shareholders' meeting.

Warrants

Warrants are classified within equity as they meet the conditions set out in paragraphs 16(a) and (b) of IAS 32 Financial Instruments Presentation. The conditions in 16(a) stipulate that the instrument includes no contractual obligation to deliver cash or another financial asset to another entity. The conditions in 16 (b) state that if the instrument will or may be settled in the issuer's own equity instruments, it is either i) a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or ii) a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. It is considered that the stepped instruments issued would be considered "fixed for fixed" and so be an equity instrument of d'Amico International Shipping on the basis that the warrant price is pre-determined and varies over time and not in relation to the number of shares that are issued or by reference to a notional amount. For these reasons it is considered that they have the characteristics of equity and so are classified as such. The issue of warrants was simultaneous (read included) to the issue of the Preferential Subscription Rights for the new shares at the moment of the capital increase, therefore the proceeds of the issue of the warrants are included in those received for the new shares and have been accounted for in the share premium account.

Critical Accounting Judgments and Key Estimates

The preparation of the financial statements requires Directors to make accounting estimates and in some cases assumptions in the application of accounting principles. The Directors' decisions are based on historical experience as well as on expectations associated with the realization of future events, considered reasonable under the circumstances. Critical accounting estimates and judgments are exercised in all areas of the business. The key areas where this applies are listed below.

Vessel carrying values. The carrying value of vessels may significantly differ from their market value. It is affected by the Management's assessment of the remaining useful lives of the vessels, their residual value and indicators of impairment. If the carrying value of vessels exceeds the recoverable amount then an impairment charge is recognized.

Demurrage revenues. Demurrage revenues are recognized as part of the voyage upon delivery of service, in accordance with the terms and conditions of the charter parties, based on an estimate of the amount earned during the period on uncompleted voyages.

Voyage expenses. Voyage expenses on uncompleted voyages are estimated based on the statistically recognised average expenses of standard completed voyages.

Tax liabilities. The tax liabilities are calculated based on our tax situation as affected by the regulatory frameworks of the jurisdiction in which we operate. The liability for tax may be affected by changes in the treatment or assessment of trading income, freight tax, tonnage tax and value added tax.

Segment Information

d'Amico International Shipping only operates in one business segment: Product Tankers. With reference to geographical area, the Group only has one geographical segment, considering the global market as a whole, and the fact that individual vessels deployment is not limited to a specific area of the world.

New Accounting Principles

Accounting principles adopted from 1st of January 2012

There are no new International Financial Reporting Standards or IFRICs applicable with respect to those applied for 31 December 2011 year end.

Accounting principles, amendments and interpretations not yet effective

At the financial position date the following significant Standards and Interpretations, which are applicable to the company, were in issue but not yet effective:

IFRS 7 "Disclosures – Transfers of Financial Assets" is concerned with increased disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level

of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

IFRS 9 "Financial Instruments" is concerned with the classification and measurement of financial assets when determining whether financial assets should be recorded at amortised cost or at fair value, and the associated accounting treatment of embedded derivatives within financial assets. The standard is applicable for accounting periods beginning on or after 1 January 2015 but early adoption is allowed.

IFRS 10 "Consolidated Financial Statements" is effective for accounting periods beginning on or after 1 January 2014. The standard establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The new standard provides extensive guidance on applying the principle of control, which then governs the consolidation of an entity. The standard sets out the accounting requirements for the preparation of consolidated financial statements, which are unchanged from those that are required by the current IAS 27, 'Consolidated and Separate Financial Statements'. However IAS 27 has been amended to conform to IFRS 10, and will only apply to separate financial statements when IFRS 10 is applied.

IFRS 11 "Joint Arrangements" is effective for accounting periods beginning on or after 1 January 2014. The standard applies to all entities that are a party to a joint arrangement and will replace IAS 31 'Interests in Joint Ventures'. The accounting treatment is dependent on the type of joint arrangement, which is determined by considering the rights and obligations of the investor. On application of IFRS 11, IAS 28 is amended and retitled to 'Investment in Associates and Joint Ventures'.

IFRS 12 "Disclosures of Interests in Other Entities" is effective for accounting periods beginning on or after 1 January 2014. The standard requires disclosure of information on the nature of, and risks associated with, interests in other entities; and the effects of those interests on the primary financial statements. The disclosures required relate to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 "Fair Value Measurement" provides guidance on how to measure fair value when it is required or permitted by other IFRS's and contains extensive

disclosure requirements to enable users of financial statements to assess the methods used by entities when developing fair value measurements and the effects of such measurements on financial results. The standard is applicable for accounting periods beginning on or after January 1, 2013 but early adoption is allowed.

The Directors do not anticipate that the adoption of this Standard and relating Interpretation - applicable from the financial year 2013 - will have a material impact on the financial statements.

2. Risk Management

The d'Amico International Shipping S.A. (DIS or the Group) activities expose it to a variety of financial risks and the risk management is part of the d'Amico International Shipping strategy. The shipping industry is highly sensitive to market fluctuations, which can determine significant changes in freight rates and tonnage prices. The overall risk management aim is to reduce the DIS's earnings exposure to cyclical fluctuations.

Market Risk

DIS and its subsidiaries are exposed to market risk principally in respect of vessels trading on the spot market earning market rates. In particular, when chartering-in vessels hire rates may be too high to turn out profitable and, conversely, when chartering-out vessels the hire rates may be too low to ensure an adequate return. The following risk management strategies are applied: (i) The Group aims to have a fixed contract coverage between 40-60%, thus ensuring the exposure to the spot market does not exceed 60%, depending on the market conditions, the trend of rates and expectations; (ii) The vessel trade partially in Pools to reduce the impact of specific risk affecting an individual vessel; (iii) The vessel trade on a worldwide basis to reduce the effect of different market conditions and rates of different routes between the Eastern and Western hemisphere DIS/DTL do not normally use derivative financial instruments to manage their exposure to vessel spot market rates.

Technical and Operational Risks

The Group is exposed to operating costs risk arising from the variable costs of vessel operations. The key areas of operating cost risk are Crew Costs, Bunkers, Dry dock and repair costs and Insurance. The Risk management includes the following strategies: (i) *The crew policy* is coordinated through the support of d'Amico Group, to have synergies and economies of scale, making reference to the d'Amico expertise in crewing (training school, company specialised in this kind of service), looking on the opportunities available in different area to keep the high crew quality, but controlling the costs; the Safety & Quality Department (SQE), whose focus is to ensure that the vessels and its staff comply fully with external requirements such as regulatory Oil Major Companies requirements and certifications, etc.; (ii) *Dry dock contracts* - The technical management, which also includes dry-dock, is also coordinated through the support of d'Amico Group, allowing economies of scale when dry docks have to be arranged and related level of cost/quality have to be measured. Similarly happens for repair costs. The policy to keep a young fleet also helps to minimize the risk; (iii) *Fleet insurance* - Various casualties, accidents and other incidents may occur in the course of the vessels operation, which may result in financial losses taking also into consideration the number of national and international rules, regulations and conventions. In order to reduce or eliminate any financial loss and/or other liability that it might incur in such a situation, the fleet is insured against various types of risk. The total insurance program provides a large cover of risk in relation to the operation of vessels and transportation of cargoes, including personal injury, environmental damage and pollution, third-party casualty and liability, hull and engine damage, total loss and war; (iv) *Piracy risks* - As a result of the increase in the number of armed attacks in water off the coast of Somalia, particularly in the Gulf of Aden it has been established a double set of countermeasures in order to: (a) Minimize the risk during the transit in the Aden area and make the navigation safer; (b) Check the suitability of the insurance structure currently in force as to ensure that the events arising out from the particular situation are duly covered. Some precautions to be applied by the vessels as well as some external contacts/assistance to be managed from the office have been implemented. A detailed analysis of the situation has allowed DIS/DTL, together with the d'Amico Group, to prepare guidelines to be followed by any vessel while in the risk zone. Moreover, in order to get as much information as possible and be kept updated on the issue, the

monitoring of the websites dedicated to the piracy problem is done. On the potential insurance issue, DIS/DTL ascertained that the main risks inherent to piracy, are included into its covers, as follows: (a) Loss of or damage to the vessel due to piracy attacks - This risk is covered under the Hull & Machinery policy, according to what provided at clause 6.5 'Perils' of the Institute Time Clauses Hulls, 1/10/83, where piracy is one of the named perils; (b) Ransom - Ransom payments tend to be treated as sue and labour expenses when only Hull Insurers are involved or as a general average, thus involving also cargo interests, when vessels are laden; (c) Loss of hire - Piracy is included among the covered risks, irrespective of whether the vessel has suffered damage or not due to the pirates' attack; (d) Third parties liabilities - DIS P&I cover protects from unjustified third-party claims and indemnifies legitimate claims.

Foreign Exchange Risk

The Group is exposed to currency risk in respect of transactions denominated in currencies other than U.S. Dollars – being the company functional currency – principally Euros and Yen. In particular, DIS (through its operating subsidiary d'Amico Tankers Ltd and DM Shipping Limited – Ireland) has JPY denominated borrowings and a number of vessel purchase options denominated in Yen that are potentially exercisable over the next few years. The Group's exposure to currency fluctuations is managed and mitigated through the use of derivative instruments, mainly forward currency contracts and currency options. Counterparties to these agreements are major financial institutions; certain transactions could also have as counterpart d'Amico Finance Limited (a d'Amico Group company).

Interest Rates

The Group is exposed to interest rate risk arising from the fact that the credit facilities and bank deposit earn interest at a variable rate. The risk management strategies provide that: (i) A portion of the DIS/DTL facilities is fixed using Interest rate swap (IRS) agreements. The agreements are classified as a hedge for accounting purposes (IAS39) and the effective portion of the gain or loss on the hedging instrument will be recognised under comprehensive income. Management consider that by fixing a proportion of the loan interest this will improve the visibility of future interest costs, at a level considered

appropriate for the business and allowing DIS/DTL to reduce the risk of significant fluctuations in interest rates. To comply with the on-going requirements of hedge accounting the effectiveness of the hedge is reviewed and confirmed on a quarterly basis; (ii) Management continuously review interest rates available in the market to ensure the facilities are competitive.

Liquidity Risk

The Group is exposed to liquidity risk from the possible mismatch between cash requirements, principally for vessel purchase and credit facility repayments and group cash flows. To minimise this risk, DIS Group maintains adequate facilities and standby credit lines to meet forecast expenditure. Management regularly reviews group facilities and cash requirements.

Credit Risk

The Group is exposed to credit risk resulting from the possible non-performance of any of its counterparties, primarily customers, agents and joint venture partners. To minimise the risk DIS/DTL have the following risk management strategies: (i) The customer's portfolio is essentially made up of a large base of oil majors, chemical multinational companies. The outstanding receivables are reviewed on a timely basis. The recovery of demurrage claims and charter expenses is followed by a dedicated team. Historically DIS has not experienced significant losses on trade receivables; (ii) Suppliers: as far as services received are concerned (e.g. crew availability/management, technical services) and bunker, the payments are scheduled to minimise credit risk. As far as yards delivering the ships under construction, advance payments are covered by appropriate bank guarantee for the success of the deal; (iii) The relationships with agents are managed through an in-house team with significant experience. Commencing in 2007, the Group also refers, for the payments to be made to the port agents, to DA Desk, a professional and external organisation specialised in managing the tasks; (iv) Pool partners: the responsibility for management of credit risks remains with the Group; (v) Banks: the policy of the Company is to have relationships only with large banks with strong credit ratings, specialised in shipping and with first class reputation; (vi) Group reviews total exposure under agreements.

Fraud Risk

The Group is exposed to fraud risk resulting from the significant volume and value of transactions processed. To minimise the risk the DIS/DTL have the following risk management strategies: (i) Limits of powers and authority set for all individuals (e.g. power of attorneys restricted in object, limit amount for transactions); (ii) Controls over bank signatories (e.g. four eyes principle for specific transactions); (iii) Controls over tendering process; (iv) The Internal Audit function is operating, together with the Audit Committee; (v) The Company, due to Stock market in Star segment rules of Borsa Italiana, on 3rd May 2007, applies the Italian D.Lgs. 8 June 2001, n.231, which introduced the administrative liability of the company and of other bodies for specific types of Crime committed by its directors or employees. Legislative Decree 231/2001 provides that companies are liable for those crimes committed in the interests or for the benefit of the same by subjects holding a so called 'top level' role. The Decree provides for the implementation of a compliance program that aims to develop an organic and structured system of procedures, rules and controls to be implemented both preventively (ex-ante) and subsequently (ex post), in order to reduce and prevent in a material way the risk of commission of the different types of Crimes. DIS, on 12 March 2008, has formally adopted this Model of Organization and now is implementing specific operating procedures in order to prevent the commission of Crime.

3. Capital Disclosure

The d'Amico International Shipping Group ('DIS') objectives in managing capital are:

- To safeguard the Group's ability to continue as a going concern, so it can continue to provide returns for shareholders and benefits for other stakeholders, and
- To provide an adequate return to shareholders by operating the vessel in the spot/time charter contracts market balancing the level of the commercial risk.

The capital of the Group was established at the beginning of 2007 as part of the IPO process, taking into consideration the risks affecting d'Amico International Shipping and the industry where the Group operates. During the month of December 2012 the capital of the Company was increased consistent with its strategy of

supporting the path of continuous growth and expansion within the traditional market of its operating companies.

In addition to the equity, the Group has various bank facilities and credit lines (see Note 20).

The capital structure is reviewed during the year and - if needed - adjusted depending on the Group capital requirements, changes in the general economic conditions and industry risk characteristics. The Group monitors its capital on the basis of the 'assets cover ratio' being the drawdown amounts on its facilities over the fair market value of the vessels owned.

4. Revenue

US\$ Thousand	2012	2011
REVENUE	325,253	291,721

Revenue represents vessel income comprising time charter hire, freight, demurrage and income from participation in vessel pools. Revenues earned from external customers in the rest of the world in 2012 arise mainly from the European Economic Area, followed by the Far East and South America. Only one customer is generating more than 10% of the Group revenues, reaching US\$ 82.18 million in 2012; in 2011 the same customer totalled US\$ 63.2 million.

5. Voyage Costs

US\$ Thousand	2012	2011
Bunkers (fuel)	104,206	76,788
Commissions payable	7,752	4,981
Port charges	27,398	20,288
Other	2,476	2,659
TOTAL	141,832	104,716

Voyage costs are operating costs resulting from the employment, direct or through our partnerships, of the vessels of the fleet, in voyages undertaken in the spot market and under Contracts of Affreightment. Time charter contracts are net of voyage costs.

6. Time Charter Equivalent Earnings

US\$ Thousand	2012	2011
TIME CHARTER EQUIVALENT EARNINGS	183,421	187,005

Time charter equivalent earnings represent revenue less voyage costs. In 2012 about 36.3% of the Time Charter Equivalent earnings came from fixed contracts longer than 12 months (48.1% in 2011).

7. Time Charter Hire Costs

US\$ Thousand	2012	2011
TIME CHARTER HIRE COSTS	91,714	89,761

Time charter hire costs represent the cost of chartering-in vessels from third parties.

8. Other Direct Operating Costs

US\$ Thousand	2012	2011
Crew costs	28,070	26,388
Technical expenses	14,970	14,184
Luboil	2,848	2,746
Technical and quality management	4,642	4,101
Other direct operating costs	7,011	5,984
TOTAL	57,541	53,403

Other direct operating costs include crew costs, technical expenses, technical and quality management fees, and sundry expenses originating from the operation of the vessel, including insurance costs.

Personnel

As at 31 December 2012, d'Amico International Shipping S.A. and its subsidiaries employed 508 seagoing personnel and 31 on-shore personnel. The average number of employees was of 549 (2011: 502). Onshore personnel costs are included under general and administrative costs. The Group has no liabilities with regard to pensions and other post-retirement benefits.

9. General and Administrative Costs

US\$ Thousand	2012	2011
Personnel	10,350	11,636
Other general and administrative costs	7,128	7,694
TOTAL	17,478	19,330

Personnel costs relate to on-shore personnel salaries. Personnel costs also comprises the amount of US\$ 1.3 million (2011: US\$ 1.4 million) relating to directors fees and an amount of US\$ 2.4 million for senior managers including the CEO and other managers with strategic responsibilities.

The other general and administrative costs comprise consultancy, office rental fees, and other sundry expenses originating from the operation of the Group companies. They include infra-group management fees on brand and trademark, IT, Legal and Internal Audit services for US\$ 1.7 million.

10. Other Operating Income

US\$ Thousand	2012	2011
OTHER OPERATING INCOME	2,053	3,205

Other operating income represents chartering commissions earned for services provided by Group personnel to non-related external clients.

11. Result From Disposal of Vessels

US\$ Thousand	2012	2011
PROFIT ON DISPOSAL OF VESSEL	1,473	3,286

The profit concerns the sale of the *M/T High Wind*, sold in November; in October 2011 a profit was realised on the sale of the *M/T High Century*.

12. Net Financial Income (Charges)

US\$ Thousand	2012	2011
LOANS AND RECEIVABLES:		
Interest Income - Banks	119	372
Realised on financial activities	4,123	524
AT FAIR VALUE THROUGH INCOME STATEMENT:		
Forward contracts	757	50
Other financial income	4,159	-
TOTAL FINANCIAL INCOME	9,158	946
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST:		
Interest expense	(10,915)	(11,468)
AT FAIR VALUE THROUGH INCOME STATEMENT:		
Other financial charges	-	(3,807)
TOTAL FINANCIAL CHARGES	(10,915)	(15,275)
NET FINANCIAL CHARGES	(1,757)	(14,329)

Financial income comprises interest income on bank accounts and realized profits on financial activity (portfolio investment and option premiums). Net foreign exchange gains include the fair value measurement in US\$ of the Japanese Yen denominated loans, a gain of US\$ 5.3 million (2011: no foreign exchange gain was realized).

Financial charges include interest expense on bank loans and expenses relating to swap arrangements amounting to US\$ 10.1 million (2011: US\$ 11.5 million) and fees paid to banks relating to bank loans. No other financial charges have been recorded (2011: US\$ 3.8 million, including all foreign exchange differences, of which US\$ 2.9 million arising from the conversion into US Dollar of the Japanese Yen denominated loans).

13. Income Taxes

US\$ Thousand	2012	2011
CURRENT INCOME TAXES	1,097	636

Effective from 1 January 2007, d'Amico Tankers Limited qualified to be taxed under the Tonnage Tax regime in Ireland; DM Shipping Limited obtained the ruling commencing 1 January 2009 and Glenda International Shipping in 2010.

The tax liability under the tonnage tax regime is based on the controlled fleet's notional shipping income, which in turn depends on the total net tonnage of the controlled fleet. The 2012 tonnage tax provision for d'Amico Tankers Limited, DM Shipping and Glenda International Shipping amounted to US\$ 0.5 million. The income tax charges relate to activities, which are not eligible for tonnage tax and are taxed between 12.5% and 25%.

The holding company, d'Amico International Shipping S.A. had, at the end of 2012, accumulated tax losses to be carried forward of approximately Euro 32.6 million (US\$ 43.0 million). The Luxembourg corporate income theoretical tax rate is of 30%. No deferred tax asset has been accounted for as management do not that taxable profits against which the accumulated losses could be offset. The holding company is subject to the Luxembourg Net Wealth Tax regime; for 2012 the calculated net assets did not generate a tax charge.



14. Tangible Assets

US\$ Thousand	Fleet	Dry-dock	Other assets	Total
COST				
At 1 January 2012	728,779	9,799	2,531	741,109
Additions	77,118	8,132	15	85,265
Disposal	(35,101)	(6,652)	(774)	(42,527)
Exchange Differences	-	-	50	50
At 31 December 2012	770,796	11,279	1,822	783,897
DEPRECIATION AND IMPAIRMENT				
At 1 January 2012	187,496	4,528	1,451	193,475
Charge for the period	32,798	5,307	249	38,354
Impairment	85,000	-	-	85,000
Disposal	(26,168)	(4,931)	(734)	(31,833)
Exchange Differences	-	-	(21)	(21)
At 31 December 2012	279,126	4,904	945	284,975
NET BOOK VALUE				
AT 31 DECEMBER 2012	491,670	6,375	876	498,922

The table below shows, for comparison purposes, the changes in the fixed assets in 2011.

US\$ Thousand	Fleet	Dry-dock	Other assets	Total
COST				
At 1 January 2011	692,996	12,122	2,537	707,655
Additions	59,783	4,889	28	64,700
Disposal	(24,000)	(7,212)	(32)	(31,244)
Exchange Differences	-	-	(2)	(2)
At 31 December 2011	728,779	9,799	2,531	741,109
DEPRECIATION				
At 1 January 2011	155,849	6,315	1,208	163,372
Charge for the period	32,069	4,703	278	37,050
Disposal	(422)	(6,490)	(32)	(6,944)
Exchange Differences	-	-	(3)	(3)
At 31 December 2011	187,496	4,528	1,451	193,475
NET BOOK VALUE				
AT 31 DECEMBER 2011	541,283	5,271	1,080	547,634

Tangible fixed assets are comprised of the following:

Fleet

Fleet includes the purchase costs for owned vessels, and payments to yards for vessels under construction. Additions in 2012 relate to the instalments paid on new-buildings – in particular, *M/T High Seas* and *M/T High Tide* delivered to d'Amico Tankers – and to the purchase of the *M/T High Prosperity*, together with the first instalments of the newly ordered Eco-Shallowmax hulls # 2385 and # 2386, and Eco-MR Product Tanker, hulls # 2407 and # 2408. Capitalized instalments and contractual purchase price at Group level for 2012 amount to US\$ 72.3 million (2011: US\$ 35.7 million) and capitalized interest is US\$ 0.2 million (2011: US\$ 0.1 million). Mortgages are secured on all the vessels owned by the Group - for further details see note 20.

The total market value of the Group fleet, including vessels under construction, according to a valuation report provided by a primary shipping broker at the end of December 2012, is of US\$ 450.2 million.

Impairment testing

The carrying amount of the vessels has been reviewed to ensure they are not impaired. The recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use, represented by the net present value of the cash flow from its remaining useful life. In the assessment, the estimated future cash flows from its remaining useful life are discounted to their present value.

For impairment test purposes, the management estimates take into consideration the market information available, including reported sales of similar vessels, as well as future expectations, and have been based on the following key assumptions: (i) Earnings: under contracts concluded and the estimate of future rates; (ii) Useful economic life of 20 years; (iii) Estimated economic value at end of life based on current rates (iv) Costs reflect the current d'Amico structure; (v) The figures have been discounted based on a rate of 6.5%, which represents the current and expected profile of the Company's required weighted average cost of capital based on the current cost of financing and required of return on equity. Compared to the impairment test carried out for the 2011 financial statements purposes, the freight rate scenario have been updated, together with the increase from 6.0% to

6.5% of the discount factor. Management notes that the calculations are particularly sensitive to changes in the key assumptions as future hire rates and discount rate.

Based on the assessment of the recoverable amount and considering that the future value in use calculations no longer support the written down value of the vessels, the Management of the Group has taken the decision that there was now the need to impair the net book value of the fleet by the amount of US\$ 85.0 million. Management reached the decision considering that in the first six month of 2012, the brokers desk top valuations declined by a further 15% compared to the previous year end, the largest decrease since 2008/2009 and the expectation in the market as to the timing of an improvement in product tanker freight rates was moved back from 2012 to 2015. The desk top broker valuation did not change substantially during the second half of the year. The impairment testing was performed assuming the Company as a going concern; in addition Management considers that the availability of new fuel efficient product tanker designs will impact the results of existing vessels.

All other things remaining equal, the sensitivities have been assessed as follows: a movement in the future tanker hire rates of US\$ 500 per day in the long-term forecast, would result in a movement in the impairment of US\$ 5.0 million in the Fleet; a movement of 1% in the discount factor would result in a movement in the impairment of US\$ 11.0 million.

Dry-dock

Dry-docks include expenditure for the fleet's dry docking programme and disposal of amortized dry docks; a total of seven vessels dry-docked in the year.

Other Assets

Other assets mainly include fixtures, fittings, office equipment.

15. Inventories

US\$ Thousand	As at 31 Dec 2012	As at 31 Dec 2011
INVENTORIES	20,221	17,522

Inventories represent stocks of Intermediate Fuel Oil (IFO), Marine Diesel Oil (MDO) and luboils on board vessels. The amounts expensed during the period are detailed in note 5 and 8.

16. Receivables and Other Current Assets

US\$ Thousand	As at 31 Dec 2012	As at 31 Dec 2011
Trade receivables	27,151	23,208
Other debtors	262	279
Prepayments and accrued income	11,965	16,130
TOTAL	39,378	39,617

Receivables, as at 31 December 2012, include trade receivables amounting to US\$ 27.2 million, net of allowance for credit losses of US\$ 1.1 million (2011: US\$ 0.8 million). Other current assets principally consist of prepayments and accrued income amounting to US\$ 12.2 million. The ageing of trade receivables is disclosed below.

US\$ Thousand	As at 31 Dec 2012	As at 31 Dec 2011
0-60 days	21,881	17,389
61-90 days	2,375	1,972
91-120 days	2,895	3,847
TOTAL	27,151	23,208

17. Current Financial Assets

US\$ Thousand	As at 31 Dec 2012	As at 31 Dec 2011
CURRENT FINANCIAL ASSETS	757	14,396

The amount at the end of 2012 refers to the net fair value of derivative instruments (currency forward contracts); the portfolio bonds in the amount of US\$ 14.4 million at

the end of 2011, were sold during the year.

18. Cash and Cash Equivalents

US\$ Thousand	As at 31 Dec 2012	As at 31 Dec 2011
CASH AND CASH EQUIVALENTS	117,617	51,068

Cash and cash equivalents is mostly represented by short term deposits and includes approximately US\$ 0.8 million of cash held by Pool companies (High Pool Tankers Ltd and Glenda International Management Ltd) which were distributed to other pool participants in January 2013. The balance includes also US\$ 3.4 million secured in connection with the Mizuho facility and derivative instruments margin call deposit.

19. Shareholders' Equity

US\$ Thousand	As at 31 Dec 2012	As at 31 Dec 2011
Share capital	35,988	149,950
Retained earnings	12,439	118,433
Other reserves	245,781	47,098
TOTAL	294,208	315,481

Share Capital

The current subscribed and fully paid-up capital of US\$ 35,987,977.40 (corresponding to € 27,275,294 at the year-end exchange rate) is divided into 359,879,774 shares without nominal value.

On 2 October 2012 the Extraordinary Meeting of the Shareholders – on the basis of a special report by the Board of Directors - decided to firstly reduce the issued share capital of the Company from its original amount of US\$ 149,949,907 to the amount of US\$ 14,949,990.70 and allocate the amount corresponding to this reduction to a special capital account. The shareholders further resolved to amend the authorised corporate capital up to US\$ 50,000,000.00 divided into 500,000,000 shares without nominal value. As a result of two further capital increases resolved by the Board of Directors, the share capital of the company currently amounts to US\$ 35,987,977.40 divided into 359,879,774 shares without

nominal value. All shares pertain to the category of ordinary shares; they have equal voting and dividends rights, rank equally with regard to the Company's residual assets and in general have those rights and obligations provided by the Company's Articles of Association and by the applicable Luxembourg laws.

At the same time the Company issued 69,976,622 warrants the exercise of which is regulated as per information attached to the Prospectus. In particular, subject to the Terms and Conditions for the exercise of the Warrants, the warrant-holders could exercise their right at any time during the following exercise periods: during all trading days of the month of January 2014 at a price of euro 0.36 each, during all trading days of the month of January 2015 at a price of euro 0.40 each and during all trading days of the month of January 2016 at a price of euro 0.46 each, although the Board of Directors of the Company may, upon occurrence of certain events declare additional periods or suspend the exercise periods.

related advisory fees and charges) have been offset.

Treasury shares

Treasury shares at the end of 2012 consist of 5,090,495 ordinary shares (2011: 5,090,495) for an amount of US\$ 16.4 million (2011: US\$16.4 million), corresponding to 1.41% of the outstanding share capital at the financial position date (2011: 3.39%). These shares were principally acquired in 2007 and 2008 and during the second half of 2011, as part of the authorised Buy-back program.

Fair value reserve

The fair value reserve arose as a result of the valuation of the Interest Rate Swap agreements connected to the Crédit Agricole facility to their fair value of US\$ 6.7 million (liability). Details of the fair value of the derivative financial instruments are set out in note 23.

Retained Earnings

The item includes previous year and current net result, and deductions for dividends distributed.

Other Reserves

The other reserves include the following items:

US\$ Thousand	As at 31 Dec 2012	As at 31 Dec 2011
Share premium reserve	269,098	71,389
Treasury shares	(16,356)	(16,356)
Fair value reserve	(6,656)	(7,617)
Other	(305)	(318)
TOTAL	245,781	47,098

Share premium reserve

The share premium reserve arose in first instance as a result of the Group's IPO and related increase of share capital (May 2007) and lately as a result of the further capital increase occurred in December 2012. Certain costs and charges connected with the listing processes and further capital raising (mainly bank commissions and

20. Banks and Other Lenders

US\$ Thousand	As at 31 December 2012	As at 31 December 2011
NON-CURRENT LIABILITIES		
Banks and other lenders	284,264	282,492
CURRENT LIABILITIES		
Banks and other lenders	28,160	14,864
TOTAL	312,424	297,356

The balance comprises the following debts:

US\$ Thousand	As at 31 December 2012			As at 31 December 2011		
	Non-current	Current	Total	Non-current	Current	Total
Crédit Agricole	139,162	-	139,162	149,460	-	149,460
Mizuho	16,623	4,467	21,090	23,407	4,967	28,374
Crédit Agricole – DNB	40,910	3,087	43,997	10,565	-	10,565
Commerzbank-Crédit Suisse	67,213	6,216	73,429	73,382	6,578	79,960
Mitsubishi UFJ Lease	20,356	2,985	23,341	25,678	3,319	28,997
Danish Ship Finance	-	11,405	11,405	-	-	-
TOTAL	284,264	28,160	312,424	282,492	14,864	297,356

Crédit Agricole Corporate & Investment Bank (former Calyon) facility

The debt due as at 31 December 2012 relates, for an outstanding amount of US\$ 139.6 million (US\$ 139.2 million net of the unamortized portion of the arrangement fees paid at draw-down, amounting to US\$ 0.4 million), to the original US\$ 350.0 million revolving loan facility negotiated by d'Amico Tanker Limited with Crédit Agricole CIB and other banks (Intesa Sanpaolo S.p.A., Fortis Bank, Nederland, N.V., The Governor and the Company of the Bank of Ireland, Norddeutsche Landesbank Girozentrale, and Scotiabank Ireland Limited). The key terms and conditions of the facility are the following: the principal amount available through the ten year facility period at any given time is reduced by US\$ 15.5 million every six months down to a final reduction of US\$ 40.0 million at maturity (2017). The ratio between the amount outstanding at any given time and the fair market value of the charged vessels (the 'asset cover ratio') owned by d'Amico Tankers Limited (the 'borrower'), which are currently subject to mortgages pursuant to the facility, must not be higher than 66.6%. Interest is payable at a rate of LIBOR plus 0.65%, if the asset cover ratio of d'Amico Tankers Limited and its consolidated subsidiaries is below 50%, and LIBOR plus 0.95%, if such ratio is equal to or higher than 50%. In

addition, the maximum amount that the borrower can draw-down also depends on its EBITDA to financial costs ratio. The following standard covenants are also in place: (i) cash available, including undrawn credit lines of more than 12 months, must be at least US\$ 40.0 million (ii) net worth, which is defined as book equity plus subordinated shareholder loans, as recorded in the statement of financial position, must not be less than US\$ 100.0 million and (iii) equity to asset ratio must not be lower than 35.0%. The facility is secured through a guarantee by the parent Company, d'Amico International Shipping S.A., and provides mortgages on thirteen of the Company's owned vessels. The outstanding loan facility has been shown entirely under long-term debt, since no amortization of the drawn-down amount is required and future facility reductions will not reduce availability over the next twelve months, below indebtedness outstanding as at 31 December 2012.

Mizuho facility

The balance of US\$ 21.1 million (JPY 1.87 billion) relates to the loan facility arranged by the Mizuho Corporate Bank Ltd., and syndicated by a pool of Japanese primary banks and leading financial institutions. The Loan Facility purpose is to finance the acquisition of Japanese product tanker vessels for which d'Amico Tankers

Limited has purchase options and/or the acquisition of other product tanker vessels. At 31 December 2012 the facility has been draw down for an original amount of JPY 5 billion and the outstanding debt is of JPY 1.87 billion. The contract, over a period of ten years, provides the repayment of quarterly instalments and an interest cost corresponding to the three month London Interbank Offer Rate (LIBOR) for Japanese Yen, plus a margin of between 100 and 125 basis points depending on the financed vessels' advance ratio. Similarly to the Crédit Agricole CIB facility, the key terms and conditions of the Mizuho loan provide that the ratio between the amount outstanding at any given time and the fair market value of vessels (the 'advance ratio') owned by d'Amico Tankers Limited, which are subject to mortgages pursuant to the facility (currently two vessels), must not be higher than 66.6%. As per Crédit Agricole CIB facility, the maximum amount that d'Amico Tankers Limited can borrow also depends on the EBITDA to financial costs ratio. Other covenants are the same as provided by the Crédit Agricole CIB facility. As at 31 December 2012 the Company's ratio are in compliance with the facilities' provisions. The facility is secured through a guarantee by the parent Company, d'Amico International Shipping S.A., and provides mortgages on two of the Company's owned vessels.

Crédit Agricole Corporate & Investment Bank & DNB NOR Bank ASA facility

The debt due to banks and other lenders as at 31 December 2012 relates, for an outstanding amount of US\$ 43.9 million, relating to the US\$ 48.0 million loan facility negotiated by d'Amico Tankers Limited with Crédit Agricole CIB and DNB NOR Bank ASA (shared pari passu between both entities) signed on the 26 July 2011 to finance two new vessels built in Hyundai Mipo Dockyard CO. Ltd – Hull 2307 (*M/T High Seas*) and Hull 2308 (*M/T High Tide*) - delivered respectively end of March and end of April 2012. The principal amount available through the seven year facility period will be repaid with 28 consecutive quarterly instalments, down to a balloon of US\$ 12.8 million per vessel. The ratio between the amount outstanding at any given time and the fair market value of the charged vessels (the 'asset cover ratio') owned by d'Amico Tankers Limited (the 'borrower'), which are currently subject to mortgages pursuant to the facility, must not be higher than 65%. Interest is payable at a rate of LIBOR plus 2.10%. The loan also includes covenants: (i) cash available, including undrawn credit lines of more than 12 months, must be at least US\$ 40.0 million (ii) net worth, which is defined

as book equity plus subordinated shareholder loans, as recorded in the statement of financial position, must not be less than US\$ 100.0 million and (iii) equity to asset ratio must not be lower than 35.0%. The facility is secured through a guarantee by the parent Company, d'Amico International Shipping S.A., and provides mortgages on the two Company's owned financed vessels.

Danish Ship Finance A/S facility

The outstanding amount at 31 December 2012 of US\$ 11.4 million (net of the unamortized portion of the arrangement fees paid at draw-down, amounting to US\$ 0.2 million) relates to the facility granted by Danish Ship Finance A/S to d'Amico Tankers Limited to finance the purchase of *M/T High Prosperity* in May 2012. The principal amount will be repaid in one instalment at maturity, 18 months from drawdown. The ratio between the fair market value of the vessel and the amount outstanding (the 'Security Maintenance Cover Ratio') must not be lower than 175%. Interest is payable at a rate of USD LIBOR plus 2.0%. The facility is secured by a guarantee from the parent Company, d'Amico International Shipping S.A., and provides mortgages on the Company's owned financed vessel.

Glenda International Shipping Limited / Commerzbank – Crédit Suisse loan

The consolidated amount of US\$ 79.9 million refers to the DIS Group share of the facility granted by Commerzbank AG Global Shipping and Crédit Suisse to Glenda International Shipping Ltd for the construction of six MR Product Tankers (Hyundai Mipo Dockyard Co. Ltd – Korea). This agreement involves single-vessel loans with a ten-year maturity from vessel delivery, for a total initial amount of up to US\$ 195.0 million (67% of the contract price to be paid for the vessels) and an interest cost referenced to the US dollar LIBOR plus a spread varying from 90 to 110 basis points. Collateral mainly refers to first-priority mortgages on the vessels. The agreements also provide a covenant relating to the financed vessels' aggregate loan-to-value ratio, which should at all times be at least 130%. Based on the loan outstanding and the broker's valuation obtained at the end of December, the loan to value ratio was 118% and, therefore, lower than required by the covenant. The bank agreed to accept corporate guarantees from the shareholders to ensure continuing compliance with the covenant, and the final documentation was in process of finalisation at the date of the report.

DM Shipping Limited – Mitsubishi UFJ Lease

The balance relates to the DIS Group share of the debt due to Mitsubishi UFJ arising from the loan granted for the acquisition of the two vessels delivered in 2009. The agreement provides for a loan of JPY 2.8 billion per vessel, to be repaid in 10 years, through monthly instalments. The interest rates on the loans are fixed for the two vessels between 2.955% and 2.995%. The facility is secured through mortgage on the vessels. There are no further relevant covenants on the loan.

21. Amount Due to Parent Company

US\$ Thousand	As at 31 Dec 2012	As at 31 Dec 2011
D'AMICO INTERNATIONAL S.A.	20,000	-

The balance represents short-term financing granted by the parent company; it was reimbursed in January 2013.

22. Payables and Other Current Liabilities

US\$ Thousand	As at 31 Dec 2012	As at 31 Dec 2011
Trade payables	28,720	38,336
Other creditors	11,855	8,559
Accruals & deferred income	2,434	2,783
TOTAL	43,009	49,678

Payables and other current liabilities as at 31 December 2012, include mainly trade payables, of which an amount of US\$ 9.6 million refers to the related party, Rudder SAM (bunker). The Group has financial risk management policies in place to ensure all payables are settled within agreed terms (cfr. note 2).



23. Other Financial Liabilities

US\$ Thousand	As at 31 December 2012			As at 31 December 2011
	Non-current	Current	Total	Total
Other financial liabilities	-	45	45	56
Fair value of derivative instruments	4,523	2,133	6,656	7,617
TOTAL OTHER FINANCIAL LIABILITIES	4,523	2,178	6,701	7,673

The balance at the end of 2012 principally represents the fair value of the Interest Rate Swap derivatives hedging instruments. The derivatives instruments fair values are shown in note 25.

24. Current Tax Liabilities

US\$ Thousand	As at 31 December 2012	As at 31 December 2011
CURRENT TAX LIABILITIES	553	49

The balance at the end of 2012 reflects the income taxes and tonnage taxes payable at year end by the subsidiaries.

25. Derivative Instruments

As at 31 December 2012 the following derivative instruments were in place:

US\$ Thousand	Fair value at 31 December 2012	Income statement financial income/(charges)	Equity hedging reserves
HEDGE ACCOUNTING			
Interest rate swaps	(6,656)	-	(6,656)
Forward currency contracts	757	757	-
TOTAL	(5,899)	757	(6,656)

US\$ Thousand	Fair value at 31 December 2011	Income statement financial income/(charges)	Equity hedging reserves
HEDGE ACCOUNTING			
Interest rate swaps	(7,617)	-	(7,617)
Forward currency contracts	50	50	-
TOTAL	(7,567)	50	(7,617)

The negative outstanding derivative instruments fair value at the end of the year is shown under Other Current financial liabilities.

Interest Rate Swaps

At the end of 2012 d'Amico Tankers Ltd has in place two interest rate swap contracts (IRS) renegotiated in 2011 for an amount of US\$ 50.0 million each, with termination due in 2014 and 2016. These IRS contracts hedge the risks relating to interest rates on the existing Crédit Agricole CIB revolving facility. During 2012, d'Amico Tankers Ltd signed four new interest rate swap contracts (IRS) to hedge the risk relating to interest rates on the Crédit Agricole CIB / DnB NOR facility of US\$ 48.0 million.

The IRS contracts are considered level 2 instruments, in that their fair value measurement is derived from inputs other than quoted prices that are observable.

Forward Currency Contracts

During 2012 d'Amico Tankers Limited entered into foreign exchange derivative contracts to hedge the risk of vessels technical expenses and administrative cost exposure denominated in Euro, Japanese Yen, Singapore Dollar and British Pounds. They are carried at fair value through the income statement.

The contracts are considered as level 2 instruments, in that their fair value measurement is derived from inputs other than quoted prices.

In 2012, the realised gains are US\$ 3.2 million and the unrealised gains amounted to US\$0.8 million.

26. Information on Financial Risk

As disclosed in the note 2, 'Risk Management' d'Amico International Shipping Group is exposed to some financial risk connected with its operation. During the process of the budget, the Group identifies the proper market levels in the analysis of all its implied risks, in order to take systematically the necessary action to smoothen out, neutralize or hedge its exposures during the year, according to the market conditions, in line with its business projections. Specific risk control and guidelines policies are in place to measure our aggregate trading limit and Delta Variance on a daily basis. Duties are distributed between our back- and front offices, in order to properly monitor our internal control procedures. This section provides qualitative and quantitative disclosure on the effect that those risks may have on the Group.

Market Risk

As a multinational Group that has operations throughout the world, it is primarily exposed to the market risk of changes in foreign currency exchange rates.

Currency Risk

DIS uses US\$ as functional currency and the majority of its transactions are denominated in U.S. Dollars. The Group is exposed to currency risk in respect of transactions denominated in currencies other than U.S. Dollars, principally Euros and Yen.

The Group monitors its exposure to currency risk on a regular basis. Management does not consider the Group has significant exposure to foreign exchange risk from operational activities side, as principally the entire Group's revenues and most part of the operating costs are denominated in United States Dollars. As far as the financing activity side, as a result of the 'Mizuho Facility' and of the Mitsubishi Lease (denominated in Japanese Yen), the Company has a risk connected to the JPY exchange rate fluctuations exposure. The Group systematically identifies and monitors its exposure to foreign currency fluctuation, in order to detect potential negative effects in advance and take the necessary mitigating action, if required, through the use of derivative financial instruments, when appropriate. In particular, the exchange rate exposure on forecasted financing and commercial flows is hedged by currency swaps, forward contracts and currency options, subject to specific risk policies and guidelines and internal control procedures.

Excluding the JPY debt exposure, the foreign exchange risk is relating to cash flows not denominated in U.S. Dollars, mainly administrative expenses and operating costs denominated in Euros. For 2012, these payments amounted to US\$ 19.8million, representing the 6.3% of total operational, administrative, financial and fiscal expenses, of which 4.9% related to Euro transactions. Other significant currencies included Singapore Dollars (0.7%) and British Pounds (0.7%). Within the frame of a sensitivity analysis, a 10% fluctuation in the U.S. Dollar exchange rate against all other currencies would have resulted in a variation of +/- US\$ 2.0 million in the loss of the Group for the year (US\$ 4.3 million in 2011). At 31 December 2012, had the Japanese Yen strengthened/weakened against the US Dollar by 5%, with all other variables held constant, net assets and the

result for the year would have respectively increased by US\$ 2.3million or decreased by US\$ 2.5million. The overall Group's sensitivity to currency risk has not changed significantly from prior year.

Interest Rate Risk

The Group is exposed to interest rate risk arising from the fact that its bank deposits and its credit facilities necessary to the funding of new-buildings and vessel purchases earn/pay interest at a variable rate. The risk is managed by the Group by the use of interest rate swaps contract and the hedging activity is regularly evaluated to ensure a cost-effective strategy is applied.

With all other variables remaining constant, an increase in the level of interest rates of 100 basis points would have given rise to an increase in the net financial charges by US\$ 1.2million (US\$ 1.2 million in 2011) while a reduction in interest rates of 100 basis points would have decreased the net financial charges by US\$ 0.4 million (US\$ 2.3 million in 2011). At 31 December 2012, had interest rates been 1% higher/lower, with all other variables held constant, then the valuation of the swaps would have increased – respectively decreased – the net assets by approximately US\$ 5.0 million.. There would be no impact on the income statement as the interest rate swaps are designated cash flow hedges. The Group's sensitivity to interest rate risk has not changed significantly from prior year.

Credit Risk

The Group is exposed to credit risk resulting from the possible non-performance of any of its counterparties, primarily customers. The Group normally deals only with creditworthy counterparties and its exposure is continuously monitored.

The top 10 customers in 2012 represented approximately 47% of the revenue of the Company during the year (2011 72%). At the end of the reporting period 66% of the total trade receivables were due from the Group's ten largest customers (2011: 72%). Considering the customers, the risk essentially relates to demurrage receivable and expenses incurred on behalf of charterers, which are analysed and written down, if necessary, on an individual basis. The total specific allowance for credit losses at 31 December 2012 amounted to US\$ 1.1 million (2011: US\$ 0.8 million). The

Group has significant cash deposits with Calyon Bank, which has a rating of A (S&P), and ABN-AMRO with a rating of A (S&P), DNB with a rating of A+ (S&P).

The Group has financial risk management policies in place to ensure all payables are settled within agreed terms.

Liquidity Risk

The Group is exposed to liquidity risk from the possible mismatch between cash requirements - principally for vessel purchase and credit facility repayments - and Group cash flows.

As part of its financial planning process DIS manages the liquidity risk by targeting its capital structure in a way to balance the significant credit lines and funds currently available together with the cash to be generated by the operating activities, to allow the Company to maintain a level of liquidity adequate to the Group's needs, at the same time optimizing the opportunity cost of maintaining liquidity reserves and achieving an efficient balance in terms of maturity and composition of the financing. The Group capital structure is set within the limits established by the Company's Board of Directors. In spite of on-going tough credit market conditions, the Company has succeeded in maintaining access to a wide range of funding at competitive rates through financial institutions and recently (December 2012) in the capital market (see also notes 19, 20).

The following tables detail the Group's remaining contractual maturity for its bank liabilities with agreed repayment periods. The tables have been draw-up based on undiscounted cash-flows based on the earliest date in which the Group can be required to pay.

US\$ Thousand	As at 31 December 2012				
	< 1 y	1-2 y	2-5 y	> 5 y	Total
Crédit Agricole	-	21,662	117,500	-	139,162
Mizuho	4,467	4,467	12,156	-	21,090
Crédit Agricole – DNB	3,087	3,088	9,263	28,559	43,997
Commerzbank-Crédit Suisse	6,216	6,216	18,648	42,349	73,429
Mitsubishi UFJ Lease	2,985	2,985	8,955	8,416	23,341
Danish Ship Finance	11,405	-	-	-	11,405
TOTAL	28,160	38,418	166,522	79,324	312,424

US\$ Thousand	As at 31 December 2011				
	< 1 y	1-2 y	2-5 y	> 5 y	Total
Crédit Agricole	-	32,500	61,460	55,500	149,460
Mizuho	4,967	4,967	14,900	3,540	28,374
Crédit Agricole – DNB	-	3,200	7,365	-	10,565
Commerzbank-Crédit Suisse	6,578	6,114	16,110	51,158	79,960
Mitsubishi UFJ Lease	3,319	3,319	9,958	12,401	28,997
Danish Ship Finance	-	-	-	-	-
TOTAL	14,864	50,100	109,793	122,599	297,356

Fair Value Risk and Valuation Techniques

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash-flow analysis is performed. *Foreign currency forward contracts* are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts. *Interest rates swaps* are measured at the present value of the future cash-flow estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair value of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted

pricing models based on discounted cash-flow analysis. Loans in JPY are reflected at amortized cost, a fair value measurement would give rise to a different carrying value.

27. Classification of Assets and Liabilities

US\$ Thousand	Loans and receivables	Derivatives used for hedging	Non-financial assets	Total 2012
ASSETS				
Tangible assets	-	-	498,922	498,922
Inventories	-	-	20,221	20,221
Receivables and other current assets	39,378	-	-	39,378
Current financial assets	-	757	-	757
Cash and cash equivalents	117,617	-	-	117,617
LIABILITIES				
Banks and other lenders	312,424	-	-	312,424
Amounts due to parent company	20,000	-	-	20,000
Other current financial liabilities	-	6,701	-	6,701
Payables and other current liabilities	43,009	-	-	43,009
Current tax payable	553	-	-	553

US\$ Thousand	Loans and receivables	Assets held for trading	Derivatives used for hedging	Non-financial assets	Total 2011
ASSETS					
Tangible assets	-	-	-	547,634	547,634
Inventories	-	-	-	17,522	17,522
Receivables and other current assets	39,617	-	-	-	39,617
Current financial assets	-	14,396	-	-	14,396
Cash and cash equivalents	51,068	-	-	-	51,068
LIABILITIES					
Banks and other lenders	297,356	-	-	-	297,356
Other current financial liabilities	56	-	7,617	-	7,673
Payables and other current liabilities	49,678	-	-	-	49,678
Current tax payable	49	-	-	-	49

28. Related Party Transactions

Pursuant to IAS 24, the Company related parties are entities and individuals capable of exercising control, joint control or significant influence over DIS and its subsidiaries, companies belonging to the d'Amico Group, and joint ventures of d'Amico International Shipping. More-over, members of the DIS Board of Directors, and executives with strategic responsibilities and their families are also considered related parties.

DIS carries out transactions with related parties, including its immediate parent company d'Amico

International S.A. a company incorporated in Luxembourg its ultimate Italian parent company, d'Amico Società di Navigazione S.p.A (DSN) and certain of DSN's subsidiaries (d'Amico Group), on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved; they are carried out on the basis of arrangements negotiated on commercial market terms and conditions.

Transactions are primarily of those of a commercial nature, which have had an effect on Voyage costs,

operating costs, general and administrative costs, and trade receivables and payables.

During 2012 the most significant financial transactions included a management service agreement (for technical, crewing and IT services) with d'Amico Group companies, and a brand fee with d'Amico Società di Navigazione S.p.A., for a total cost amounting to US\$ 4.3 million and purchase of Intermediate Fuel Oil and Marine Diesel Oil, from Rudder SAM, a d'Amico Group controlled company, amounting to US\$ 104.2 million, included in the bunker cost of the year. The related party

transactions also include a financing agreement with the shareholder d'Amico International S.A. of US\$ 20.0 million.

Related party transactions and outstanding balances between d'Amico International Shipping S.A. and its subsidiaries (intra-group related party transactions) are disclosed in the statutory financial statements.

The effects of related party transactions on the Group's consolidated income statements for 2012 and 2011 are the following:

US\$ Thousand	2012		2011	
	Total	of which related parties	Total	of which related parties
Revenue	325,253	-	291,721	-
Voyage costs	(141,832)	(104,206)	(104,716)	(76,788)
Time charter hire costs	(91,714)	-	(89,761)	(498)
Other direct operating costs	(57,541)	(6,209)	(53,403)	(5,559)
General and administrative costs	(17,478)	(5,450)	(19,330)	(1,299)
Other operating income	2,053	249	3,205	-
Result from disposal of vessels	1,473	-	3,286	-
Net financial income (charges)	(1,757)	(135)	(14,329)	-

The effects of related party transactions on the Group's consolidated statement of financial position as at 31

December 2012 and 31 December 2011 are the following:

US\$ Thousand	As at 31 December 2012		As at 31 December 2011	
	Total	of which related parties	Total	of which related parties
ASSETS				
<i>Non-current assets</i>				
Tangible assets	498,922	-	547,634	-
<i>Current assets</i>				
Inventories	20,221	-	17,522	-
Receivables and other current assets	39,378	738	39,617	317
Current financial assets	757	-	14,396	-
Cash and cash equivalents	117,617	-	51,068	-
LIABILITIES				
<i>Non-current liabilities</i>				
Banks and other lenders	284,264	-	282,492	-
Other non-current financial liabilities	4,523	-	-	-
<i>Current liabilities</i>				
Banks and other lenders	28,160	-	14,864	-
Amounts due to parent company	20,000	20,000	-	-
Payables and other current liabilities	43,009	11,733	49,678	4,105
Other financial current liabilities	2,178	-	7,673	-
Current taxes payable	553	-	49	-

The effects, by legal entity, of related party transactions on the Group's consolidated Income Statement for the 2012 are the following:

US\$ Thousand	d'Amico International Shipping S.A.	d'Amico Shipping Italia S.p.A.	Rudder SAM	Ishim a Pte. Ltd	d'Amico Società di Nav.SpA	d'Amico Shipping Singapor	Compagnia Generale Telemar	d'Amico Dry Ltd	d'Amico Shipping UK	Tamburi Investment Partners	d'Amico International SA	St.Andrew Estates Ltd.	Directors & key manageme
	(consolidated)												
Voyage costs	(141,832)												
<i>of which</i>													
Bunker	(104,206)	- (104,206)	-	-	-	-	-	-	-	-	-	-	-
Other direct operating costs	(57,541)												
<i>of which</i>													
Management agreements	(4,005)	-	-	-	(4,005)	-	-	-	-	-	-	-	-
Technical expenses	(2,204)	-	-	(636)	-	-	(1,568)	-	-	-	-	-	-
General & Administrative costs	(17,478)												
<i>of which</i>													
Personnel	(2,435)	-	-	-	-	-	-	-	-	-	-	-	(2,435)
Serv.agreement/ Consultance	(3,015)	-	-	-	(1,307)	(204)	-	(176)	(80)	(850)	-	(398)	-
Other operating income	325,253												
<i>of which</i>													
Commissions	249	249	-	-	-	-	-	-	-	-	-	-	-
Net financial income (charges)	(1,757)												
<i>of which</i>													
Interest expense	(135)	-	-	-	-	-	-	-	-	-	(135)	-	-
TOTAL		249	(104,206)	(636)	(5,312)	(204)	(1,568)	(176)	(80)	(850)	(135)	(398)	(2,435)

The table below shows the effects, by legal entity, of related party transactions on the Group's consolidated income statement for the year 2011:

US\$ Thousand	d'Amico International Shipping S.A. (consolidated)	Ishima Pte. Ltd.	Rudder S.A.M.	d'Amico Shipping Italia S.p.A.	d'Amico Società di Nav. S.p.A.	d'Amico Ireland Ltd.	Compagnia Generale Telemar S.p.A.
Voyage costs	(104,716)						
<i>of which</i>							
Bunker	(76,788)	-	(76,788)	-	-	-	-
Time charter In costs	(89,761)						
<i>of which</i>							
Vessel charter agreement	(498)	-	-	(498)	-	-	-
Other direct operating costs	(53,403)						
<i>of which</i>							
Management agreements	(3,652)	(48)	-	-	(3,604)	-	-
Technical expenses	(1,907)	-	-	-	-	-	(1,907)
General and administrative costs	(19,330)						
<i>of which</i>							
Services agreement	(1,299)	-	-	-	(1,215)	(94)	-
TOTAL		(48)	(76,788)	(498)	(4,819)	(94)	(1,907)

The effect, by legal entity, of related party transactions on the Group's consolidated Statement of Financial Position as at 31 December 2012 are as follows:

US\$ Thousand	d'Amico International Shipping S.A. (consolidated)	Rudder S.A.M.	d'Amico Dry	d'Amico Shipping Italia S.p.A.	d'Amico Società di Nav. S.p.A.	Ishima Pte.Ltd.	d'Amico Shipping UK	d'Amico International S.A.	Compagnia Generale Telemar	Director and key management
Receivables and other current assets	39,378									
<i>of which related party</i>	738	-	137	58	-	543	-	-	-	-
Amounts due to parent company	20,000									
<i>of which related party</i>	20,000	-	-	-	-	-	-	20,000	-	-
Payables and other current liabilities	43,009									
<i>of which related party</i>	11,733	9,950	63	18	1,140	-	21	-	406	40
TOTAL	(9,950)	74	40	(1,140)	543	(21)	(20,000)	(406)	(40)	

The effect, by legal entity, of related party transactions on the Group's combined Statement of Financial Position as at 31 December 2011 were the following:

US\$ Thousand	d'Amico International Shipping S.A. (consolidated)	Rudder S.A.M.	Cogema S.A.M.	d'Amico Dry	d'Amico Shipping Italia S.p.A.	d'Amico Societa' di Navigaz. S.p.A.	Ishima Pte.Ltd.	d'Amico Finance Ltd	Compagnia Generale Telemar
Receivables and other current assets	39,617								
<i>of which related party</i>	317	-	-	-	30	-	270	17	-
Payables and other current liabilities	49,678								
<i>of which related party</i>	4,105	2,977	6	2		96	230	-	794
TOTAL		(2,977)	(6)	(2)	30	(96)	40	17	(794)

29. Commitments and Contingencies

Capital Commitments

As at 31 December 2012, the Group's capital commitments amounted to US\$ 178.9 million, of which payments over the next 12 months amounted to US\$ 37.6 million.

US\$ Million	As at 31 Dec 2012	As at 31 Dec 2011
Within one year	37.6	37.4
Between 1 – 3 years	141.3	-
Between 3 – 5 years	-	-
More than 5 years	-	-
TOTAL	178.9	37.4

Capital commitments relate to the payment for 2 Hyundai Mipo Dockyard 40,000 dwt Product/chemical tanker newbuilding vessels and for the payment for further 4 Hyundai Mipo Dockyard 50,000 dwt Product/chemical tanker newbuilding vessels, whose delivery is expected in 2014 and 2015.

Operating Leases – Chartered-in Vessels

As at 31 December 2012, the Group's minimum operating lease rental commitments amounted to US\$ 212.0 million, of which payments over the next 12 months amounted to US\$ 71.5 million.

US\$ Million	As at 31 Dec 2012	As at 31 Dec 2011
Within one year	71.5	85.4
Between 1 – 3 years	88.3	119.3
Between 3 – 5 years	39.1	60.1
More than 5 years	13.2	28.7
TOTAL	212.1	293.5

The amounts include 49% of the commitment between DM Shipping Limited (in which DIS has 51% of interests) and d'Amico Tankers Limited for the two DM vessels.

As at 31 December 2012, DIS operated 18 vessel equivalents on time charter-in contracts as lessee. These had an average remaining contract period of 2.2 years at that time (3.5 years including optional periods). Some of the charter-in contracts include options to purchase vessels in the future

Operating Leases – Other

Other operating leases primarily consist of contracts regarding office space. The minimum lease payments under these contracts are as follows:

US\$ Million	As at 31 Dec 2012	As at 31 Dec 2011
Within one year	1.1	0.6
Between 1 – 3 years	1.5	0.3
Between 3 – 5 years	0.6	-
More than 5 years	0.1	-
TOTAL	3.3	0.9

On-going Disputes

The Group is currently involved in a number of on-going commercial disputes concerning both owned and chartered vessels. They relate mainly to cargo contamination claims. The disputes are mostly covered by the P&I Club insurance and no significant financial exposure is expected.

Tonnage Tax Deferred Taxation

Effective from 1 January 2007 (renewed effective 1 December 2010), d'Amico Tankers Limited qualified to be taxed under the Tonnage Tax regime in Ireland; DM Shipping Limited obtained the ruling commencing 1 January 2009 and Glenda International Shipping in 2010. The election under tonnage tax runs for 10 years and includes provision whereby a proportion of capital allowances previously claimed by the company may be subject to tax in the event that vessels are sold and not replaced within the specified time limit or the Company fails to comply with the on-going requirements to remain within the regime.

No provision has been made for deferred taxation as no liability is reasonably expected to arise.



30. d'Amico International Shipping Group's Companies

The table below shows the complete list of Group companies, and for each of these companies d'Amico International Shipping's percentage ownership, its method of consolidation, registered office, share capital and currency.

Name	Registered Office	Share Capital	Currency	Interest %	Consolidation Method
d'Amico International Shipping S.A.	Luxembourg	35,987,977	USD		
d'Amico Tankers Limited	Dublin / Ireland	100,001	EUR	100.0%	Integral
High Pool Tankers Limited	Dublin / Ireland	2	EUR	100.0%	Integral
Glenda International Management Ltd	Dublin / Ireland	2	EUR	100.0%	Integral
Glenda International Shipping Ltd	Dublin / Ireland	202	USD	50.0%	Proportional
DM Shipping Ltd	Dublin / Ireland	100,000	USD	51.0%	Proportional
d'Amico Tankers Monaco SAM	Monaco	150,000	EUR	100.0%	Integral
d'Amico Tankers UK Ltd	London / UK	50,000	USD	100.0%	Integral
d'Amico Tankers Singapore Pte Ltd	Singapore	50,000	USD	100.0%	Integral

The consolidation area of 2012 has changed since 2011 as the service company VPC Logistics was liquidated at the end of the third quarter of 2012; at the same time, d'Amico Tankers Singapore has started its liquidation process.

Interest in Jointly Controlled Entities

The Group has the following significant interests in Joint Ventures:

- a 50% equity share in the ownership, with equivalent voting power, of Glenda International Shipping Ltd, a jointly controlled entity with Glencore Group established in Ireland.
- A 51% equity share in the ownership, with 50% voting power, of DM Shipping Ltd, a jointly controlled entity with Mitsubishi Group established in Ireland.

There was no change in the Group's ownership or voting interests in these joint ventures for the reported years.

The jointly controlled entities have been proportionately consolidated in the consolidated financial statements based on the following amounts expressed in US\$ thousands:

	Revenue	Net Result	Total Assets	Net Equity
Year ended 31 December 2012				
Glenda International Shipping Ltd	31,111	(14,799)	273,098	114,777
DM Shipping Ltd	11,313	(6,103)	68,798	(29,231)
Year ended 31 December 2011				
Glenda International Shipping Ltd	30,156	1,087	302,102	129,576
DM Shipping Ltd	11,549	(6,582)	88,529	(23,128)





d'Amico International Shipping S.A.

Management Report and Statutory
Financial Statements
as at 31 December 2012

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d'Amico International Shipping S.A.

Management Report

d'Amico International Shipping S.A. (the 'Company', DIS) a company with limited liability, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg.

The object of the Company is the investment in enterprises operating in the shipping industry, including the relevant services and facilities, as well as the administration, management, control and development of such participating interest. Its principal activity is to act as the holding company for d'Amico Tankers Limited and its subsidiaries and Glenda International Shipping Ltd.

On 3 May 2007 d'Amico International Shipping S.A. completed its initial public offering (IPO) of shares, which are listed on the Milan (Italy) Stock Exchange. During the month of December 2012 the capital of the Company was increased with the aim of financing the subsidiaries' fleet expansion.

Financial Review of d'Amico International Shipping S.A.

Operating Performance

Loss for 2012 financial period of the Company amounted to US\$ 1.6 million. The Company's Income Statement is summarized in the following table.

US\$ Thousand	31 Dec 2012	31 Dec 2011
Investment income (dividends)	800	600
Personnel costs	(541)	(566)
Other General and administrative costs	(1,963)	(2,458)
Financial income (charges)	75	(345)
NET PROFIT / (LOSS)	(1,629)	(2,769)

Investment income (dividend) of US\$ 800 thousand was received in 2012.

Costs are essentially made up of general and administrative expenses and personnel costs.

Statement of Financial Position

US\$ Thousand	As at 31 Dec 2012	As at 31 Dec 2011
Non-current assets	252,068	257,338
Current assets	69,939	16,310
TOTAL ASSETS	322,007	273,648
Shareholders' Equity	300,447	218,249
Current Liabilities	21,560	55,399
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	322,007	273,648

The Company's Non-current Assets include the investment of US\$ 252.0 million in d'Amico Tankers Limited (DTL)— the key operating subsidiary of the Group - with a book value of US\$ 178.9 million, and GLENDA International Shipping Ltd— (GIS), book value of US\$ 73.1 million — the Joint Venture company with Glencore Group.

Current assets are made up of US\$ 35.5 million financial receivables from its subsidiaries and US\$ 34.3 million cash held at the bank.

The capital of the company was increased during the fourth quarter of 2012 and new funds increased the equity through a share option granted to old shareholders.

Significant Events of the Year

During 2012 the following main events occurred in the activity of d'Amico International Shipping Group:

d'Amico International Shipping:

- **Extraordinary General Meeting of Shareholders' Resolutions:** On 2 October 2012, the Extraordinary General Meeting of Shareholders of d'Amico International Shipping S.A. resolved to amend the authorised corporate capital to USD 50,000,000 divided into 500,000,000 shares with no nominal value and to authorise the Board of Directors to increase the share capital, in one or several times, within the limits of the above amended authorised capital during a new period ending five (5) years after the date of publication of the relevant minutes and to subsequently amend the Company's articles of association. The Extraordinary General Meeting of Shareholders further resolved to reduce the accounting value of each share of the issued share capital of the Company to USD 0.10 per share, to reduce the total amount of the issued share capital to USD 14,994,990.70 and to subsequently amend the Company's articles of association.
- **The Board of Directors of d'Amico International Shipping S.A. resolved to launch a rights issue offering addressed to shareholders and to increase the share capital through the issuance of up to 209,929,867 new shares with attached free warrants allowing the subscription of up to 69,976,622 additional shares:** On 6 November 2012, the Board of Directors of d'Amico International Shipping S.A. (the 'Company' or the 'Group'), – exercising the powers delegated by the Extraordinary General Meeting of Shareholders of 2 October 2012 – has resolved:

 - to approve a rights issue addressed to the shareholders of the Company which consists of (i) an offering by the Company with preferential subscription rights (the 'Preferential Subscription Rights') of new shares of the Company (the 'New Shares') with warrants issued simultaneously (the 'Warrants') to be exercised into shares (the 'Warrant Shares'), (the 'Rights Offering') and (ii) a public auction organised by the Société de la Bourse de Luxembourg S.A. (the 'Luxembourg Stock Exchange') for the sale of the unexercised Preferential Subscription Rights (the 'Public Auction' and together with the Rights Offering, the 'Offering');
 - to approve an increase of the share capital of the Company, within the limits of the authorised capital, of up to a maximum of the USD equivalent of Euro 65.1 million (including share premium), through the issuance of up to 209,929,867 New Shares, that will generally in all respects rank *pari passu* with the existing shares, at an issuance price per New Share of Euro 0.310 (the 'Issuance Price'), in the ratio of 7 New Shares for every 5 Preferential Subscription Rights exercised (the 'Ratio') and with attached up to 209,929,867 free Warrants issued simultaneously in the ratio of 7 Warrants for every 5 Preferential Subscription Rights exercised, subject to the implementing decision of a special attorney of the Board of Directors; and
 - to approve a further increase of the share capital of the Company, within the limits of the authorised capital, up to a maximum of the USD equivalent of Euro 32.2 million (including share premium), through the issuance – in one or more tranches – of up to 69,976,622 Warrant Shares upon exercise of the Warrants, that will generally in all respects rank *pari passu* with the shares in issue on the relevant exercise date, subject to the implementing decision of a special attorney of the Board of Directors.

Prospectus

A prospectus in relation to (i) the rights issue offering and (ii) the admission to trading of the New Shares, the Warrants and the Warrant Shares on the STAR segment of the MTA (the 'Prospectus') was approved on 6 November 2012 by the Commission de Surveillance du Secteur Financier ('CSSF') in Luxembourg. At the Company's request the CSSF provided the Italian Companies and Stock Exchange Commission (Commissione Nazionale per le Società e la Borsa) ('CONSOB') and the Company with a certificate of approval attesting that this Prospectus has been prepared in accordance with Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended and the relevant implementing measures in Luxembourg, in particular the Luxembourg law of 10 July 2005 relating to prospectuses for securities, as amended.

Warrants

Trading on the Mercato Telematico Azionario of Borsa Italiana of the related Warrants commenced on 17 December 2012 under ISIN code LU0849020044.

Based on the terms and conditions of the Warrants, the holders of Warrants had the right to subscribe to Warrant Shares in the ratio of 1 Warrant Share for every 3 Warrants exercised based on the following exercise prices and exercised during the following periods:

- Euro 0.360, for the Warrants exercised in all the trading days in January 2014;
- Euro 0.400, for the Warrants exercised in all the trading days in January 2015;
- Euro 0.460, for the Warrants exercised in all the trading days in January 2016.

From 1 December 2013 to 31 December 2015, the Board of Directors – under the conditions set by article 3 of the terms and conditions of the Warrants – may set additional exercise periods.

The terms and conditions of the Warrants are set out in the Prospectus.

- **The Board of Directors of d'Amico International Shipping S.A. announces preliminary results of rights issue – approximately 86.7% take up during Rights Subscription Period – gross proceeds of the USD equivalent of approximately EUR 56.5 million:** On December 12 2012, d'Amico International Shipping S.A. announced that, in connection with its offering with preferential subscription rights (the 'Preferential Subscription Rights') of up to 209,929,867 new shares (the 'New Shares') with up to 209,929,867 warrants issued simultaneously (the 'Warrants', which will be named "d'Amico International Shipping Warrants 2012 – 2016") at an issuance price of EUR 0.31 per New Share (the 'Issuance Price'), it has received subscriptions for 182,082,775 New Shares (representing a capital increase - including share premium - of the USD equivalent of approximately EUR 56.5 million) with 182,082,775 Warrants issued simultaneously through the exercise of Preferential Subscription Rights. This represented a take up of approximately 86.7%. The capital increase - including share premium - of the USD equivalent of approximately EUR 56.5 million was out of a maximum total capital increase (including share

premium) of the USD equivalent of EUR 65.1 million and excludes any proceeds from the exercise of Warrants.

Results of Rights Subscription Period

A total of 130,059,125 Preferential Subscription Rights representing approximately 86.7% of the total number of Preferential Subscription Rights were exercised during the exercise period for the Preferential Subscription Rights which started on 12 November 2012 and ended on 11 December 2012 (the "Rights Subscription Period"). Given the ratio of 7 New Shares with 7 Warrants issued simultaneously for 5 Preferential Subscription Rights exercised on 14 December 2012 the Company issued 182,082,775 New Shares with 182,082,775 free Warrants issued simultaneously, to be exercised into shares (the 'Warrant Shares'), to the subscribers who subscribed during the Rights Subscription Period. Delivery of the New Shares and Warrants issued simultaneously occurred on 14 December 2012. The ISIN code of the New Shares is LU0290697514, which is the ISIN code for the DIS shares.

- **The Board of Directors of d'Amico International Shipping S.A. announces results of public auction and final results of rights issue – Success of DIS Share Capital Increase - 100% of the shares on offer are subscribed – gross proceeds of the USD equivalent of approximately EUR 65.1 million:** On 20 December 2012, In connection with its offering with preferential subscription rights (the 'Preferential Subscription Rights') of up to 209,929,867 new shares (the 'New Shares') with up to 209,929,867 warrants issued simultaneously (the 'Warrants', which are named "d'Amico International Shipping Warrants 2012 – 2016") at an issuance price of EUR 0.31 per New Share (the 'Issuance Price'), d'Amico International Shipping S.A. (Borsa Italiana: DIS) (the 'Company') announced that, following the public auction of unexercised Preferential Subscription Rights organised by the Société de la Bourse de Luxembourg S.A. (the 'Luxembourg Stock Exchange') on 19 December 2012 (the 'Public Auction'), it has received, through the exercise of Preferential Subscription Rights at the Public Auction, additional subscriptions for 27,847,092 New Shares (representing an additional capital increase - including share premium - of the USD equivalent of approximately EUR 8.6 million) with 27,847,092 Warrants issued simultaneously.

Final results of rights issue

The take up at the Public Auction, together with the take up of approximately 86.7% during the rights subscription period which started on 12 November 2012 and ended on 11 December 2012 (the 'Rights Subscription Period'), represents a total take up of 100% for the rights issue offering as a whole. On 14 December 2012 a first capital increase in the amount of USD 18,208,277.50 plus the payment of a share premium in the amount of USD 55,605,712.41 took place (the aggregate amount of USD 73,813,989.91 being the USD equivalent of EUR 56,445,660.25 received as a result of subscriptions during the Rights Subscription Period). 182,082,775 New Shares were issued on 14 December 2012, with 182,082,775 Warrants issued simultaneously. Since 14 December 2012 the Company's capital amounts to USD 33,203,268.20, divided into 332,032,682 shares with no nominal value. Taking into account the 14 December 2012 capital increase, the total capital increase – including share premium – as a result of the rights issue offering as a whole represents the USD equivalent of approximately EUR 65.1 million (excluding any proceeds from the exercise of Warrants).

Results of Public Auction of unexercised Preferential Subscription Rights

The 19,890,780 Preferential Subscription Rights not exercised during the Rights Subscription Period were offered for sale at the Public Auction on 19 December 2012, all of which were sold at the Public Auction.

The total gross proceeds of the unexercised Preferential Subscription Rights sold at the Public Auction amount to EUR 10,000. After deduction of the costs and fees relating to the Public Auction in an aggregate amount of EUR 2,158.99, the total net proceeds for the unexercised Preferential Subscription Rights sold at the Public Auction amount to EUR 7,841.01. Such net proceeds were distributed to the holders of unexercised Preferential Subscription Rights on 27 December 2012. Unclaimed payments for the sale price of unexercised Preferential Subscription Rights which have been sold at the Public Auction will be kept, after deduction of all costs related thereto, available to the shareholders for a period of five (5) years at the end of which they will definitively accrue to the

Company. Given the ratio of 7 New Shares with 7 Warrants issued simultaneously for 5 Preferential Subscription Rights exercised at the Public Auction on 19 December 2012, the Company issued on 27 December 2012 27,847,092 New Shares with 27,847,092 free Warrants issued simultaneously, to be exercised into shares (the 'Warrant Shares'), to the purchasers of unexercised Preferential Subscription Rights at the Public Auction who immediately subscribed at the Public Auction. The Issuance Price for the New Shares subscribed for in the Public Auction and the bid price for the Preferential Subscription Rights purchased at the Public Auction were due and payable with value date 21 December 2012 and delivery of the 27,847,092 New Shares and 27,847,092 Warrants issued simultaneously occurred on 27 December 2012. The ISIN code of the New Shares is LU0290697514, which is the ISIN code for the DIS shares. After the 27 December 2012 second capital increase, the Company's capital amounts to USD 35,987,977.40, divided into 359,879,774 shares with no nominal value.

d'Amico Tankers Limited:

- **Vessel Purchase:** In March 2012 d'Amico Tankers Limited agreed the purchase of the Medium Range (MR) double hulled product tanker vessel *M/T High Prosperity*, built in 2006 by Imabari Shipbuilding Co. Ltd, Japan, at the price of US\$ 22.5 million. The time charter-in contract included a purchase option, which was not exercised earlier as it was not 'in the money'. This purchase allowed us to lower our break-even level on the vessel by an amount in excess of 2,500 US\$ per day. The Vessel was delivered to d'Amico Tankers in May 2012.
- **New-building Deliveries:** *M/T High Seas* and *M/T High Tide*, two Medium Range (MR) owned new-building vessels were delivered by Hyundai-Mipo dockyard, South Korea, to d'Amico Tankers Limited, respectively in March and April 2012.
- **Vessel Sale:** On October 25, 2012 d'Amico Tankers Limited agreed the sale of the Medium Range (MR) double hulled product tanker vessel *M/T High Wind*, built in 1999 by STX, South Korea at the price of US\$ 12.2 million. This sale generated a profit on disposal of US\$ 1.5 million and at the same time reduced the average age of DIS Fleet.

- **'Time Charter-In' Fleet:** In January 2012, *M/T Freja Hafnia*, a Medium Range (MR) vessel built in 2006, was delivered to d'Amico Tankers Limited for a 1 year time charter period. In April 2012, *M/T Eastern Force*, a Medium Range (MR) vessel built in 2009, was delivered to d'Amico Tankers Limited for a 1 year time charter period, with an option for a further 1 year. In May 2012, *M/T Torm Hellerup*, a Medium Range (MR) vessel built in 2008, was delivered to d'Amico Tankers Limited for a 1 year time charter period, with an option for a further 1 year.
- **Order of two 'eco' 40 Shallowmax new-building Product Tankers:** in July 2012 d'Amico Tankers Limited, the fully owned operating subsidiary of d'Amico International Shipping S.A., entered into contracts for the construction of two additional new product/chemical tanker vessels (Hulls 2385 and 2386 - 40,000 dwt Handysize) with Hyundai Mipo Dockyard Co. Ltd. – Korea, expected to be delivered early in 2014, for a consideration of US\$ 30.65 million each and with an option for two further vessels, under same terms and conditions, to be exercised by the end of 2012 (see below). These two newbuildings in addition to being double-hulled, operationally flexible and IMO classed vessels are also belonging to a new generation of vessels with lower consumption of fuel. The design of these vessels is the latest HMD concept of low fuel consumption/high efficiency and cubic/shallow-draft combination denominated "HMD ECO 40 ShallowMax". The vessel are designed to be able to save between 5 to 6 tonnes of fuel per day, compared to older vessel type, allowing a lower operating cost, at the same speed of 14 Knots, of between US\$ 2,000 to US\$ 4,000 per day. Another financial advantage of these ships is that they incorporate all the most recent regulatory requirements and therefore will not need any modifications to operate them. On older tonnage these improvements have been calculated daily cost of at least US\$ 700. These vessels are more flexible to operate since they have a draught of 9.5 meters instead of over 10 meters for older design vessels. Moreover d'Amico Tankers Limited signed Time Charter agreements with one of the main Oil Majors for these two vessels for a period of five years. These Time Charter contracts increase DIS fixed rate coverage (revenue generated by fixed price contracts) and are fixed at attractive levels.
- **Order of 'two' eco Medium Range new-building Product Tankers:** in September 2012 d'Amico International Shipping S.A., announced that its operating subsidiary d'Amico Tankers Limited (Ireland), entered into contracts for the construction of two additional new product/chemical tanker vessels (Hulls 2407 and 2408 - 50,000 dwt Medium Range) with Hyundai Mipo Dockyard Co. Ltd. – Korea, expected to be delivered early in 2014, for a consideration of US\$ 33.0 million each. These two new-buildings are the latest IMO II MR design with the highest fuel efficiency. The design is the latest HMD concept of hull shape and propulsion efficiency leading to a fuel saving of 6 -7 tonnes of fuel per day compared to older vessel types. The vessels will have an attained Energy Design Index (EEDI) falling already well within the IMO phase-in 3 requirement due for vessels to be built after 1 January 2025, being 31.5% lower than the current IMO reference line. In order to fully support DIS in this new investment project, d'Amico International S.A. (Luxembourg) granted a subordinated loan of US\$ 20.0 million. The loan is based on terms and conditions in line with current financial market conditions for similar transactions and will be used for general corporate purposes, future potentials vessels purchases and new building orders.
- **Order of 'two' eco design Product Tankers:** in December 2012, d'Amico International Shipping S.A., announced that its operating subsidiary d'Amico Tankers Limited (Ireland), will enter into shipbuilding contracts for the construction of two additional new product/chemical tanker vessels (50,000 dwt Medium Range) with Hyundai Mipo Dockyard Co. Ltd. – Korea. These are expected to be delivered between the end of 2014 and the beginning of 2015, for a consideration of about US\$ 32.0 million each. d'Amico International Shipping S.A. was offered the opportunity to buy these two new vessels by exercising the option, as amended, attached to the contracts when it ordered its two ECO-40 Shallowmaxs, announced on 26 July 2012. These two newbuildings are the latest IMO II MR design with the highest fuel efficiency. The design is the latest HMD concept of hull shape and propulsion efficiency leading to a fuel saving of 6 -7 tonnes of fuel per day compared to older vessel types. The vessels will have an attained Energy Design Index (EEDI) falling already well within the IMO phase-in 3 requirement due for vessels to be built after 1 January 2025, being 31,5% lower than the current IMO reference line.

Organisation Structure

On 25 October Alberto Mussini, Chief Financial Officer (CFO), left the Group. On the same day the Board of Directors announced the appointment of Giovanni Barberis to the role of Chief Financial Officer (CFO). Giovanni Barberis was appointed as d'Amico Group CFO last September, after consolidating a strong professional background, in Italy and abroad, in several industries and important listed companies. Giovanni Barberis will keep also his role as Group CFO.

During the last quarter of the year DIS improved the re-organization plan relating to its operating functions. The

chartering and operations services of d'Amico Tankers Singapore have been transferred to a DIS related party belonging to the d'Amico Group, continuing to cover the Eastern hemisphere in supporting the Dublin office in its strategic and commercial management of the fleet, and the company started its liquidation process.

VPC Logistic Limited, wholly owned subsidiary of d'Amico Tankers Limited, completed the process of liquidation and on October 2 2012 was dissolved and cancelled from the UK Companies House Register.



Significant Events Since the End of the Year and Business Outlook

Controlled Fleet

- **'Time Charter-In' Fleet:** In January 2013, *M/T High Nefeli*, a Medium Range (MR) vessel built in 2003 and Time Chartered-In by d'Amico Tankers Limited was redelivered back to her Owners.
- Also, in January 2013, the contract on *M/T Freja Hafnia*, a Medium Range (MR) vessel built in 2006 and delivered to d'Amico Tankers Limited in January 2012 for a 1 year time charter period, was extended until January 2015.
- In February 2013, *M/T Torm Hellerup*, a Medium Range (MR) vessel built in 2008 and delivered to d'Amico Tankers Limited in May 2012 for a 1 year time charter period, with an option for a further 1 year, changed name into *M/T Hallinden*, upon change in her ownership.

The profile of d'Amico International Shipping's vessels on the water as of today is summarized as follows.

	As at 31 December 2012			As at 28 February 2013		
	MR	Handysize	Total	MR	Handysize	Total
Owned	18.0	3.0	21.0	18.0	3.0	21.0
Time chartered	15.0	3.0	18.0	14.0	3.0	17.0
TOTAL	33.0	6.0	39.0	32.0	6.0	38.0

Business Outlook

The projection of global oil demand for 2013 was adjusted marginally lower, to 90.7 million barrels per day, following downward revisions in the IMF forecast of economic activity. In its latest World Economic Outlook, the IMF trimmed its forecast of global GDP growth to 3.5% for 2013, from 3.6% previously.

Going into Q1, supply issues dominate the entire Oil Product market. Planned Refinery maintenance will draw stocks and should fundamentally support Product movements. Hess announcing the closure of its Port Reading refinery helped boost the Gasoline Market, resulting in Trans-Atlantic freight rates achieving their highest levels in January – February compared to the same months in the last five years.

Gasoline imports into the East Coast increased markedly in early February, to around 665,000 barrels per day in the first week compared with around 500,000 barrels per day on average in the December – January period.

Libyan Refineries are still facing difficulties getting back up to full capacity and will have to import gasoline to meet domestic demand. This translates to about 3 million tonnes in 2013.

Refining throughputs in Venezuela continue to be highly impacted by outages at the Amuay refinery

(645,000 barrels per day) after a fire and an explosion in late August cut refinery production by half. To date, the Amuay refinery is still not operating at its full capacity, requiring the country to import products, a situation that is likely to prevail in Q1 2013.

Refinery runs in the US have come down from the 90% utilisation rates seen in December to 86% in January. In December 2012 US crude runs hit a record for that month at 15.4 million barrels per day amid strong export demand from Latin America. Argentina and Brazil imported around 350,000 barrels per day by the middle of 2012 compared to around 50,000 barrels in the beginning of 2010.

The short term view is bearish under the current Economic conditions. Despite signs of improvement in China and the US, weak macroeconomic conditions are forecast to keep global oil demand growth marginal. Concerns over the current European economies still prevail. The longer term view is positive but any substantial improvement in demand is fragile and the current Economic environment could easily moderate any growth potential. However this being said d'Amico International Shipping maintains a cautious approach going into this quarter.

The key drivers that should affect the product tanker freight markets and d'Amico International Shipping

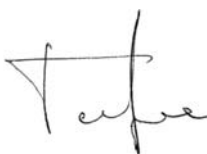
performance are (1) Global oil demand (2) worldwide GDP growth and (3) the large modern fleet. The factors that could mitigate and partially off-set the current scenario for the Product Tanker demand and supply in the longer term are disclosed in more details below:

Product Tanker Demand

- Chinese refinery crude distillation capacity increased by close to half a million barrels per day in 2012 and a further 300,000 barrels per day in 2013. This expansion now exceeds domestic demand and any potential increase in demand. This will result in Product Stock build and potential exports. New capacity in Latin America and Africa will not meet projected growth and thus require imports in the medium term;
- OECD refinery rationalisation intensified over 2012, as completed and committed shutdowns cut capacity by 1.3 million barrels per day since December 2011;
- Some of the remaining Gasoline capacity within Europe has been saved from closure for the time being on the back of improved gasoline demand for export to South America and West Africa. However OECD demand contraction will call for additional industry consolidation before 2017;
- Approximately a third of Australian refinery capacity will be closed. The Australian government said "domestic refiners will produce just over half the fuel consumed" in the country. "The remainder will be imported." Oil traders believe Australia could soon overtake Indonesia as the biggest importer of refined oil products in the Asia-Pacific region;
- Almost all the new refinery capacity is based in NON-OECD Asia, based on available data an additional one million barrels was added in 2012. The shift of crude runs from the West to the East should favour product trades routes;
- The US has transformed itself from the world's top product importer to its second largest product exporter, surpassed only by Russia. US product exports have averaged 3.1 million barrels per day from January to October 2012, compared with 2.9 in 2011 and just 1 million barrels per day in 2005.

Product Tanker Supply

- The forward order book has been boosted by the additional orders placed in 2012 and the total ordered is said to be in excess of a hundred units in the MR sector;
- This substantial ordering has raised concerns in this sector and this should deter further investment in this market segment as it is still absorbing the large amount of ships that were delivered between the years 2007 – 2012;
- Slippage, cancellations and conversions have been a significant factor in the new buildings. The average slippage has been around 35% over the last 5 years, and as high as 50% in 2012;
- The Order book on paper for 2013 according to various broking sources could range between 86 and 134 Ships, however based on experience over the last five years we would expect actual deliveries to be at the lower end of the range;
- Scrapping removed around 1.48 million tonnes of capacity in 2012 which translates to a very manageable net growth of about 2%;
- The MR Sector net growth should still only run at between 2% and 4% on average till 2016. Therefore it should remain below the projected growth in seaborne trade in the same period;
- Improving demand and supply balance of the product tanker market should continue to positively affect spot and period charter rates going forward;
- Obtaining suitable financing is still a major factor and is not that readily available. There is still a certain amount of speculation that all the ships ordered will be delivered;
- A gradual increase in utilization rates, slow steaming and port congestion is having a positive effect on supply. As demand improves we would expect utilization rates to on average exceed 80% between 2013 and 2015 up from the low of 75% in 2008;
- Crude runs are constantly been revised downwards and longer haul product exports from emerging markets are effectively reducing the available supply of tonnage and are expected to increase.



Paolo d'Amico, Chairman

On behalf of the Board
28 February, 2013



Marco Fiori, Chief Executive Officer

d' Amico International Shipping S.A. Financial Statements and Notes for the Year Ended 31 December 2012

Statement of Income and Other Comprehensive Income

US\$	Note	2012	2011
Revenue	(3)	800,000	600,000
General and administrative costs	(4)	(2,499,626)	(3,018,332)
GROSS OPERATING RESULT		(1,699,626)	(2,418,332)
Depreciation		(3,236)	(3,668)
OPERATING RESULT		(1,702,862)	(2,422,000)
Net financial income (charges)	(5)	75,496	(344,869)
PROFIT / (LOSS) BEFORE TAX		(1,627,366)	(2,766,869)
Tax expense	(6)	(2,100)	(2,321)
NET PROFIT / (LOSS)		(1,629,466)	(2,769,190)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,629,466)	(2,769,190)

The net loss is entirely attributable to the equity holders of the Company

Statement of Financial Position

US\$	Note	As at 31 December 2012	As at 31 December 2011
ASSETS			
<i>Non-current assets</i>			
Tangible assets	(7)	10,727	3,244
Financial fixed assets	(8)	252,057,334	252,057,334
TOTAL NON-CURRENT ASSETS		252,068,061	252,060,578
<i>Current assets</i>			
Receivables and other current assets	(9)	109,010	110,571
Current financial assets	(10)	-	14,325,851
Current financial receivables	(11)	35,535,296	5,277,850
Cash and cash equivalents	(12)	34,294,565	1,873,436
TOTAL CURRENT ASSETS		69,938,871	21,587,708
TOTAL ASSETS		322,006,932	273,648,286
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Shareholders' equity</i>			
Share capital	(13)	35,987,977	149,949,907
Retained earnings	(13)	19,334,408	20,963,874
Other reserves	(13)	245,124,272	47,334,872
TOTAL SHAREHOLDERS' EQUITY		300,446,657	218,248,653
<i>Current liabilities</i>			
Payables and other current liabilities	(14)	1,560,275	359,153
Other current financial liabilities	(15)	20,000,000	55,040,480
TOTAL CURRENT LIABILITIES		21,560,275	55,399,633
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		322,006,932	273,648,286

The financial statements on pages 88 to 102 were authorised for issue by the Board of Directors on its behalf on 28 February 2013



Paolo d'Amico, Chairman



Marco Fiori, Chief Executive Officer

Statement of Cash Flows

US\$	2012	2011
(LOSS) / PROFIT FOR THE PERIOD	(1,629,466)	(2,769,190)
Dividend	(800,000)	(600,000)
Depreciation and amortisation	3,236	3,668
Current and deferred tax	2,100	2,321
Financial charges (income)	(75,496)	344,869
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	(2,499,626)	(3,018,332)
Movement in amounts receivable	19,770	(27,096)
Movement in amounts payable	1,253,463	37,324
Taxes (paid)	(2,100)	(2,321)
Interest and other financial result (paid) received	(280,545)	333,152
NET CASH FLOW FROM OPERATING ACTIVITIES	(1,509,038)	(2,677,273)
Acquisition of fixed assets	(10,718)	(3,244)
Acquisition of investments	-	(6,600,000)
Movement in other financial assets	14,325,851	(17,000,000)
Investment income - Dividend	800,000	600,000
NET CASH FLOW FROM INVESTING ACTIVITIES	15,115,133	(23,003,244)
Share capital increase	20,992,997	-
Other changes in Shareholders'equity	63,039,347	-
Treasury Shares	-	(676,249)
Other reserves	80,616	-
Movement in other financial payable	(35,040,480)	24,096,437
Movement in other financial receivables	(30,257,446)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	18,815,034	23,420,188
CHANGE IN CASH BALANCE	32,421,129	(2,260,329)
Cash and cash equivalents at the beginning of the period	1,873,436	4,133,765
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	32,421,129	(2,260,329)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	34,294,565	1,873,436

Statement of Changes in Shareholders' Equity

US\$	Share capital	Retained earnings	Other Reserves	Total
BALANCE AS AT 1 JANUARY 2012	149,949,907	20,963,874	47,334,872	218,248,653
Capital increase	(113,961,930)	-	197,789,400	83,827,470
Total comprehensive income	-	(1,629,466)	-	(1,629,466)
BALANCE AS AT 31 DECEMBER 2012	35,987,977	19,334,408	245,124,272	300,446,657

US\$	Share capital	Retained earnings	Other Reserves	Total
BALANCE AS AT 1 JANUARY 2011	149,949,907	23,799,529	47,944,656	221,694,092
Legal reserve	-	(66,465)	66,465	-
Treasury shares	-	-	(676,249)	(676,249)
Total comprehensive income	-	(2,769,190)	-	(2,769,190)
BALANCE AS AT 31 DECEMBER 2011	149,949,907	20,963,874	47,334,872	218,248,653

Notes

d'Amico International Shipping S.A. (the 'Company', DIS) a company with limited liability (Société Anonyme), was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The financial statements have been prepared, in accordance with provisions of Art. 3 of the Luxembourg Law dated 11 January 2008, which transposed Directive 2004/109/EC of the European Parliament and of Council of 15 December 2004 in the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

d'Amico International Shipping S.A. has adopted International Financial Reporting Standards (IFRS – International Financial Reporting Standards and IAS – International Accounting Standards) as issued by the 'IASB' (International Accounting Standards Board) and endorsed by the Luxembourg law of 10 December 2010, article 26. The designation 'IFRS' also includes all 'IAS', as well as all interpretations of the International Financial Reporting Interpretations Committee 'IFRIC', formerly the Standing Interpretations Committee 'SIC'.

The d'Amico International Shipping S.A. has adequate resources to continue in operational existence for the foreseeable future; accordingly, the financial statements have been prepared on a going concern basis.

The financial statements are expressed in U.S. Dollars, being the functional currency of the Company.

1. Accounting Policies

These financial statements have been prepared under the historical cost convention as and in accordance with the applicable International Financial Reporting Standards (IFRS).

The principal accounting policies, which have been consistently applied, are set out below.

Revenue Recognition

It is represented by dividends income received from subsidiaries. Dividend income is recognised when the subsidiary profit is distributed to holders of equity investment, in proportion to their holdings of capital.

General and Administrative Costs

Administrative expenses, which comprise administrative staff costs, management costs, office expenses and other expenses relating to administration, are expensed as incurred.

Financial Income and Charges

Financial income and charges include interests, which are recognized in accordance with the accrual basis of accounting, using the effective interest method.

Taxation

The current taxation is based on taxable income for the period using local tax rates that have been enacted by the reporting date. Taxable profit differs from profit as reported in the income statement as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible.

Current taxation includes also the Net Wealth Tax, calculated in 0.5% on the taxable wealth of the Company, which is its Net Worth; the company *unitary value* is set on 1 January each year.

Deferred tax, if any, represents tax the Company is expecting to pay or recover on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit. It is accounted for using the financial position liability method. Liabilities relating to deferred tax are generally recognised for all taxable temporary differences. Assets relating to deferred tax are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amounts of deferred tax assets are reviewed at each financial position date and reduced in the event that it is not considered probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is calculated at the applicable tax rates during the period when liability is settled or the asset realised. It is charged or credited in the income statement, unless it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also accounted for in other comprehensive income.

Foreign Currencies

Transactions during the year in currencies other than U.S. Dollars have been translated at the appropriate rate ruling at the time of the transactions. Assets and

liabilities denominated in currencies other than the U.S. Dollar have been translated into U.S. Dollars at the rate ruling at the financial position date. All exchange differences have been accounted for in the Statement of Comprehensive Income.

Tangible Assets

The tangible assets are shown at cost less accumulated depreciation and any impairment loss. Cost includes the acquisition cost as well as other costs which are directly attributable to the acquisition. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

Financial Instruments

Financial instruments, i.e. contracts giving rise to financial assets and financial liabilities or equity instruments of another entity, as defined in IAS 32 (Financial Instruments: Presentation), are recognized at their fair value when the Group becomes party to the contractual provisions of the instrument (trade date). Liabilities are classified in accordance with the substance of the contractual arrangement from which they arise and the relevant definitions of a financial liability. For contracts negotiated at market price, the fair value of the instrument is equivalent to the purchase cost (nominal value of the transaction). The external costs and income from transactions directly attributable to the negotiation, such as intermediation costs, are included during initial recognition of the instrument, unless measured at fair value. The measurement of financial assets is performed, depending on the characteristics of the instrument, at fair value or on the basis of amortized cost. Financial liabilities are measured on the basis of amortized cost. The measurement at fair value is applied only to any financial liabilities held for trading and to the derivative financial instruments. The 'fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The measurement on the basis of amortized cost involves the recognition of the asset or liability at the value initially measured, deducting any redemption of equity, increased or decreased by overall depreciation, applying the effective interest method, on any difference between the initial value and that at maturity. These amounts shall in any case be adjusted following a decrease of value or an irrecoverable condition. The

effective interest rate is the rate that reduces at source the future contractual cash flows to the net amount of the financial asset or liability. The calculation also includes the external expenses and income directly assigned during initial recognition of the financial instrument.

The accounting policies adopted for specific assets and liabilities are disclosed below.

Non-current financial assets (investment in subsidiaries)

Investments in subsidiaries, jointly controlled entities and associated companies are stated at cost adjusted for any impairment losses.

Any positive difference, arising at the time of the acquisition, between the acquisition cost and the fair value of net assets acquired by the Company is therefore included in the investment carrying value. If there is any evidence that these investments have been impaired, the impairment loss is recognised directly under the income statement. If the impairment loss subsequently no longer exists or is reduced it is reversed and the reversal is recognised under income statement up to the limit of the value initially accounted for as cost of the investment.

Receivables

Receivables are initially measured at their nominal value (representative of the 'fair value' of the transaction) and are subsequently measured at amortized cost, net of write-downs for impairment and allowance for credit losses. Impairment is recognised in the income statement when there is objective evidence that the asset is impaired. Such write-downs are calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the asset original effective interest rate. Particularly with regard to short-term trade receivables, considering the short period of time, the measurement at amortized cost is equivalent to the nominal value, less write-downs for impairment.

Allowances for credit losses are made when management consider the full recovery of a receivable to be in doubt. If management considers the amounts non-recoverable then they are written off to the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, current

accounts and deposits held on demand with banks, and other short-term highly liquid investments readily convertible to a known amount of cash within six months from inception and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at fair value, corresponding to their nominal value, or at cost plus interest charges, if any.

Payables

Payables are measured at amortized cost which, considering the characteristics and maturity of such payables, is generally equivalent to the nominal value.

Derivative Instruments

The Company does not use derivative financial instruments.

Provisions for Risks and Charges

Provisions for risks and charges are recognised when the Company has a present obligation as a result of a past event and it is likely that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the financial position date and are discounted to present values where the effect is material.

Treasury Shares

Treasury shares, following the buy-back program, are recognized at cost and are presented as a deduction from equity (under separate item of equity). The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

Dividends

Dividends payable are reported as a movement in equity in the period in which they are approved by shareholders' meeting.

Warrants

Warrants are classified within equity as they meet the conditions set out in paragraphs 16(a) and (b) of IAS 32 Financial Instruments Presentation. The conditions in 16(a) stipulate that the instrument includes no contractual obligation to deliver cash or another financial asset to another entity. The conditions in 16 (b) state that if the instrument will or may be settled in the issuer's own equity instruments, it is either i) a non- derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or ii) a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. It is considered that the stepped instruments issued would be considered 'fixed for fixed' and so be an equity instrument of d'Amico International Shipping on the basis that the warrant price is pre-determined and varies over time and not in relation to the number of shares that are issued or by reference to a notional amount. For these reasons it is considered that they have the characteristics of equity and so are classified as such. The issue of warrants was simultaneous (read included) to the issue of the Preferential Subscription Rights for the new shares at the moment of the capital increase, therefore the proceeds of the issue of the warrants are included in those received for the new shares and have been accounted for in the share premium account.

Critical Accounting Judgments and Key Estimates

The preparation of the financial statements requires Management to make accounting estimates and in some cases assumptions in the application of accounting principles. The Directors' decisions are based on historical experience as well as on expectations associated with the realisation of future events, considered reasonable under the circumstances. Critical accounting estimates and judgments are exercised in all areas of the business. The key areas where this applies are listed below.

Investments carrying value

The financial instruments are stated at their fair value based on the valuations provided by the relevant custodian banks. The actual realised gain or loss on the eventual disposal or maturity may be different to the value at the financial position date.

Provision for Tax Liabilities

Tax liabilities are calculated on the current understanding of the Company's tax situation as impacted by Luxembourg regulatory framework.

New Accounting Principles

Accounting principles adopted from 1st of January 2012

There are no new International Financial Reporting Standards or IFRICs applicable with respect to those applied for 31 December 2011 year end.

Accounting principles, amendments and interpretations not yet effective

At the financial position date the following significant Standards and Interpretations, which are applicable to the company, were in issue but not yet effective:

IFRS 7 "Disclosures – Transfers of Financial Assets" is concerned with increased disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

IFRS 9 "Financial Instruments" is concerned with the classification and measurement of financial assets when determining whether financial assets should be recorded at amortised cost or at fair value, and the associated accounting treatment of embedded derivatives within financial assets. The standard is applicable for accounting periods beginning on or after 1 January 2015 but early adoption is allowed.

IFRS 13 "Fair Value Measurement" provides guidance on how to measure fair value when it is required or permitted by other IFRS's and contains extensive disclosure requirements to enable users of financial statements to assess the methods used by entities when developing fair value measurements and the effects of such measurements on financial results. The standard is applicable for accounting periods beginning on or after January 1, 2013 but early adoption is allowed. The

Directors do not anticipate that the adoption of this Standard and relevant Interpretation - in issue but not yet effective - will have a material impact on the financial statements.

2. Capital Disclosure

d'Amico International Shipping manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders.

The capital of the Company was established at the beginning of 2007 as part of the IPO process, taking into consideration the risks affecting d'Amico International Shipping as a company and the industry where its subsidiaries operate. During the months of December of year 2012 the capital of the Company was increased consistently with its strategy of supporting the path of continuous growth and expansion within the traditional market of its operating subsidiaries, through the order of six new vessels with innovative characteristics (Eco-vessels) allowing reduced fuel consumption. It includes issued and fully paid capital, reserves and retained earnings as detailed in note 13.

In addition to the equity, the capital structure of d'Amico International Shipping includes a short-term financing from the shareholder d'Amico International S.A. (see note 15).

The capital structure is reviewed during the year and - if needed - adjusted depending on the Company capital requirements, changes in the general economic conditions and industry risk characteristics of the participations. The Company monitors its capital on the basis of the 'assets cover ratio' of DIS Group, being the drawdown amounts on the Group facilities over the fair market value of Group owned vessels.

3. Revenue

US\$	2012	2011
REVENUE	800,000	600,000

A dividend of US\$ 800 thousand was received from the key operating subsidiary d'Amico Tankers Limited in the month of June (2011: US\$ 600 thousand).

4. General and Administrative Costs

US\$	2012	2011
Wages and benefits	(541,297)	(555,814)
Other operating charges	(1,958,329)	(2,462,518)
TOTAL	(2,499,626)	(3,018,332)

Employees

The Company employs two managers and two administrative employees (2011: unchanged).

The total charge for wages and salaries amounted to US\$ 541,297 (2011: US\$ 555,814).

Other Operating Charges

The amount of US\$ 1,958,329 in 2012 includes professional fees and advisory costs incurred by the Company during the year as a result of being a listed entity (2011: US\$ 2,462,518).

Fees were paid to the Company directors for services rendered to the Company and attending the Board's meetings. A total amount of EUR 725,000 was paid, including net fees for EUR 580,000 and 20% withholding tax (2011: no change).

5. Net Financial Income (Charges)

US\$	2012	2011
NET FINANCIAL INCOME (CHARGES)	75,496	(344,869)

Net financial income amount to US\$ 75,496 (2011: cost of US\$ 344,869) and concern the realised income on financial transactions (capital gain on the sale of the portfolio together with interest on bonds) net of the interest expense calculated on the loan received from d'Amico Tankers Limited of US\$ 189,974 (2011: US\$ 153,702) and on the financial assistance received in 2012 by the shareholder d'Amico International (US\$ 135,077).

Residual amounts are exchange loss on trade payables due to the unfavourable movement in the US\$ exchange rate against the Euro and financial fees paid to banks in return for services received.

6. Taxation

US\$	2012	2011
TAX EXPENSES	2,100	(2,321)

Taxation in 2012 comprises the minimum amounts of the net wealth tax and income tax for the year.

As dividends are not subject to the corporate income tax in Luxembourg, d'Amico International Shipping SA had, at the end of 2012, cumulated tax losses to be carried forward of approximately Euro 32.6 million (US\$ 43.0 million).

The Luxembourg corporate income theoretical tax rate is of 30%. No deferred tax asset has been accounted for, as management do not foresee taxable profits against which the accumulated losses could be offset.

d'Amico International Shipping is subject to the Luxembourg Net Wealth Tax regime; for 2012 and for 2011 the calculated net assets generated no tax.

7. Tangible Assets

Tangible assets principally represents IT equipment for the Luxembourg office; they are depreciated at 8.33% quarterly rate over their useful lives.

US\$	2012	2011
COST		
At 1 January 2012	55,686	52,440
Additions	13,962	3,246
Disposals	(52,442)	-
At 31 December 2012	17,206	55,686
DEPRECIATION		
At 1 January 2012	52,442	48,774
Charge for the period	3,236	3,668
Write-off and exchange differences	(49,199)	-
At 31 December 2012	6,479	52,442
NET BOOK VALUE		
AT 31 DECEMBER 2012	10,727	3,244



8. Financial Fixed Assets

Investment in Subsidiaries

Company	Country	Ownership	Ccy	Increase (decrease)	Book value at 31 Dec 2012
d'Amico Tankers Limited	IRL	100%	USD	-	178,921,920
Glenda International Shipping Ltd.	IRL	50%	USD	-	73,135,414
			USD	-	252,057,334

d'Amico Tankers Limited is the key operating subsidiary of the d'Amico International Shipping Group, while GLENDA International Shipping Ltd (GIS) is the vehicle for the Joint Venture with Glencore Group, one of the

world's largest suppliers of commodities and raw materials to industrial consumers. The investments qualify as long-term financial investment.

Investments through d'Amico Tankers Limited:

Company	Effective Interest	Country	Activity
High Pool Tankers Limited	100%	Ireland	Pool company
Glenda International Management Limited	100%	Ireland	Pool company
DM Shipping Limited	51%	Ireland	Shipping
d'Amico Tankers Monaco S.A.M.	100%	Monaco	Services
d'Amico Tankers UK Limited	100%	UK	Services
d'Amico Tankers Singapore Pte. Ltd.	100%	Singapore	Services

Management estimates that the future net cash-flows expected to be derived from GIS in the medium term will improve to maintainable earnings, due to the

increase of the returns in the market where the invested capital operates.

9. Receivables and Other Current Assets

US\$	As at 31 December 2012	As at 31 December 2011
RECEIVABLES AND OTHER CURRENT ASSETS	109,010	110,571

In 2012 and in 2011 the balance represents prepaid company expenses and other sundry debtors.

10. Current Financial Assets

US\$	As at 31 December 2012	As at 31 December 2011
CURRENT FINANCIAL ASSETS	-	14,325,851

The portfolio bonds, representing the investment of the surplus cash, were sold in the course of the year.

11. Current Financial Receivables

US\$	As at 31 Dec 2012	As at 31 Dec 2011
Glenda International Shipping Ltd.	5,277,850	5,277,850
d'Amico Tankers Limited	30,257,446	-
CURRENT FINANCIAL RECEIVABLES	35,535,296	5,277,850

At the end of the year, the proceeds of the Capital increase, US\$ 50.0 million were transferred to d'Amico Tankers Limited for the funding of the six tanker new-buildings, resulting in the intercompany balance of US\$ 30.3 million in favour of DIS. The financing bears interest at USD LIBOR 3 months plus a margin aligned with the markets conditions; the range during 2012 of rates for the 3-month USD Libor was 0.36% – 0.58 %.

The continuation of a difficult economic situation in the markets in which DIS subsidiaries operate did not make it possible for the interest free shareholder loan to Glenda International Shipping to be reimbursed in the course of 2012. Nevertheless management believes that the improving market conditions of 2013 will allow the repayment of this short-term financing.

12. Cash and Cash Equivalents

US\$	As at 31 Dec 2012	As at 31 Dec 2011
CASH AND CASH EQUIVALENTS	34,294,565	1,873,436

Cash and cash equivalent is represented by part of the funds received in the month of December through the capital increase.

13. Capital and Reserves

Subscribed Capital

The current subscribed and fully paid-up capital of US\$ 35,987,977.40 (corresponding to € 27,275,294 at the year-end exchange rate) is divided into 359,879,774 shares without nominal value.

On 2 October 2012 the Extraordinary Meeting of the

Shareholders – on the basis of a special report by the Board of Directors - decided to firstly reduce the issued share capital of the Company from its original amount of US\$ 149,949,907 to the amount of US\$ 14,949,990.70 and allocate the amount corresponding to this reduction to a special capital account. The shareholders further resolved to amend the authorised corporate capital up to US\$ 50,000,000.00 divided into 500,000,000 shares without nominal value. As a result of two further capital increases resolved by the Board of Directors, the share capital of the company currently amounts to US\$ 35,987,977.40 divided into 359,879,774 shares without nominal value. All shares pertain to the category of ordinary shares; they have equal voting and dividends rights, rank equally with regard to the Company's residual assets and in general have those rights and obligations provided by the Company's Articles of Association and by the applicable Luxembourg laws.

At the same time the Company issued 69,976,622 warrants the exercise of which is regulated as per information attached to the Prospectus. In particular, subject to the Terms and Conditions for the exercise of the Warrants, the warrant-holders could exercise their right at any time during the following exercise periods: during all trading days of the month of January 2014 at a price of euro 0.36 each, during all trading days of the month of January 2015 at a price of euro 0.40 each and during all trading days of the month of January 2016 at a price of euro 0.46 each, although the Board of Directors of the Company may, upon occurrence of certain events declare additional periods or suspend the exercise periods.

Retained Earnings

The item includes previous years and current net results and deductions for dividends distributed.

Other Reserves

The other reserves include the following items:

US\$ Thousand	As at 31 Dec 2012	As at 31 Dec 2011
Share premium reserve	258,373,003	60,582,975
Treasury shares	(16,357,027)	(16,356,399)
Legal reserve	3,108,296	3,108,296
TOTAL	245,124,272	47,334,872

Share premium reserve

The share premium reserve arose in the years as a result of the Group's IPO and related increase of share capital in May 2007 and as a result of the second capital increase occurred at the end of 2012. Certain costs and charges connected with the listing process and the share capital increases (mainly bank commissions and related advisory fees and charges) have been offset at each time.

Treasury shares

Treasury shares at the end of 2012 consist of 5,090,495 ordinary shares (2011: 5,090,495) for an amount of US\$ 16.4 million (2011: US\$ 16.4 million), corresponding to 1.41% of the outstanding share capital at the financial position date (2011: 3.39%). These shares were acquired in 2007 and 2008 and during the second half of 2011, following the approval of the Buy-back program.

Legal reserve

It is a legal requirement in Luxembourg and is constituted through an allocation of 5% of taxable profits.

14. Payables and Other Current Liabilities

US\$	As at 31 Dec 2012	As at 31 Dec 2011
OTHER CURRENT LIABILITIES	1,560,275	359,153

The amount of current liabilities in 2012 refers to the day-to-day administrative activity of the Company and to administrative expenses/consultancy fees received in connection with the capital increase in Q4 (2011: US\$ 359,153).

15. Other Current Financial Liabilities

US\$	As at 31 Dec 2012	As at 31 Dec 2011
OTHER FINANCIAL CURRENT LIABILITIES	20,000,000	55,040,480

The balance represents short-term financing granted by the parent company d'Amico International S.A. a company incorporated in Luxembourg; the financing bears interest at the 3months LIBOR rate + 2% spread and was fully reimbursed in January 2013 through the proceeds of the Capital increase.

The financial payable due to d'Amico Tankers Limited (DTL) at the end of 2011 amounting to USD 55,040,480 was repaid in the course of the year, allowing DTL the financing of new six modern, eco-friendly vessels.

16. Information on Financial Risk

The Company is exposed to the following financial risks connected with its operation:

Currency risk

As long as the Company functional currency is US\$ and is performing its holding activity in a Euro market, it receives services for a consideration, from its directors, managers and external consultants. The Company monitors its exposure to currency risk on a regular basis and mitigates it through the availability of bank deposits denominated in Euro currency.

Interest rate risk

The Group is exposed to interest rate risk arising from the fact that its bank deposits and it is party to interest bearing financial agreements which earn or bear interest at variable rates. Management identifies and monitors these risks in order to detect in advance potential negative effects and take appropriate action for mitigation.

Liquidity risk

The Company is exposed to liquidity risk from the possible mismatch between cash requirements and cash-in-flows, principally for the payment of its General and Administrative costs inherent to the holding activity and its presence in the capital market. As part of its financial planning process DIS manages the liquidity risk by targeting its capital structure in a way to balance the funds currently available together with the cash to be generated by the subsidiaries operating activities and credit lines, to allow the Company to maintain a level of liquidity adequate to its needs. The Company capital structure is set within the limits established by the Company's Board of Directors. During the month of December it improved its liquidity through a share Capital increase.

17. Related Parties Transactions

During 2012, d'Amico International Shipping had transactions with related parties, including its ultimate Italian parent company, d'Amico Società di Navigazione S.p.A (DSN) and certain of DSN's subsidiaries (d'Amico Group). These transactions have been carried out on the basis of arrangements negotiated on commercial market terms and conditions. The immediate parent company of the group is d'Amico International S.A. a company incorporated in Luxembourg.

These transactions include the receipt of a dividend from and an interest bearing financial agreement with the

subsidiary d'Amico Tankers Limited, an interest-bearing short-term financing agreement and a rental agreement with immediate parent company, management services agreements (for human resources, legal, IT, Internal Audit and Investor Relation services) with d'Amico Group companies, for a total cost amounting to US\$ 652.7 thousand.

The effects, by legal entity, of related party transactions on the Company's income statement for the 2012 are the following:

US\$	d'Amico International Shipping S.A.	d'Amico Società di Nav. SpA	d'Amico Tankers Limited	Tamburi Investment Partners	d'Amico International S.A	Directors & key management
Revenue	800,000					
<i>of which</i>						
Dividend	800,000	-	800,000	-	-	-
General and administrative costs	(2,499,626)					
<i>of which</i>						
Personnel cost	(755,000)	-	-	-	-	(755,000)
Services agreement	(1,177,464)	(293,297)		(849,778)	(34,389)	
Net financial income (charges)	(75,496)					
<i>of which</i>						
Financial interest	(325,051)	-	(189,974)	-	(135,077)	-
TOTAL		(293,297)	610,026	(849,778)	(169,466)	(755,000)

The table below shows the effects, by legal entity, of related party transactions on the Company's Income Statement for the year 2011:

US\$	d'Amico International Shipping S.A.	d'Amico Società di Nav. S.p.A.	d'Amico Tankers Limited	d'Amico International S.A.
Revenue	600,000	-	-	-
<i>of which</i>				
Dividend	600,000	-	600,000	-
General and administrative costs	(3,018,332)			
<i>of which</i>				
Services agreement	(169,932)	(130,896)	-	(39,036)
Net financial income (charges)	(344,869)			
<i>of which</i>				
Financial interest	(153,702)	-	(153,702)	-
TOTAL			(130,896)	(446,298)
				(39,036)

The effect, by legal entity, of related-party transactions on the Company's Statement of Financial Position as at 31 December 2012 are as follows:

US\$	d'Amico International Shipping S.A.	d'Amico International S.A.	d'Amico Tankers Limited	Glenda International Shipping Ltd	Tamburi Investment Partners	Directors and key management
Current financial receivable	35,535,296	-	-	-	-	-
<i>of which related party</i>			30,257,446	5,277,850		
Payables and other current liabilities	1,570,275					
<i>of which related party</i>		-	-	-	551,703	-
Other current financial liabilities	20,000,000					
<i>of which related party</i>		20,000,000	-	-	-	40,069
TOTAL		(20,000,000)	30,257,446	5,277,850	(551,703)	(40,069)

The effect, by legal entity, of related party transactions on the Group's combined Statement of Financial Position as at 31 December 2011 were the following:

US\$	d'Amico International Shipping S.A.	d'Amico Finance Limited	d'Amico Tankers Limited
Receivables and other current assets	110,571	-	-
<i>of which related party</i>	16,760	16,760	-
Payables and other current liabilities	(359,152)	-	-
<i>of which related party</i>			
Other current financial liabilities	(55,040,480)		
<i>of which related party</i>	(55,040,480)	-	(55,040,480)
TOTAL		16,760	(55,040,480)

18. Ultimate Holding Company

The immediate parent company of d'Amico International Shipping S.A. is d'Amico International S.A., a company incorporated in Luxembourg.

The ultimate holding company controlling party is d'Amico Società di Navigazione S.p.A., incorporated in Italy.

19. Guarantees and Commitments

Guarantees Issued for Affiliated Undertakings

d'Amico International Shipping has provided guarantees to its subsidiary company, d'Amico Tankers Limited, in respect of the originally US\$ 350.0 million revolving loan facility at Crédit Agricole Corporate & Investment Bank, the JPY 10.0 billion Mizuho facility and in respect of the 48.0 million Crédit Agricole Corporate & Investment Bank & DNB NOR Bank ASA facility. The total amount outstanding in respect of these facilities at 31 December 2012 amounted to US\$ 204.2 million.

The manager responsible for preparing the company's financial reports, Mr Giovanni Barberis, in his capacity of Chief Financial Officer of d'Amico International Shipping

S.A. (the 'Company') declares to the best of his knowledge, that the consolidated and statutory financial statements prepared in accordance with the applicable set of accounting standards as published in this report, give a true and fair view of the assets, liabilities, financial position and income statement of the Company and its consolidated subsidiaries and that the report on operation and the management report include a fair review of the development and performance of the business and the position of the Company and its consolidated subsidiaries, together with a description of the principal risks and uncertainties that they face.

28 February 2013



Giovanni Barberis, Chief Financial Officer



2-4, rue du Château d'Eau
3364 Leudelange
LUXEMBOURG

T +352 26 86 59 1
F +352 26 86 59 99

mail@moore-stephens-audit.lu
www.moore-stephens-audit.lu

To the Shareholders of
d'Amico International Shipping S.A.
25 C Boulevard Royal
L-2449 Luxembourg

Leudelange, 01 March, 2013

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the financial statements

We have audited the accompanying financial statements of d'Amico International Shipping S.A., which comprise the statement of financial position as at December 31, 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors' for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (as adopted by the European Union), and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the réviseur d'entreprises agréé's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of d'Amico International Shipping S.A. as of December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the financial statements. The Corporate Governance Statement, as published on the Company's website www.damicointernationalshipping.com, as of the date of this report is the responsibility of the Board of Directors. This statement is consistent, at the date of this report, with the financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

MOORE STEPHENS Audit S.A.R.L.



Horst SCHNEIDER
Réviseur d'Entreprises Agréé

2-4, rue du Château d'Eau
3364 Leudelange
LUXEMBOURG

T +352 26 86 59 1
F +352 26 86 59 99

mail@moore-stephens-audit.lu
www.moore-stephens-audit.lu

To the Shareholders of
d'Amico International Shipping S.A.
25 C Boulevard Royal
L-2449 Luxembourg

Leudelange, 01 March, 2013

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of d'Amico International Shipping S.A., which comprise the consolidated statement of financial position as at December 31, 2012 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors' for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the réviseur d'entreprises agréé's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of d'Amico International Shipping S.A. as of December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements. The Corporate Governance Statement, as published on the Company's website www.damicointernationalshipping.com, as of the date of this report is the responsibility of the Board of Directors. This statement is consistent, at the date of this report, with the consolidated financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

MOORE STEPHENS Audit S.A.R.L.



Horst SCHNEIDER
Réviseur d'Entreprises Agréé

d'Amico International Shipping S.A.

Luxembourg

d'Amico International Shipping S.A.
25/C, Boulevard Royal - 11th Floor
L-2449 - Luxembourg
Grand Duchy of Luxembourg
Ph. +352 2626 2929

Ireland

d'Amico Tankers Limited
The Anchorage
17-19, Sir John Rogerson's Quay
Dublin 2 - Ireland
Ph. +353 1 676 1840

Monaco

d'Amico Tankers Monaco S.A.M.
20, Bd de Suisse
MC 98000 - Monaco
Ph. +377 9310 5270

United Kingdom

d'Amico Tankers UK Limited
2, Queen Anne's Gate Buildings
Dartmouth Street
London SW 1H 9BP - UK
Ph. +44 20 7340 2000

Singapore

d'Amico Tankers Singapore Pte Limited
6 Battery Road #34-02
Singapore 049909
Ph. +65 6586 0860

www.damicointernationalshipping.com

