2009 Annual Report

d’Amico International Shipping S.A.

2009 Annual Report

Consolidated and Statutory Financial Statements
Year Ended 31 December 2009

d'Amico International Shipping S.A.

Registered office
at 25C Boulevard Royal, Luxembourg
Share Capital US$ 149,949,907
as at 31 December 2009

Date of issue
23 February 2010
this document is available
on www.damicointernationalshipping.com

Contents

Letter to Shareholders

The economic and financial crisis, whose duration and severity has been without precedent in recent decades, significantly affected the Product Tankers market in 2009. The spot market performed reasonably well in the first quarter of 2009, however, starting second quarter, as a consequence of the economic slow-down, the product tanker industry experienced an unprecedented low spot market throughout the following quarters.

Taking into consideration that 2009 has been the most testing operating environment for many years, attributed to a decreased Oil Product demand and with added pressure of tonnage supply increasing, we consider that d'Amico International Shipping fared in a acceptable way.

During the year, tanker prices have fallen dramatically from 2008 highs across all tanker classes, age and ranges. 2009 prices were down from 2008 but we don't expect such a degree of continuing asset price erosion also in 2010. Notwithstanding the current financial turmoil affecting the vessel values, we firmly believe that d'Amico International Shipping continues to show a very significant underlying value, with significant financial resources available and a relevant portion of the revenues already secured through long-term contract.

As in the past, we continued to focus on the developing of our pools, a key element in our strategy, with the delivery of the first GLENDA vessel in August 2009 and the second one in February 2010. Moreover two new DM Shipping vessels were delivered in 2009. We have chosen pooling as a means to strengthen our market position becoming even more significant in such a challenging environment. Infact, we over performed the spot market rates trend in 2009, thanks to our access to cargoes via our strategic partnerships and flexible business model.

At the beginning of the current 2010 year spot market freight rates have again surprised everyone. Freezing temperature across Asia, Europe and the United States helped set off a rally in tanker markets in January. While the challenge of continual fleet growth and uncertain economic recovery still looms, 2010's strong start has certainly given a much-needed boost to market sentiment.

With 2010 likely to be a transition year in a world touched by a crisis of systemic dimension, we will be working to make sure that will be totally focused on the preservation of our strong financial structure. We are also committed to be prepared to respond at any opportunities for further consolidation and growth that normally comes in such difficult markets.

Paolo d'Amico | Chairman of the Board of Directors

Infact, we over performed the spot market rates trend in 2009, thanks to our access to cargoes via our strategic partnerships and flexible business model.

Board of Directors and Control Bodies

Board of Directors

Chairman
Paolo d'Amico [1]

Chief Executive Officer
Marco Fiori [1]

Directors
Cesare d'Amico [1]
Massimo Castrogiovanni [2]
Stas Andrzej Jozwiak [3]
Gianni Nunziante
Heinz Peter Barandun [2]
John Joseph Danilovich [2]

Independent Auditors

Moore Stephens S.à.r.l., Luxembourg

[1] Member of the Executive Committee
[2] Independent Director
[3] Lead Independent Director

Key Figures

Financials

US$ Thousand	2009	2008 Restated *
Time charter equivalent (TCE) earnings	185,551	251,616
Gross operating profit / EBITDA	30,788	102,796
as % of margin on TCE	*16.59%*	*40.9%*
Operating profit (loss) / EBIT	(6,375)	66,106
as % of margin on TCE	*(3.44%)*	*26.3%*
Net profit / (loss)	(13,409)	49,391
as % of margin on TCE	*(7.23%)*	*19.6%*
Earnings per share (US$)	(0.089)	1.034
Operating cash flow	18,126	102,682
Gross capital expenditure (CapEx)	84,502	247,743

* For comparison purposes, the 2008 figures are shown excluding result on disposal of vessels of US$ 64.7 million.

Total assets	725,140	724,154
Net financial indebtedness	171,360	142,235
Shareholders' equity	354,560	387,839

Other Operating Measures

	2009	2008
Daily operating measures - TCE earnings per employment day (US$) [1]	15,904	21,570
Fleet development - Total vessel equivalent	38.5	36.1
- Owned	15.5	16.6
- Chartered	18.1	14.8
- Chartered through pools	4.9	4.7
Off-hire days/ available vessel days [2] (%)	2.5%	2.0%
Fixed rate contract/ available vessel days [3] (coverage %)	54.8%	52.2%

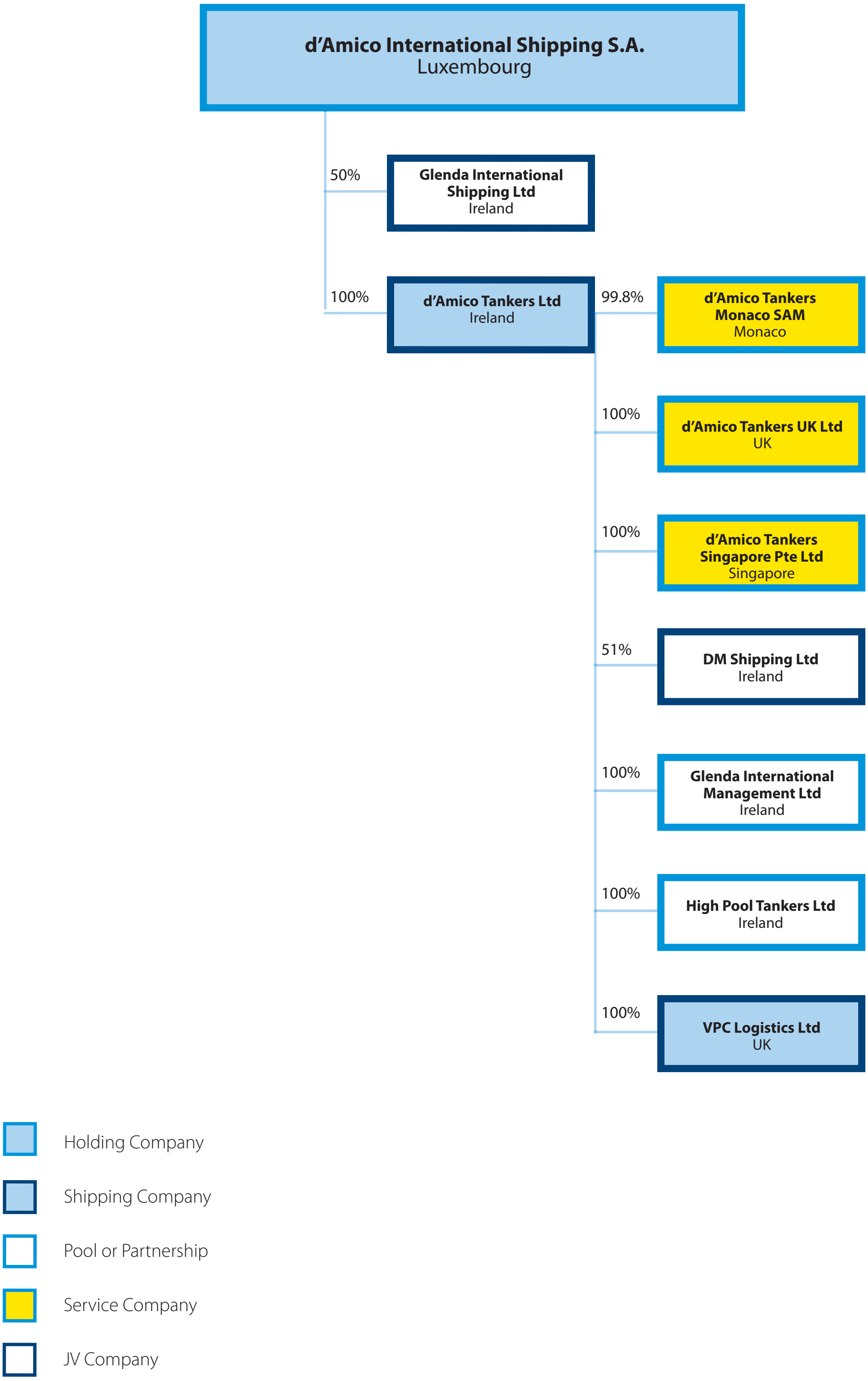
[1] This figure represents time charter ("TC") equivalent earnings for vessels employed on the spot market and time charter contracts, divided by the number of on-hire days, net of commissions charged by external brokers and commercial managers. Calculations exclude vessels chartered through the pools, since distributions paid on these vessels are net of charter expenses, and would therefore require pro-forma adjustments to make it comparable to the remaining vessels.

[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, which is defined as the number of vessel days between delivery and redelivery for the period being considered.

[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, divided by the number of available vessel days, defined as the number of days between delivery and redelivery for all of our vessels, for the period being considered.

Group Structure

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



d'Amico International Shipping Group

d'Amico International Shipping S.A. (DIS, the Group or d'Amico International Shipping) is an international marine transportation group, part of the d'Amico Group that traces its origins to 1936. d'Amico International Shipping operates, through its fully owned subsidiary d'Amico Tankers Limited (Ireland) a fleet with an average age of approximately 4.5 years, compared to an average in the product tankers industry of 9.8 years (source: Clarkson). All of the 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, such as ExxonMobil, Total, Shell, Petrobras, PDVSA, ENOC, Glencore and Vitol. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), requirements of major oil 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). 70.8% of DIS fleet as at 31 December 2009 was IMO Classed, allowing the Group to transport a large range of products.

Fleet

The following tables set forth information about DIS fleet as at 31 December 2009, which consists of **41.4 vessels**:

MR fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
Owned				
High Efficiency [1]	46,547	2009	Nakai Zosen, Japan	-
High Strength [1]	46,800	2009	Nakai Zosen, Japan	-
GLENDA Megan [2]	47,147	2009	Hyundai Mipo, South Korea	IMO III
High Venture	51,087	2006	STX, South Korea	IMO III
High Presence	48,700	2005	Imabari, Japan	-
High Priority	46,847	2005	Nakai Zosen, Japan	-
High Progress	51,303	2005	STX, South Korea	IMO III
High Performance	51,303	2005	STX, South Korea	IMO III
High Valor	46,975	2005	STX, South Korea	IMO III
High Courage	46,975	2005	STX, South Korea	IMO III
High Endurance	46,992	2004	STX, South Korea	IMO III
High Endeavour	46,992	2004	STX, South Korea	IMO III
High Challenge	46,475	1999	STX, South Korea	IMO III
High Spirit	46,473	1999	STX, South Korea	IMO III
High Wind	46,471	1999	STX, South Korea	IMO III
Time chartered with purchase option				
High Enterprise	45,800	2009	Shin Kurushima, Japan	IMO III
High Pearl	48,023	2009	Imabari, Japan	-
High Prosperity	48,711	2006	Imabari, Japan	-
High Century	48,676	2006	Imabari, Japan	-
High Nefeli	45,976	2003	STX, South Korea	IMO III

[1] High Efficiency and High Strenght are owned by DM Shipping(in which DIS has 51% interest) and time chartered to d'Amico Tankers Limited.

[2] GLENDA Megan is owned by GLENDA International Shipping, in which DIS has 50% interest.

MR fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
Time chartered without purchase option				
High Force	53,603	2009	Shin Kurushima, Japan	-
High Saturn	51,149	2008	STX, South Korea	IMO III
High Mars	51,149	2008	STX, South Korea	IMO III
High Mercury	51,149	2008	STX, South Korea	IMO III
High Jupiter	51,149	2008	STX, South Korea	IMO III
High Glory	45,700	2006	Minami Nippon, Japan	-
High Glow	46,846	2006	Nakai Zosen, Japan	-
High Trader	45,879	2004	Shin Kurushima, Japan	-
High Energy	46,874	2004	Nakai Zosen, Japan	-
High Power	46,874	2004	Nakai Zosen, Japan	-

Handysize fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
Owned				
Cielo di Salerno	36,032	2002	STX, South Korea	IMO III
Cielo di Parigi	36,032	2001	STX, South Korea	IMO III
Cielo di Londra	35,985	2001	STX, South Korea	IMO III
Bare Boat without purchase option				
Cielo di Guangzhou	38,877	2006	Guangzhou, China	-
Time chartered without purchase option				
Cielo di Roma	40,081	2003	Shina, South Korea	IMO III
Cielo di Milano	40,096	2003	Shina, South Korea	IMO III
Cielo di Napoli	40,083	2002	Shina, South Korea	IMO III

Handysize chartered through pools fleet

Name of vessel	Dwt	Year built	Builder, Country	Interest	IMO classed
Time chartered without purchase option					
Handytanker Spirit	34,671	2006	Dalian, China	50%	IMO III
Handytanker Unity	34,620	2006	Dalian, China	33%	IMO III
Handytanker Liberty	34,620	2006	Dalian, China	33%	IMO III
Tevere	37,178	2005	Hyundai, South Korea	50%	IMO III
Fox	37,025	2005	Hyundai, South Korea	50%	IMO III
Elbtank Denmark [1]	37,274	2002	Hyundai, South Korea	50%	IMO III
Torm Ohio1 [1]	37,999	2001	Hyundai, South Korea	50%	IMO III
Time chartered with purchase option					
Handytankers Magic	38,603	2009	Guangzhou, China	25%	IMO III
Handytankers Miracle	38,877	2008	Guangzhou, China	25%	IMO III
Melody	38,877	2008	Guangzhou, China	25%	IMO III
Malbec	38,499	2008	Guangzhou, China	100%	IMO III

[1] Elbtank Denmark was previously named Orontes, and Torm Ohio was previously named Ohio.

Fleet Employment and Partnership

	DIS' No. of Vessels	Total Pool Vessels
Direct employment	10.0	n/a
GLENDA Int. Shipping - Direct TC [1]	0.5	n/a
Handytankers Pool	8.9	102.0
High Pool (MR vessels) [2]	7.0	10.0
GLENDA Int. Mgmt (MR vessels) [3]	15.0	42.0
Total	**41.4**	**154.0**

As at 31 December 2009, d'Amico International Shipping directly employed seven MRs ('Medium Range') and three handysize vessels, through long-term time charter contracts with Exxon, Total and Glencore. The Group employs a significant portion of its controlled vessels through partnership arrangements, enabling it to deploy a fleet of vessels with significant scale and geographic coverage. Through these partnerships DIS provides a comprehensive service to its customers, enhancing the geographic exposure to advantageous business opportunities, resulting in greater flexibility in deploying the fleet.

Handytankers Pool – a pool together with A.P. Moller-Maersk, Chemicalien Seetransport, Seaarland Shipping Management and Motia Compagnia di Navigazione S.p.A.. It operated 102 vessels as at 31 December 2009.

High Pool Tankers Limited – a pool with Nissho Shipping Co. Limited (Japan) and Mitsubishi Corporation. It operated 10 MR product tankers as at 31 December 2009. 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.

GLENDA International Management Limited – a commercial agreement with Glencore/ST Shipping to trade vessels under a single brand name, 'GLENDA'. As at 31 December 2009, GLENDA International Management Limited operated 42 MR product tankers.

In addition to the pools and commercial agreements, DIS also established two joint ventures for the combined control of vessels, with key strategic partners. The first one, DM Shipping Ltd, allows d'Amico International Shipping to broaden the scope of its relationship with the Mitsubishi Group. The first of the two originally ordered MR vessels was delivered at the end of July 2009, while the second vessel was delivered at the end of October 2009. The DM Shipping vessels are chartered to d'Amico Tankers Ltd and employed in High Pool. The other joint venture, GLENDA International Shipping, reinforces the commercial partnership with the Glencore Group. The first MR product / chemical tanker vessel was delivered in August 2009. The joint venture order book includes additional 7 new MR and 2 new LR1 product / chemical tankers to be delivered between January 2010 and March 2011. The vessels will be operated through GLENDA International Management Ltd.

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 about 77 owned and chartered-in vessels, of which 41.4 are vessels part of the DIS fleet, operating in the product tanker market, while the remaining 36 are dry-bulk vessels 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 an established reputation in the international market due to the long operating history of

[1] GIS Vessels traded Spot are included in GLENDA Int Mgmt Spot Pool.

[2] Including 2 DM Shipping Vessels.

[3] Total number of Vessels in GLENDA Int Mgmt.includes 4 High Pool Vessels traded Spot and commercially managed by GLENDA.

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 all 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; it is also represented through the offices of the partnerships in New York, Copenhagen, Venice and Tokyo. As at 31 December 2009, the group employed 399 seagoing personnel and 48 onshore personnel.

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.

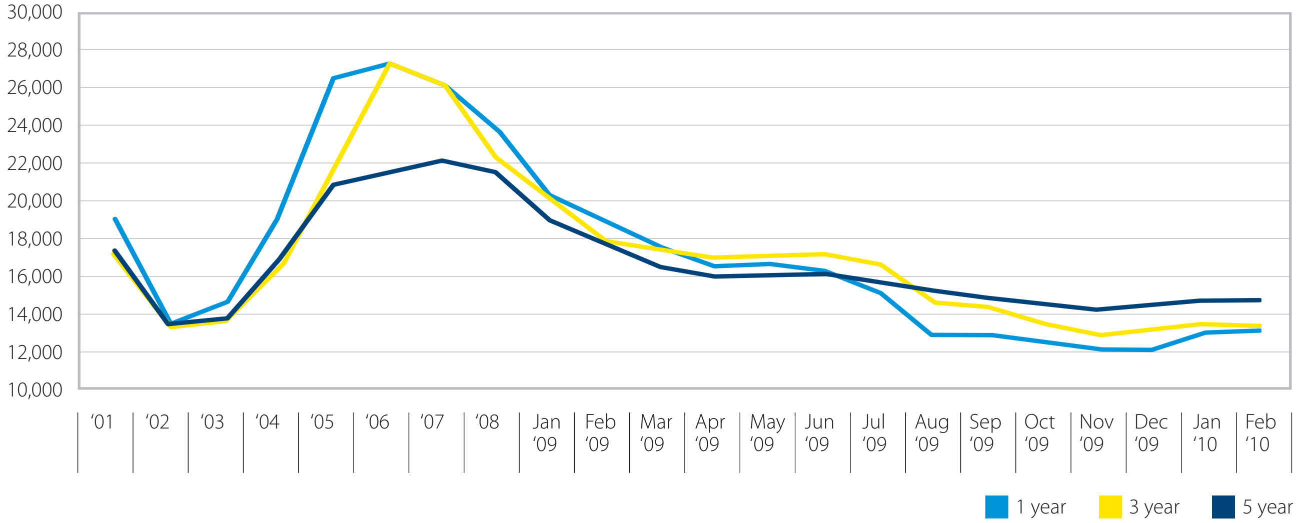
The seaborne movement of refined petroleum products between regions addresses demand and supply imbalances for such products caused by the lack of resources or refining capacity in consuming countries. An additional "arbitrage" trade also occurs, taking advantage of differences in price between refining centres and dislocation of specific product specifications. Owners of product tankers seek to utilise trade patterns to optimise the revenue and profit-generating potential of their product tanker fleets by maximizing vessel laden days (freight carrying) and minimizing waiting time and ballast days.

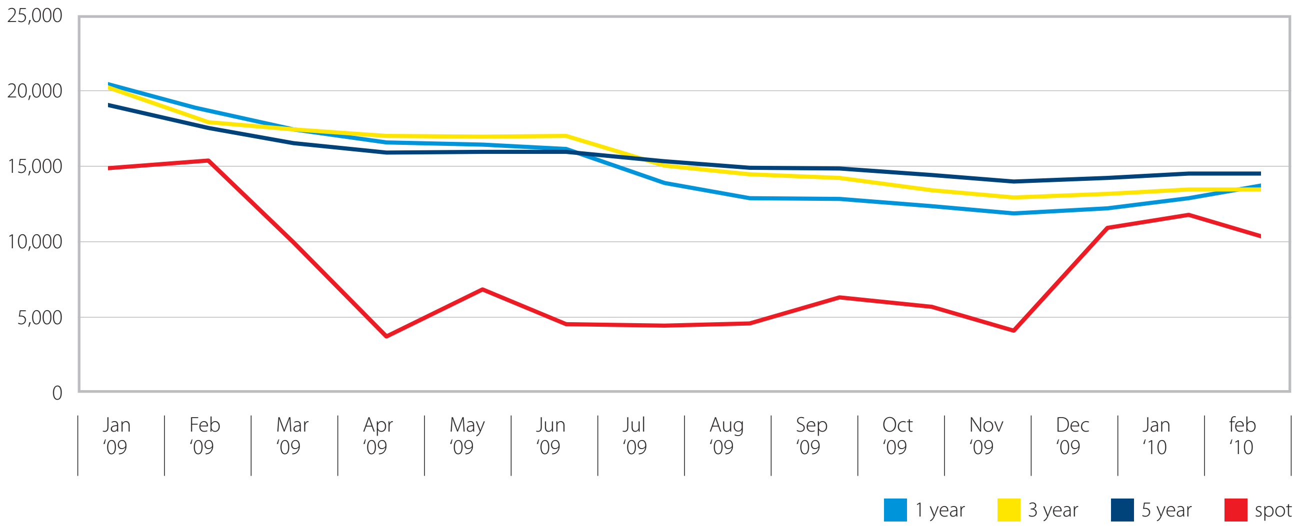
Within the product tanker industry, d'Amico International Shipping operates in the MR segment, which comprises vessels ranging from 25,000 dwt to 55,000 dwt. MR vessels account for the largest portion1 of product tankers; these size vessels permit the greatest flexibility in trade routes and access to ports which may have restrictions on vessel displacement size, or vessel length-overall. The most common cargo size for refined petroleum products is 30,000 – 40,000 tones, which usually represent full cargoes, since products transported have a specific gravity which varies between 0.66 and 0.82.

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%	41%	39%

[1] Source: Clarksons Research Services Limited, as of 1 January 2009. Percentage of total product tankers (3,542 vessels). Excludes stainless steel vessels.

Market Overview – Average TC Rates for MR Product Tankers (US$)





Source: Clarkson Research Services as at February 2010.

Shareholders

Investors Relations

d'Amico International Shipping IR Team ran a structured program aimed at promoting an ongoing 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 roadshows 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.

New brokers started to cover the d'Amico International Shipping stock in 2009, with nearly 10 brokers now following it and publishing notes on the Group during the year.

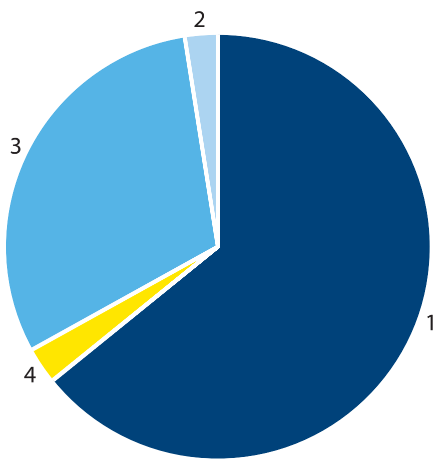
The continuous and regular contact with the market has been further heightened by publishing the Investor News, seeking to keep all stakeholders updated about business developments, market opportunities, strategies and projects, operating performance, financial results and share trends.

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*

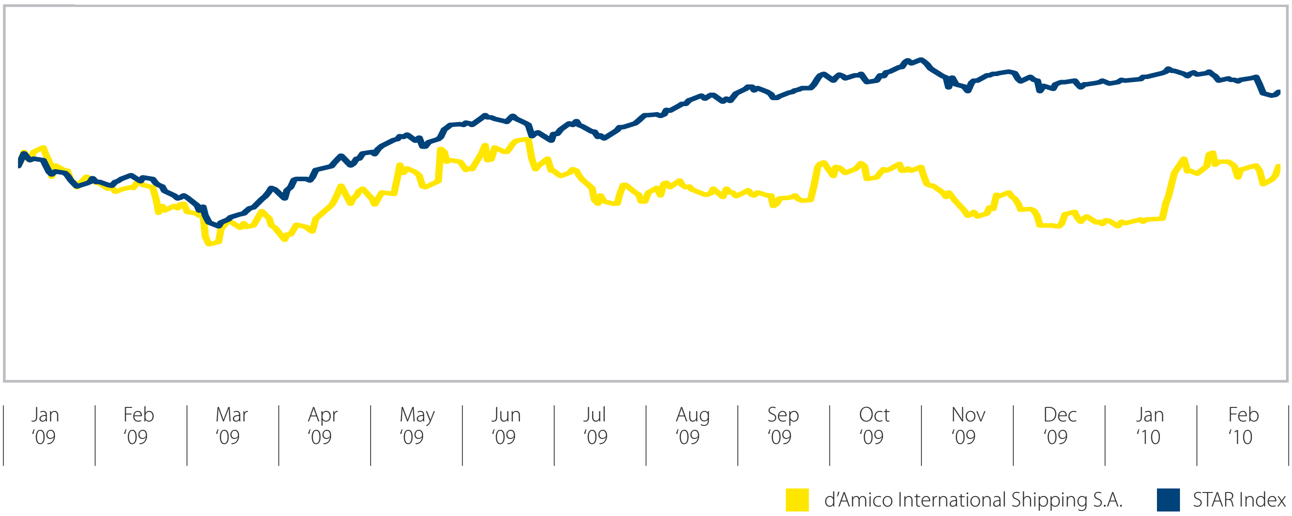
Shareholders

A total of 149,949,907 ordinary shares are outstanding. Based on the latest shareholdings communicated by investors, 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 SA	**64.28%**
2	d'Amico International Shipping SA	**2.93%**
3	Market	**30.56%**
4	Kairos Partners SGR SpA	**2.23%**

Share Price Performance



The worldwide recession which followed the financial turmoil seriously affected all the Stock Exchanges performances. 2009 was a year of turnaround and difficulty in the product tankers industry, with the slow down after years of growth. Similarly to the other shipping companies, the DIS share price trend was consequently negatively influenced by this weak environment. At the end of 2009 d'Amico International Shipping shares closed at a reference price of Euro 1.10, with a decrease of about 15% with respect to the December 2008 closing price of Euro 1.29. The average daily volumes during the year were 305 thousand shares. The beginning of 2010 is showing a significant share price recovery of about 20%, with the average volumes of shares traded up to 619 thousand.

Financial Calendar

The 2010 Company's Financial Calendar is the following:

2009 draft Annual Financial Statements	February	Tuesday 23
Annual General Meeting	March	Tuesday 30
2010 first Interim Management Statements	April	Thursday 29
2010 Half Yearly Report	July	Thursday 29
2010 third Interim Management Statements	October	Thursday 28

Dividend Policy

The dividend policy is based on the current results and estimated future liquidity requirements, taking into account the capital structure and the Group's development strategy, together with the expected future market developments.

Human Resources

As at 31 December 2009, the group employed 399 seagoing personnel and 48 onshore personnel.

Seagoing Personnel

Crewing represents one of the key elements in the safe and efficient use of the fleet. To ensure a high-quality service d'Amico International Shipping has signed an inter-company agreement with the ultimate parent holding company, d'Amico Società di Navigazione S.p.A., for the assistance in these services. This agreement allows the Group to leverage on d'Amico Società di Navigazione's history, of over 70 years, as a ship-owner and manager.

The Group's crewing policy aims to promote safety onboard and protection for the environment, and to maintain an efficient and reliable crew staff. To attain these objectives d'Amico relies on three pillars: a thorough selection process, extensive training and a continuous monitoring and appraisal system.

To establish an effective recruitment program the Group aims to secure access to a large pool of talented employees. In this respect, d'Amico Società di Navigazione, has set up a base in the Indian market through a controlled company, d'Amico Ships (India), headquartered in Mumbai. The Indian market has an established track-record as a provider of quality English-speaking crew. At the end of 2008, 79%, of the crew-members on-board the Group's vessels were Indian.

Through appropriate training, the Group ensures that all employees meet the high standards of professionalism required to be a crew member onboard d'Amico International Shipping vessels. In this respect, d'Amico Ships (India) has set-up a rigorous training program, both ashore and onboard vessels. In addition, the Group pursues a tight collaboration with local maritime institutes, aiming to increase awareness of issues relating to safety and the environment, key priorities for d'Amico International Shipping.

Continuous monitoring and feedback allows the Group to identify areas for improvement and to establish tailor-made programs. In addition, the Group adopts a pro-active approach to evaluations, by focusing not only on errors but also on near-misses. Such an appraisal system enables the Group to identify areas of concern in advance and to take the appropriate measures.

Safety on board and for the environment are overarching priorities of the Group and are promoted by, in addition to the above mentioned policies, the strict compliance with the procedures set out in the Safety, Quality and Environmental (SQE) manual. The Group believes that employee loyalty is crucial to ensure a high-quality and continuously improving service. In this respect, the Group aims to minimize turnover by providing a positive working environment, which respects individuals' development needs.

Ashore

The Group's personnel onshore has grown rapidly over the last few years, sustaining the large increase in d'Amico International Shipping's controlled fleet and facilitating the Group's future expansion plans. In line with the Group's objectives of providing a high-quality and efficiently managed fleet, significant attention is put on people management and development with the main focus on the priority to expand and train the departments more closely linked to the operations of the vessel, namely chartering, operations and technical support.

On the other side, the Group is managing a fine tuning of its incentive plan in order to strength the allotment of bonuses of every people according a performance management system by which the variable part of compensations will be more linked to the business / depts / individual performances.

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 such as ExxonMobil, Shell, Total, Glencore, Petrobras, Vitol and Vela, which are some of its established customers.

In order to demonstrate its vessels compliance, d'Amico has developed and adopted a severe environmental analysis consisting in identifying the vessels activities which interact with the environment (water, air and other elements) and analysing, among these interactions, those that might have significant impacts on the environment. IMO (Inter-Governmental Maritime Organization) is a specialized agency of the United Nations founded in 1958 in 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 onboard 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 optimise 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 9001:2000 and ISO 14001:2004 established by the International Organisation for Standardisation, and was certified by the international classification society RINA S.p.A. (Registro Italiano Navale) in 2003.

Every year, in fact, d'Amico SQE team carries out an internal audit (onboard and ashore) in order to identify and analyse all the factors within the Company's activities (e.g. bunkering operations and transport, oil/chemical products cleaning, products loading / transport / discharging), products or services that have or can have significant impacts on the environment, hence minimizing risk and aiming to reduce CO_2 emissions. The analysis uses numerous data, such as type of fuels, water consumption, acoustic and electro-magnetic pollution measurements, construction data, vessel and plants lay-outs, maintenance procedures and frequencies. The Group considers indirect environmental aspects as well, which are those related to the activities performed by third parties, like the disposal of solid waste discharged and dry dock operations.

Corporate Social Responsibility

The d'Amico Group strategy includes the set-up and subsequent implementation of a Corporate Social Responsibility (CSR) plan, which follows the d'Amico Group full understanding of the importance of the environmental and social aspects and the recognition of the proper responsibility for contributing to a sustainable development.

The CSR plans consist of principles and policies involving several functions of a company. Some of the milestones of the ship management approach disclosed under the previous section, like the SQE / Security Quality and Environment management system, are an integral part of the corporate social responsibility master plan. The section disclosing the Crew policies shows the importance that d'Amico Group gives to occupation health, employee conditions, safety at sea.

With reference to how the Group intends to approach the environmental principles, d'Amico is also in process to develop a 'Ship Energy Efficiency Management Plan' (energy saving programme) with the scope to implement ship /company-specific measures for the management and improvement of the environmental performance of the fleet. This Management Plan provides a system of procedures and measures to be implemented at shore-company level and at ship-specific level and it will include following primary aspects, having as one of the key target the reduction of CO_2 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 will be 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

Summary of the Results in 2009

The full year of 2009 has been characterized by the collapse of Product demand on the back of the Global Economic downturn. This in turn led to weak Product Tankers Spot rates for the last nine months of the year. The spot market performed reasonably well in the first two months of 2009, however, since the end of February and as a consequence of the economic slow-down, the product tanker industry has experienced an unprecedented low spot market throughout the following quarters, albeit with no dramatic fluctuations. The Price of Oil continued to improve throughout the year. This translated into higher bunker fuel costs counteracting any improvement in spot earnings. Refinery utilization rates and profit margins slumped in 2009 on the back of weak demand for most clean petroleum products. This resulted in some closure of refining capacity predominately in developed economies. Stocks of petroleum products increased throughout the year which led to large amount of ships being used as a cost effective storage solution. Contrary to previous years both the products dislocation demand and long haul arbitrage business did not materialize. The steady supply of ships, driven by the large influx of new buildings into the market, resulted in significant pressure on the spot rate. Taking into consideration that 2009 has been the most testing operating environment for many years, attributed to the world economic situation, decreased Oil Product demand and with added pressure of tonnage supply increasing, the d'Amico International Shipping (DIS) results should be considered fairly acceptable.

In 2009 the Time Charter Equivalent Earnings of DIS were of US$ 185.6 million (US$ 251.6 million in 2008), while Gross operating profit (EBITDA) was of US$ 30.8 million, representing the 16.7% on time charter earnings (US$ 201.2 million in 2008) and a net loss of US$ 13.4 million compared to the net profit of US$ 147.7 million realized in 2008. The Operating cash flow in 2009 was of US$ 18.3 million (US$ 102.7 million in 2009). The comparison with the previous year results, when DIS results were also positively influenced by the significant gain on disposal on four vessel for the amount of U$ 98.4 million, clearly show the completely different environment in which DIS operated in 2009 with respect to the 2008 market peak. The significant percentage of fixed contracts coverage, the strong market positioning, together with some costs efficiencies, allowed DIS to mitigate the effects of the weak market, continuing to generate a positive operating cash flow and maintaining a solid Statement of financial position.

The 2008 figures have been restated as a consequence of the recognition of the amount US$ 7.3 million as prior year adjustments, which have been already disclosed over 2009. This amount arises from the M/T High Harmony and M/T High Consensus sale price reduction. The price decrease was not made known to DIS at the original agreement (Q4 2008). If these facts had been known then management would have assessed the need for receivables write-down at the 31 December 2008 financial position date. Consequently, in accordance with IFRS applicable rules, the comparative 2008 figures have been restated to show the effects of the above mentioned amount as it would have been occurred at the end of the previous year.

Operating Performance

US$ Thousand	2009	2008 Restated
Revenue	260,039	323,984
Voyage costs	(74,488)	(72,368)
Time charter equivalent earnings	**185,551**	**251,616**
Time charter hire costs	(91,336)	(82,248)
Other direct operating costs	(45,901)	(46,102)
General and administrative costs	(21,386)	(24,291)
Other operating Income	3,860	3,821
Result on disposal of vessels	-	98,360
Gross operating profit / EBITDA	**30,788**	**201,156**
Depreciation	(37,163)	(36,690)
Operating profit / (loss) EBIT	**(6,375)**	**164,466**
Net financial income (charges)	(5,283)	(16,050)
Profit / (loss) before tax	**(11,658)**	**148,416**
Income taxes	(1,751)	(665)
Net profit / (loss)	**(13,409)**	**147,751**

Revenues in 2009 amounted to US$ 260.0 million compared to US$ 324.0 million realized in the previous year. Excluding some short term chartered-in vessels, the turnover related to 38.5 vessels operated on average in 2009 (37.2 vessels in 2008). The percentage of off-hire to available days in 2009 was 2.5% (2.0% in 2008). This variance is substantially explained by dry-docks timing over the years.

Voyage costs in 2009 were US$ 74.5 million (US$ 72.4 million in 2008). The slight increase is due to bunker cost negative trend, together with the charter-in costs associated with some short term vessels operated during the first half of the year by DIS and not considered part of its fleet.

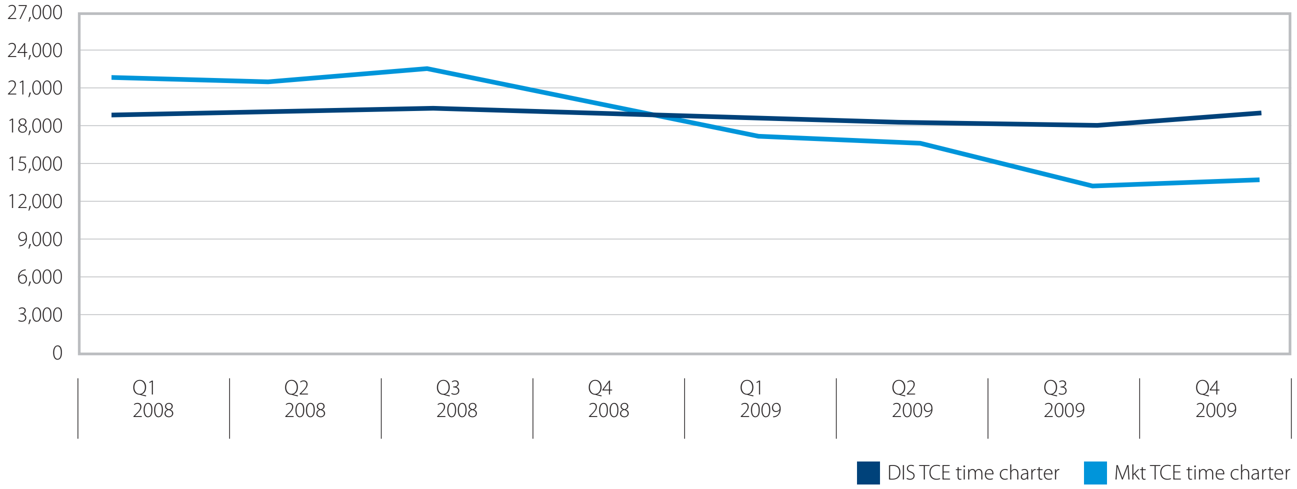
The 2009 ***Time charter equivalent earnings*** were of US$ 185.6 million, significantly lower with respect to the amount of US$ 251.6 million reached in 2008. The 'year on year' decrease of 26% is the consequence of the particularly weak operating environment which affected the most part of year, starting from late in Q1. The table below clearly shows the increasing pressure on spot rates over the year:

DIS TCE daily rates	Q1	Q2	Q3	Q4	FY
(US Dollars)					
Spot	20,358	14,422	10,248	9,343	13,069
Fixed	18,632	18,045	17,978	18,868	18,403
Average	19,375	16,504	13,879	14,279	15,904

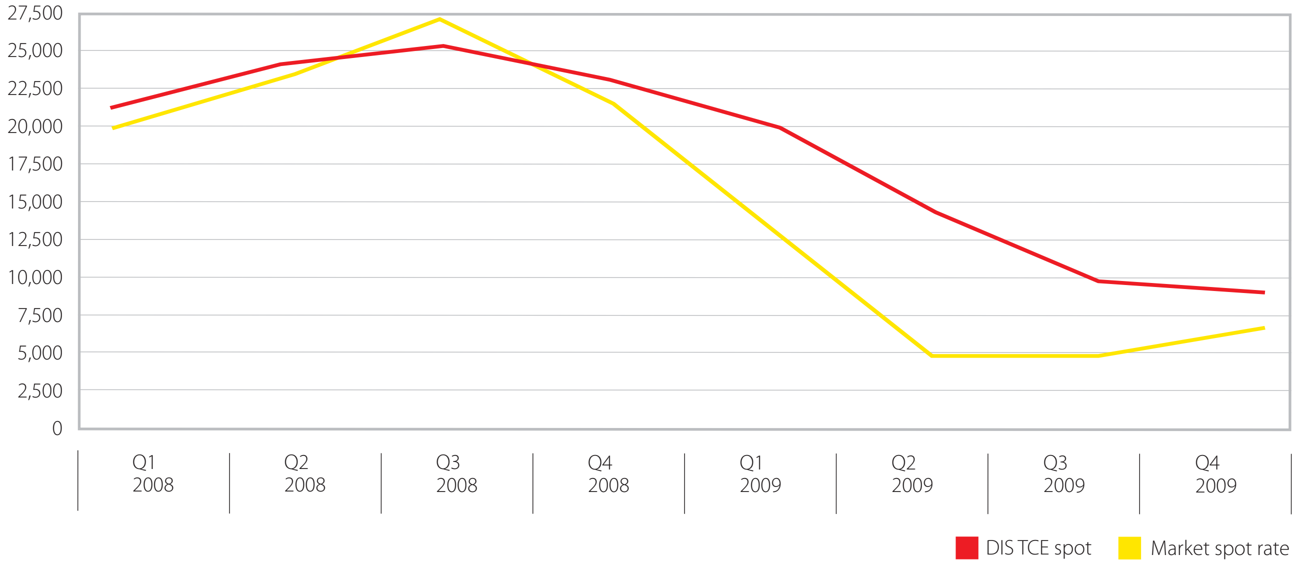
On the positive side, it should be highlighted that DIS, thanks to its flexible business model and strategic partnerships, over performed the spot market rates trend in the same period.

DIS Daily Rates Trend

DIS TC rate



DIS spot rate



The fleet increased from 37.2 vessels operated in 2008 on average to 38.5 in 2009 only partially mitigated the market turmoil, which followed the negative trend of oil products demand.

In view of the market trend, DIS secured a significant amount of revenue at acceptable and stable levels of profitability (US$ 18,403 as daily average TCE rate for the year). The contract coverage for 2009 was of 54.8% (52.2% in 2008).

Time charter hire costs relating to DIS fleet chartered-in vessels amounted to US$ 91.3 million in 2009 (US$ 82.2 million in 2008). The increase was driven by the higher number of chartered-in ships (18.1 on average in 2009 compared to 14.8 in 2008) following the delivery of 2.4 new vessels in 2009. Due to market conditions, no relevant profit share was recognized to the ship-owners for the vessel chartered-in. Also considering those facts, there was no increase in the average daily cost for the chartered-in vessels. In accordance with the pool distribution rules, the costs for the 4.9 vessels chartered through the pools and operated on average in 2009, are shown under Time charter equivalents earnings.

The costs relating to the operation of owned vessels are represented by ***Other direct operating costs***, which amounted to US$ 45.9 million in 2009 compared to US$ 46.1 million occurred in 2008. These costs comprise crew, technical, luboil and insurance expenses. The numbers of the owned vessels operated on average in 2009 decreased from 16.6 in 2008 to 15.5 in 2009. The operating costs were constantly monitored in the period and the daily costs slightly increased only compared to the previous year. It should be also highlighted that maintaining the highest quality of the fleet, focusing on crew with appropriate skills and SQE (Safety, Quality & Environment), being in compliance with stringent market regulations, represents a corporate and strategic key policy.

The ***General and administrative costs*** saving plan implemented in the course of 2009 resulted in a decrease of about 13% of these costs, which amounted to US$ 21.4 million (US$ 24.3 million in 2008). The decrease of US$ 2.9 million generally refers to all the costs: on-shore personnel, consultancies, travel among the others. Weak average US dollar exchange rates during the second half of the year did not allow for any larger cost savings. The personnel costs include the amount of US$ 0.7 million relating to the stock option plan notional costs, which will expire early in 2010. The item also comprises allowance account for credit losses (US$ 0.4 million) accounted for at the end of the year and the write-down of US$ 0.3 million representing the net amount of certain previously capitalized items on the SLS vessels, which, following the cancellation cannot be considered fixed assets.

Other operating income amounted to US$ 3.9 million in 2009 (same amount of US$ 3.8 million in 2008). The 2009 balance, other than compensations relating to a claim for an amount of US$ 0.3 million, comprises chartering commissions from third parties vessels operated through pools.

In 2009 no vessels were sold, therefore no ***Result on disposal of vessels*** has been accounted for. In 2008 the gain of US$ 98.4 million was realized as a result of the sale of 4 vessels.

Gross operating profit (EBITDA) for 2009 amounted to US$ 30.8 million (US$ 102.8 million in 2008 - US$ 201.2 million including the gain on disposal of vessels). The pressure on the freight rates was the key driver in explaining the 2009 performance compared to the previous year. Despite the particularly difficult market conditions affecting the results, the DIS flexible business models and the balanced source of revenue, together with the general & administrative costs cut, allowed DIS to realise a gross operating profit margin of about 17% on TCE Earnings and to generate an operating cash inflow in 2009 of US$ 18.1 million.

Depreciation charges amounted to US$ 37.2 million in 2009 (US$ 36.7 million in 2008). The decrease in the numbers of the owned vessels operated on average in 2009 from 16.6 in 2008 to 15.5 in 2009 has been off-set by the higher depreciable amount for vessels, as a result of the increased average costs of the owned vessels and the significant reduction in scrap steel prices. Depreciation is calculated applying the conservative period of 17 years as estimated vessel useful life.

Operating result (EBIT) for 2009 amounted to a loss of US$ 6.4 million (profit of US$ 66.1 million in 2008 - US$ 164.5 million including the gain on disposal of vessels). The negative result was due to the EBITDA amount, which - as a consequence of the freight rates downturn in 2009 - was not positive enough to absorb the depreciation charges.

Despite the weak operating environment affecting the 2009 results, DIS kept its solid financial position and debt profile. The ***Net financial charges*** were US$ 5.3 million (US$ 16.0 million in 2008), made up of US$ 10.0 million of interests on the bank loans, net of the amounts of US$ 2.2 million of financial income relating bareboat fees occurred in H1 and of US$ 2.5 million of the non cash income arising from the exchange rate effect arising on the conversion of the loans denominated in JPY.

Loss before tax for 2009 resulted in US$ 11.7 million (profit of US$ 148.4 million in 2008).

The ***Income taxes*** balance is of US$ 1.8 million in 2009 (US$ 0.7 million in 2008). It mainly arises from the compensation to be received by the JV Glenda International Shipping Limited in connection with the SLS vessels cancellation, which is not eligible for tonnage tax. Other than these taxes, the item comprises Irish tonnage tax applicable to the key operating subsidiary d'Amico Tankers Limited. Tonnage tax is calculated based on the notional income of vessels, which is dependent on the size of the vessel, rather than on the company's profit.

Net loss was US$ 13.4 million compared to a net profit of US$ 49.4 million in 2008 (US$ 147.7 million including gains on disposal of vessels). The drivers of the performances have been already disclosed in the comments on the EBITDA and EBIT results and they purely reflected the deteriorated product tanker market environment in the course of the year.

Consolidated Statement of Financial Position (Balance Sheet)

US$ Thousand	As at 31 December 2009	As at 31 December 2008 (Restated)
ASSETS		
Non current assets	522,717	531,275
Current assets	202,423	192,879
Total assets	**725,140**	**724,154**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	353,499	387,839
Non current liabilities	261,220	271,666
Current liabilities	110,421	64,649
Total liabilities and shareholders' equity	**725,140**	**724,154**

Non current assets almost entirely relate to owned vessels of the DIS fleet, which are shown at cost less depreciation. Since October 2008, following the worldwide economic recession affecting also the product tanker business segment, a significant decrease in the market value for product tankers vessels has been noted. In the same period, the shipping industry has also experienced a relevant decline in the number of transactions, involving both second-hand vessels than new orders. The present market circumstances influence the estimation of the vessels market value. According to the valuation report provided by a primary broker early in January 2010, the total estimated market value of the DIS owned fleet, including the portions relating to the new buildings under construction, is of US$ 437.0 million compared to a net book value for the fleet of US$ 515.7 million. Despite this negative difference and the pressure on assets value, based on the results of the impairment test carried out, there was no need to account for vessels write down (impairment).

Gross *Capital expenditure* for the year was of US$ 84.5 million. This expenditure relates to the instalments paid to the shipyards for vessels under construction for GLENDA International Shipping Ltd and DM Shipping (joint venture companies). Also included in capitalised costs are dry-docks relating to owned vessels.

Current assets as at 31 December 2009 include relevant cash balance (US$ 92.2 million) and short term financial receivables of US$ 56.3 million related to the shipyard instalments to be paid back in connection with the cancellation of four SLS shipyard product tankers (ordered by the joint controlled company GLENDA International Shipping). The balance for the same item as at 31 December 2008 of US$ 103.0 million referred to receivables cashed in during the Q2 2009 arising from the M/T High Harmony and M/T High Consensus vessels sale.

Other than the above items, shown under the Net indebtedness position, Current assets include working capital items (trade receivables and inventories), for a total amount of US$ 53.8 million (US$ 40.5 million at 2008 year end). The variance compared to the previous year balance is mainly due to the increase in the number of the vessels operated by the fully consolidated pool companies (Glenda International Management Ltd and High Pool Tankers Ltd.) at the end of the year.

Non current liabilities consist of the long-term portion of debt due to banks, disclosed under the Net Indebtedness section below.

The balance of ***Current liabilities***, other than the debt due to banks and other lenders (see the following section), include working capital balances (trade payable and other liabilities), for a total amount of US$ 51.7 million (US$ 42.3 million as at 31 December 2008). Similarly to current asset, the increase of trade payables has been essentially driven by the increase of the vessel managed by the pool companies consolidated subsidiaries and the consequent increase of payable due to third parties pool partners.

The ***Shareholders' equity*** balance at the end of 2009 was of US$ 353.5 million. The decrease compared to the balance of US$ 380.6 million as at 31 December 2008 can be explained as follows: (i) Distribution of net amount of US$ 19.4 million as dividends which took place in April 2009, (ii) Consolidated net loss for 2009 year of US$ 13.4 million; (iii) movement in other reserves arising from the improvement in the negative IRS fair value (hedging instrument). The Shareholders' equity as at 31 December 2008 has been restated as a consequence of the recognition of the amount US$ 7.3 million as prior year adjustments. This amount almost entirely arising from the M/T High Harmony and M/T High Consensus sale price reduction. The price decrease was not made known to DIS either at the original agreement (October 2008) or during the further discussions held early in February 2009. If these facts had been known either in October or February, then management would have assessed the need for receivables write-down at the 31 December 2008 financial position date. Consequently, in accordance with IFRS applicable rules, the comparative income statement and statement of financial position shown in the 2009 financial statements have been restated to show the effects of the above mentioned amount as it would had been occurred at the end of the previous year.

Net Indebtedness

Net financial indebtedness, amounted to US$ 171.4 million as at 31 December 2009 (US$ 149.5 million as at 31 December 2008). The ratio of net debt to shareholder's equity was of 0.48 at the end of the year (0.39 at the end of the restated previous year).

US$ Thousand	As at 31 December 2009	As at 31 December 2008 (Restated)
Liquidity		
Cash and cash equivalents	92,243	41,482
Current financial receivables		
From third parties	56,332	103,018
Total current financial assets	**148,575**	**144,500**
Bank loans – current	44,984	4,243
Other lenders	1,541	1,541
Other current financial liabilities		
Due to third parties (IRS fair value)	12,191	16,546
Total current financial debt	**58,716**	**22,330**
Net current financial debt	**(89,859)**	**(122,170)**
Bank loans non-current	250,436	260,883
Other non-current financial liabilities		
Due to third parties	10,783	10,783
Total non current financial debt	**261,220**	**271,666**
Net financial indebtness	**171,360**	**149,491**

At as 31 December 2009 DIS had US$ 92.2 million of *Cash and cash equivalents*. This strong cash balance, mainly comes from the receipt of proceeds from the sale of M/T High Harmony and M/T High Consensus occurred in Q2 2009. The significant cash resources allow DIS to face the market volatility, covering the equity shares of the capital expenditures already committed relating to the new building plan over the following years.

Current financial receivables of US$ 56.3 million consist of the amount of the instalments paid to the SLS shipyard in connection with the four vessels originally ordered by GLENDA International Shipping, the joint venture between DIS and Glencore Group. As a result of the cancellation of the vessels, those instalments, including interests, are expected to be paid back over 2010.

The total outstanding bank debt (*Bank loans*) as at 31 December 2009 amounted to US$ 295.4 million, of which US$ 45.0 million of short term portion. The DIS debt profile is currently based on the two facilities granted to d'Amico Tankers Limited (Ireland), the key operating company of the Group: (i) Calyon 10 years revolving facility (syndicated by other banking institutions) of US$ 149.0 million; (ii) Mizuho syndicated loan facility of US$ 34.9 million. DIS debts comprise as well the share of the loans existing at the two joint ventures level, GLENDA International Shipping Ltd and DM Shipping Ltd, proportionally consolidated in DIS accounts: (i) Commerzbank AG Global Shipping of US$ 34.0 million relating to the four SLS vessels, which has been cancelled by GLENDA International Shipping Ltd. This debt is entirely shown under current liabilities as it will be repaid as soon as the instalments originally paid to the shipyard by GLENDA International Shipping Limited will be reimbursed as a result of the cancellation. It is expected that this event will occur in 2010; (ii) Commerzbank AG Global Shipping and Credit Suisse loans of US$ 47.6 million for the Glenda International Shipping Ltd Hyundai-Mipo new-building vessels, of which the first one was delivered in 2009; (iii) Mitsubishi UFJ Lease loan of US$ 29.9 million in connection with the financing of the DM Shipping Ltd two vessels delivered in 2009.

Net debt also includes, under Other current financial liabilities, US$ 12.2 million negative valuation of derivatives hedging instruments (interests swaps agreements - IRS), together with the amount of US$ 11.9 million representing a debt due from GLENDA International Shipping to ST Shipping (repayment of vessel instalments).

Cash Flow

Net cash flow for the year ended 31 December 2009 amounted to US$ 50.8 million, increasing cash and cash equivalents to US$ 92.2 million as at 31 December 2009, from US$ 41.5 million at the end of December 2008.

US$ Thousand	2009	2008 Restated
Cash flow from operating activities	18,258	102,682
Cash flow from investing activities	(28,677)	(39,009)
Cash flow from financing activities	61,262	(47,117)
Change in cash balance	**50,843**	**16,556**
Net increase/(decrease) in cash and cash equivalents	50,843	16,556
Cash and cash equivalents at the beginning of the period	41,482	24,926
Exchange gain/(loss) on cash and cash equivalents	(81)	-
Cash and cash equivalents at the end of the period	**92,243**	**41,482**

Cash flow from operating activities for the year ended 31 December 2009 amounted to US$ 18.3 million, compared to US$ 102.7 million for 2008. The 2009 year performances were significantly affected by the weak operating scenario. On a year to date basis DIS still generated a positive operating cash flow, whose break-down by quarter (table below) shows the worsening environment occurred over the year which followed the downturn in rates:

	Q1	Q2	Q3	Q4	FY
(US Dollars)					
Operating cash flow	21,494	7,038	(374)	9,900	18,258

The net ***Cash flow from investing activities*** was of US$ 28.7 million in 2009 (US$ 30.0 million in 2008) and it was made up of US$ 84.5 million relating to gross capital expenditures in connection with the instalments paid for the new building plan, other than to dry-docks expenses (US$ 5.1 million). The balance for the year is net of the amount of US$ 56.5 million arising from the cancellation of the fours SLS vessels, whose instalments paid have been reclassified under financial receivables.

Cash flow from financing activities was positive in 2009 of the amount of US$ 61.4 million compared to the cash outflow of US$ 47.1 million in 2008. The cash inflow occurred in 2009 was principally due to the cash-in in Q2 of the M/T High Harmony and M/T High Consensus sale proceeds, partially off-set by the Net dividends paid during the period for the amount of US$ 19.4 million. The cash flow from financing activities, other than net bank drawdown in connection with the shipyards payments related to the new-buildings (US$ 67.0 million), comprises the effect of the reclassification under financial receivables of the instalments already paid o SLS shipyard relating to the four new buildings cancellation.

Quarterly Results

Fourth Quarter Results

The fourth quarter 2009 and 2008 full income statements are shown below:

US$ Thousand	Q4 2009	Q4 2008 (Restated)
Revenue	71,352	72,012
Voyage costs	26,908	(8,468)
Time charter equivalent earnings	**44,444**	**63,544**
Time charter hire costs	(24,855)	(22,842)
Other direct operating costs	(12,153)	(11,519)
General and administrative costs	(6,264)	(6,123)
Other operating Income	918	(47)
Result on disposal of vessels	-	58,467
Gross operating profit / EBITDA	**2,090**	**81,480**
Depreciation	(10,044)	(9,639)
Operating profit / (loss) EBIT	**(7,954)**	**71,841**
Net financial income (charges)	154	(7,138)
Profit / (loss) before tax	**(7,800)**	**64,703**
Income taxes	(1,382)	(24)
Net profit / (loss)	**(9,182)**	**64,679**

Market and Key Operating Measures Review by Quarter

	Q1	Q2	Q3	Q4	FY
Total vessel equivalent					
2009	36.0	37.4	38.5	41.1	38.5
2008	35.2	36.2	36.7	36.2	36.1
Off-hire days/available vessel days (%)					
2009	2.5%	4.1%	2.5%	1.1%	2.5%
2008	2.4%	1.5%	1.6%	2.8%	2.0%
TCE earnings per employment day (US$)					
2009	19,375	16,504	13,879	14,235	15,891
2008	20,234	21,271	22,750	21,968	21,570
Change (%)	(4.2)%	(22.4)%	(39.0)%	(35.2)%	(26.3)%

Financials by Quarter

The 2009 quarterly financials reflect the trend in freight markets.

US$ Thousand	Q1	Q2	Q3	Q4	FY
Revenue	71,431	57,065	60,191	71,352	260,039
Voyage costs	(17,233)	(12 783)	(17,564)	(26,908)	(74,488)
Time charter equivalent earnings	**54,198**	**44,282**	**42,627**	**44,444**	**185,551**
Time charter hire costs	(23,299)	(20,853)	(22,330)	(24,854)	(91,336)
Other direct operating costs	(11,284)	(10,965)	(11,499)	(12,153)	(45,901)
General and administrative costs	(4,959)	(4,852)	(5,311)	(6,264)	(21,386)
Other operating Income	866	1,412	664	918	3,860
Result on disposal of vessels	-	-		-	-
Gross operating profit / EBITDA	**15,522**	**9,024**	**4,151**	**2,091**	**30,788**
Depreciation	(8,728)	(8,898)	(9,493)	(10,044)	(37,163)
Operating profit / (loss) EBIT	**6,794**	**126**	**(5,342)**	**(7,953)**	**(6,375)**
Net financial income (charges)	1,964	(1,411)	(5,990)	154	(5,283)
Profit / (loss) before tax	**8,758**	**(1,285)**	**(11,332)**	**(7,799)**	**(11,658)**
Income taxes	(156)	(107)	(105)	(1,383)	(1,751)
Net profit / (loss)	**8,602**	**(1,392)**	**(11,437)**	**(9,182)**	**(13,409)**

US$ Thousand	Q1	Q2	Q3	Q4	FY
Time charter equivalent earnings					
2009	54,198	44,282	42,627	44,444	185,551
2008	57,271	63,155	67,646	63,544	251,616
Change (%)	(5.4)%	(29.9)%	(37.0)%	(30.1)%	(26.3)%
Gross operating profit / EBITDA					
2009	15,522	9,024	4,151	2,091	30,788
2008 [1]	24,786	25,392	29,605	23,014	102,796
Change (%)	(37.4)%	(64.5)%	(86.0)%	(90.9)%	(70.0)%
Operating profit / (loss) EBIT					
2009	6,794	126	(5,342)	(7,953)	(6,375)
2008 [1]	16,134	17,420	19,178	13,374	66,106
Change (%)	(57.9)%	(99.3)%	(127.9)%	(159.5)%	(109.6)%
Net profit / (loss)					
2009	8,602	(1,392)	(11,437)	(9,182)	(13,409)
2008 [1]	13,116	14,104	15,959	6,212	49,391
Change (%)	(34.4)%	(109.9)%	(171.7)%	(247.8)%	(127.1)%

The following table shows the Net Debt at the end of the fourth quarter 2009 compared with the figures at end of the fourth quarter of the same year:

US$ Thousand	As at 31 December 2009	As at 30 September 2009
Cash and cash equivalents	92,243	111,986
Current financial assets	56,332	43,359
Current financial liabilities	58,716	25,503
Non current financial debt	261,220	282,333
Net financial indebtedness	**171,360**	**150,491**

Significant Events of the Year

Controlled Fleet – d'Amico Tankers Limited

During 2009 the following vessels have been delivered to d'Amico Tankers Limited:

- March 2009 – *M/T High Enterprise*, a medium range chartered in vessel, was delivered for a period of 8 years. The vessel has options to increase the charter-in period for a maximum of two additional years, at the discretion of the Company. The time charter-in agreement for this vessel also includes a purchase option at the expiration of the eight year period.

[1] Restated - Figures exclude result from the disposal of vessels.

- March 2009 – *M/T Handytankers Magic*, a handysize chartered-in vessel in which d'Amico Tankers Limited has a 25% interest, was delivered for a period of 6 years. The time charter-in agreement for this vessel also includes a purchase option at the contract expiration date.
- August 2009 – *M/T High Pearl*, a medium range chartered-in vessel was delivered for a period of 9 years. The contract has got options to increase the charter-in period for a maximum of two additional years. The time charter-in agreement for this vessel also includes purchase options exercisable after the fifth year of the contract period.
- September 2009 – *M/T High Force*, a medium range chartered-in vessel was delivered for a period of 7 years. The contract has got options to increase the charter-in period for a maximum of two additional years.

Controlled fleet – GLENDA International Shipping Limited

- August 2009 – *M/T GLENDA Megan*, a medium range owned vessel, was delivered to GLENDA International Shipping Limited, in which DIS has a 50% interest.

Controlled fleet – DM Shipping Limited

- July 2009 – *M/T High Efficiency*, a medium range vessel, was delivered to DM Shipping Limited, in which DIS has a 51% interest. The vessel is chartered for a period of 10 years to d'Amico Tankers and employed in High Pool Tankers.
- October 2009 - *M/T High Strength*, a medium range vessel, was delivered to DM Shipping Limited, in which DIS has a 51% interest. The vessel is chartered for a period of 10 years to d'Amico Tankers and employed in High Pool Tankers.

High Harmony and High Consensus sale

d'Amico Tankers Limited agreed to amend the contract relating to the sale of M/T High Harmony (45.913 dwt) and the M/T High Consensus (45,896 dwt), two medium range double-hull product tankers built in 2005 by Shin Kurushima shipyard in Japan, to United Arab Chemical Carriers Limited of Dubai, UAE (the 'Buyer'), providing a sale price for each of the vessel of US$ 53.0 million compared to the original sale price of US$ 56.5 million agreed on 27 August 2008. At the end of October 2008 the vessels were delivered to the Buyer under bareboat charter until the sale price cash payment. The reduction of the sale price was agreed considering the current credit crunch scenario and the fact that it could have been no longer feasible the conclusion of that deal at the initially agreed sales price level, representing the product tankers market peak. The sale proceeds for High Harmony and High Consensus sale have been respectively received in at the end of April and in May 2009.

Buy Back Programme

On 27 January 2009 the extraordinary shareholders' meeting of d'Amico International Shipping authorized the buyback of the Company's ordinary own shares as proposed and explained by the Board of Directors in its report to the shareholders duly approved in its meeting held on 5 November 2008. The buy-back, up to a maximum of number 14,994,991 of ordinary shares including the Company's own shares already repurchased (corresponding to 10% of the subscribed capital of the Company), may be carried out in one or more tranches, for a maximum period of 18 months at the minimum price of Euro 0.50 per share and a maximum price of Euro 5 per share for a total consideration in the range of about Euro 7.5 million to about Euro 75 million.

GLENDA International Shipping – Cancellation of four SLS new building contracts

During 2009 GLENDA International Shipping Ltd ("GLENDA"), a joint venture company with Glencore Group in which DIS has an interest of 50%, has given notice to SLS Shipbuilding Co. Ltd of Tongyeong, Korea ("SLS Shipyard") of its cancellation and termination of the new building contracts relating to the four 51,000 DWT product/chemical tanker vessel bearing hull n° S510, S511, S512 and S513. The notices have been given as a result of excessive delays in relation to the delivery of the vessels. In accordance with the contracts, which were duly executed on 7 December 2006 and novated to GLENDA on 19 November 2007, GLENDA has demanded that SLS Shipyard refund all of the instalments paid to date in relation to the hulls, amounting to US$ 106.9 million together with all accrued interest thereon. As disclosed in the subsequent events section, arbitration awards relating to three vessels have been published in February 2010, while the forth one is still pending.

GLENDA International Shipping – The conversion of two Hyundai 46,000 dwt product/chemical tankers vessels into 74,000 dwt product/oil tanker

On 10 December 2009 GLENDA International Shipping Ltd ("GLENDA") signed with Hyundai Mipo Dockyard CO. Ltd. the addendums relating to the two shipbuilding contracts dated 18 July 2008, further novated on 22 December 2008, in respect of the 2 Hyundai 46,000 DWT Class Product/Chemical Tanker vessels bearing hull n°2251 and hull n°2252. In accordance with the addendums, the parties agreed to convert the initial ship types ordered from 46,000 dwt class Product/Chemical into 74,000 dwt class Product/Oil tankers at the contract price of US$ 51.7 million per vessel. The initial contractual delivery dates will be maintained for hull n° 2292 (original hull n°2251) as January 2011 and brought forward to February 2011 for hull n° 2293 (original hull n°2252) instead of October 2011.

Significant Events Since the End of the Year and Business Outlook

Controlled Fleet

On 1st February 2010 a consolidation of the handy vessels chartered through Handytankers Pool, commenced and by May 2010, at the end of said reorganization process, DIS will have 100% interest in 3 handy vessels chartered by the Pool.

On 3rd February 2010 the M/T GLENDA Meredith, a medium range owned vessel, was delivered to GLENDA International Shipping Limited, in which DIS has a 50% interest.

The profile of d'Amico international shipping's vessels on the water is summarized as follows.

	As at 31 December 2009			As at 23 February 2010		
	MR	Handysize	Total	MR	Handysize	Total
Owned	13.5	3.0	16.5	14.0	3.0	17.0
Time chartered	16.0	4.0	20.0	16.0	4.0	20.0
Chartered through pools	-	4.9	4.9	-	5.0 [1]	5.0
Total	**29.5**	**11.9**	**41.4**	**30.0**	**12.0**	**42.0**

GLENDA International Shipping – The Publication of Three Arbitration Awards in the Dispute Between GLENDA and SLS Shipbuilding Co. Ltd.

On 2 February 2010 it was published the London of the Tribunals' awards in three of the four recent arbitrations between GLENDA International Shipping Ltd ("GLENDA"), a 50:50 joint venture company between the Glencore Group and DIS, and SLS Shipbuilding Co. Ltd of Tongyeong, Korea ("SLS Shipyard") over the termination of the new building contracts relating to the 51,000 DWT product/chemical tanker vessels bearing hull n° S510, n° S511 and n° S512, (the "Contracts"), duly executed on 7 December 2006 and novated to GLENDA on 19 November 2007. The Tribunals have found that the three new building contracts were effectively cancelled by GLENDA, and that GLENDA is entitled to obtain a refund of all instalments paid under the respective shipbuilding contracts, amounting to US$ 82,620,000, plus interest at 3% until payment, under all three contracts. Following the publication of the awards, in accordance with the terms of the Refund Guarantees provided by Kookmin Bank of South Korea, GLENDA is now entitled to the refund of such amounts under those Refund Guarantees. Of the total amount due to GLENDA under the Refund Guarantees of US$ 82,620,000, plus interest at 3% until payment, it is anticipated that US$29,160,000 will be reimbursed to GLENDA, representing that part of the purchase price for hull nos. S510, S511 and S512 that was financed by GLENDA as equity, with the balance of US$ 53,460,000 being repaid to the

[1] By May 2010, at the end of a reorganization process in the Handytankers pool, DIS will reduce its vessels "Chartered through pools" to 3 vessels.

financing bank. It should be further stressed that the arbitration in connection with the remaining dispute between GLENDA and SLS Shipyard in relation to the cancellation and termination of the 51,000 DWT product/chemical tanker vessel bearing hull number S513 as previously announced on the 17 August 2009 and 20 of November 2009 is still pending.

Business Outlook

d'Amico International Shipping outlook remains substantially in line with the disclosure previously shown, confirming that it is still significantly influenced by weak product tanker demand and the still uncertain worldwide economic scenario. As a consequence, the DIS management maintains a very cautious approach. Product tanker rates have declined since the beginning of the 2009, with the largest correction in Q2. There was no further reduction in Q4. At the end of the past year and beginning of this one, the improving Economic news coupled with very cold winter conditions across the Northern Hemisphere, saw an increase in demand which reflected in an improvement in demand for Oil products. In fact the Market gradually improved towards the end of the year, and into this year on the back of a little more positive sentiment going into 2010 and the above mentioned exceptional cold weather in the Northern Hemisphere. The improvement is not significant compared to previous years and is fragile as Global economies gradually improve.

The oil product demand forecast was consistently downward through the first half of last year. These forecasts were then corrected upward as organisations such as the IMF and IEA had positively revised their GDP and Oil demand forecasts respectively, based on the news that the recession is slowing and on a more positive sentiment of a recovery going into 2010.

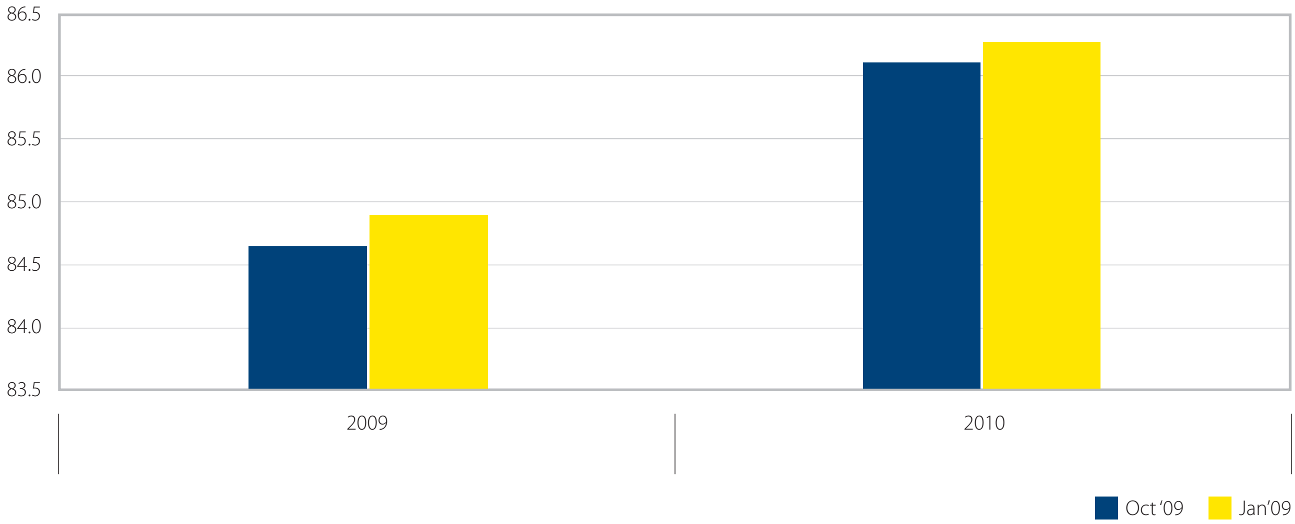
The key drivers that should affect the product tanker freight markets in 2010 and d'Amico International Shipping performances are (i) Global oil demand and worldwide GDP growth and (ii) the large influx of new buildings scheduled for 2010.

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

- The IEA have revised upwards global oil demand throughout 2009 and by 1.3 million barrels per day for 2010 versus the previous year. Growth continues to be driven by non-OECD countries, most notably in Asia. The IMF likewise has revised their GDP forecast positively for 2010.GPD growth now stand at 3.8% for 2010 versus an earlier estimate of 3.1%.
- The best indicator of Product Tanker earnings on the spot Market demand is the assessed Time Charter rate for one year Charter. According to ICAP Shipbrokers, ACM Shipbrokers and Clarksons Shipbrokers the assessed Time Charter rates has risen some 15-20 percent since the end of Q3 2009. Albeit these levels cannot be considered high based on historical levels, however the percentage increase is significant. This in itself indicates an upturn in Spot market demand;
- There are still significant investments in refinery capacity in the coming years primarily within the Asian region, which should result in increased tonne mile demand; according to the IEA, refinery capacity is expected to increase by 8.7 million barrels per day for the period 2008-2014, of which over half is in Asia. Any new refining projects seem to be dominated by the Middle East, China and other Asia countries;
- Refinery closures and reduced output have already occurred within 2009, predominately within the OECD. New low-cost capacity in Asia will increasingly force a rationalisation of old high-cost capacity in the west, structurally favouring more long haul products trade. So as tonne mile demand increases this should have a positive effect on product tanker demand;
- The tonne mile demand has increased within Asia throughout 2009 as demand has improved predominately within this region;
- There is still expected further long haul seaborne growth in other commodities such as palm oil and vegetable oil. These products can only be carried on IMO classified vessels which should Increase demand for these types of vessels;
- A further tightening of vetting and screening procedures from oil companies, favouring modern, double hull vessels operated by owners with full in-house ship-management and crewing.

Global Oil Demand (2009-2010) IEA Estimates

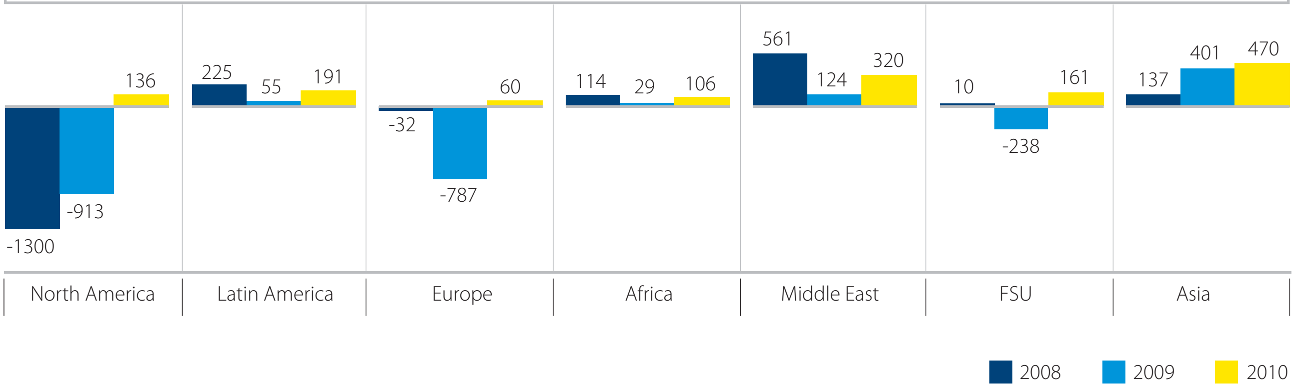


Global Oil Demand Growth 2008 - 2009 - 2010

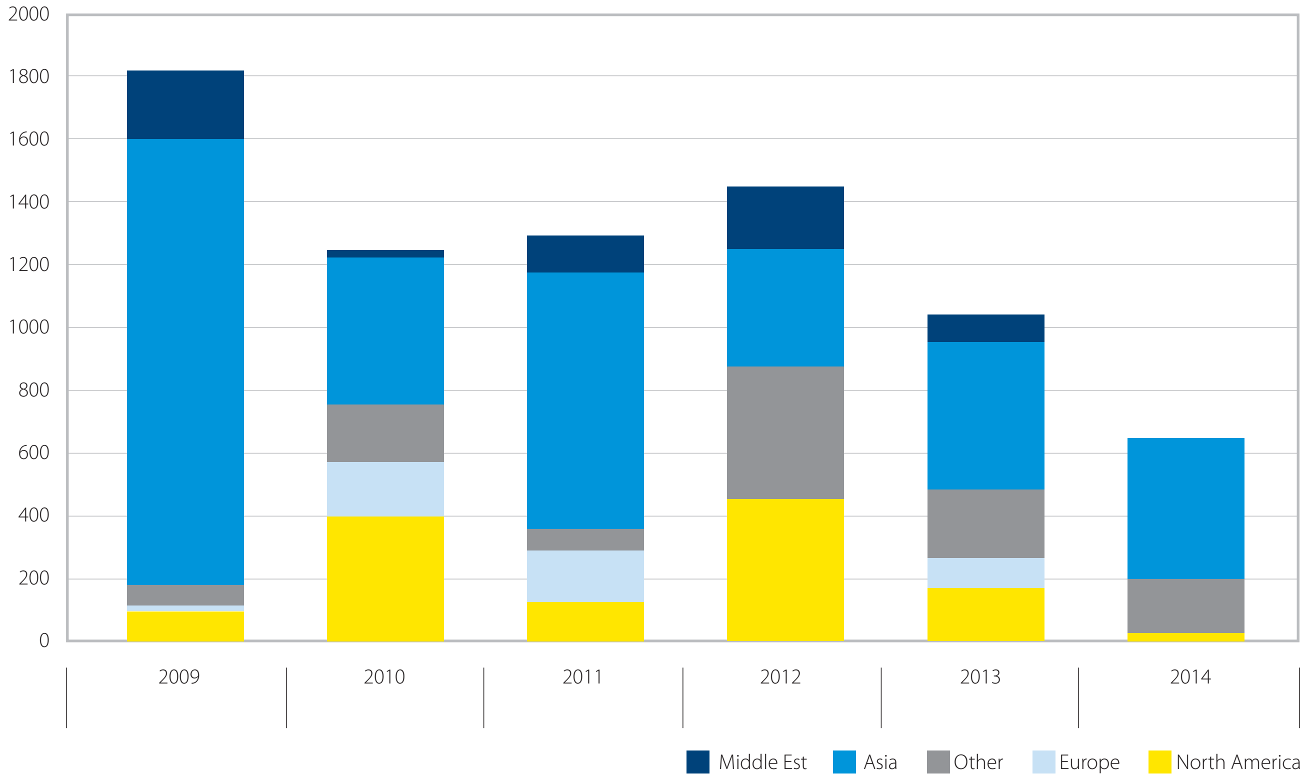
Thousand barrels per day

Global Demand Growth (mb/d)

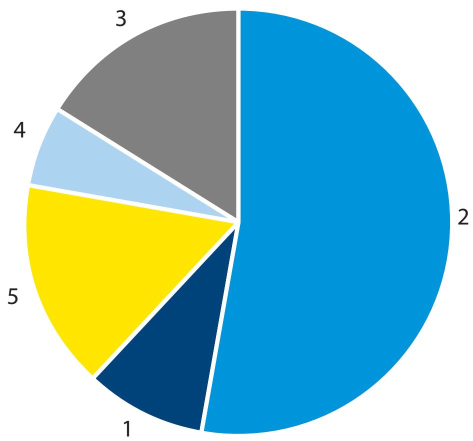
2008	-0.29	-0.3%
2009	-1.33	-1.5%
2010	1.44	1.7%



Timing of Refinery Expansion



Crude Distillation Additions and Expansions



1	Middle Est	**9%**
2	Asia	**53%**
3	Other	**16%**
4	Europe	**6%**
5	North America	**16%**

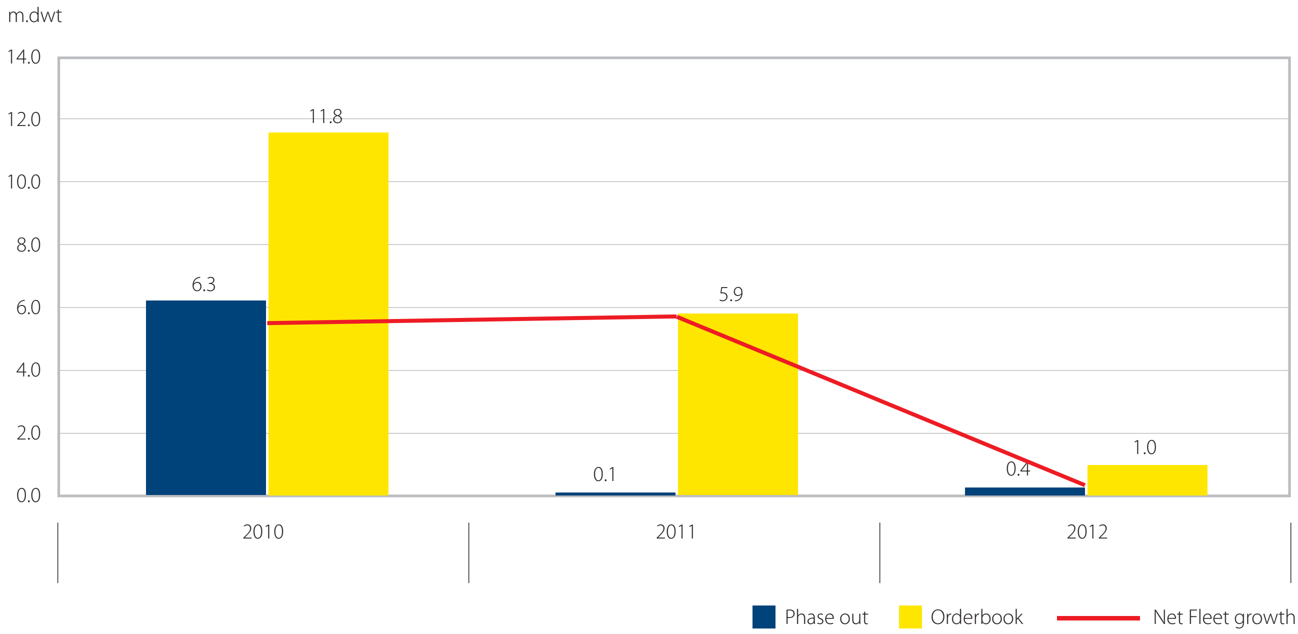
Source: International Energy Agency Medium-Term Oil Market Report, July 2009

Product Tanker Supply

- The forward net growth of ships entering the Product Tanker market is growing but not at anything like the pace expected on paper;
- A number of ships which were scheduled to be delivered in 2009, considered one of the biggest delivery years in recent history, were not and some will not be delivered this year. They have been deferred, delayed, cancelled or converted into a different ship type/size;
- The number of Ships in the 25-55,000 deadweight segment that were "not Delivered" in 2009 according to SSY, Clarkson's, and ICAP Shipbrokers runs between 25 and 30 percent. The actual figure that has been deferred or delayed into 2010 will become apparent throughout the year. However with such a relatively large percentage it is safe to assume a certain amount of these deliveries has in fact been cancelled;
- In this respect the question whether or not financing has been secured for forward deliveries is significant!
- 2010 April is the deadline for IMO phase out of the remaining single hull vessels from international trade. There is speculation that some ships will be able to circumnavigate the deadline due to further trading be it coastwise or storage is valid however we believe the figure will be not significant;
- Scrapping of Tankers in 2009 and year to date has now overtaken total for 2008 by almost fifty percent according to RS Platou;
- There are two other factors that even today positively reduce the supply of Tankers. Firstly despite the increased investment in New Tankers there has not been any significant investment in Port Infrastructure that has led to increased Port stays and delays and thus reduced Supply. The fact that a large number of Owners have introduced slow steaming due to high Bunker prices and the poor demand has also reduced the supply of Ships.

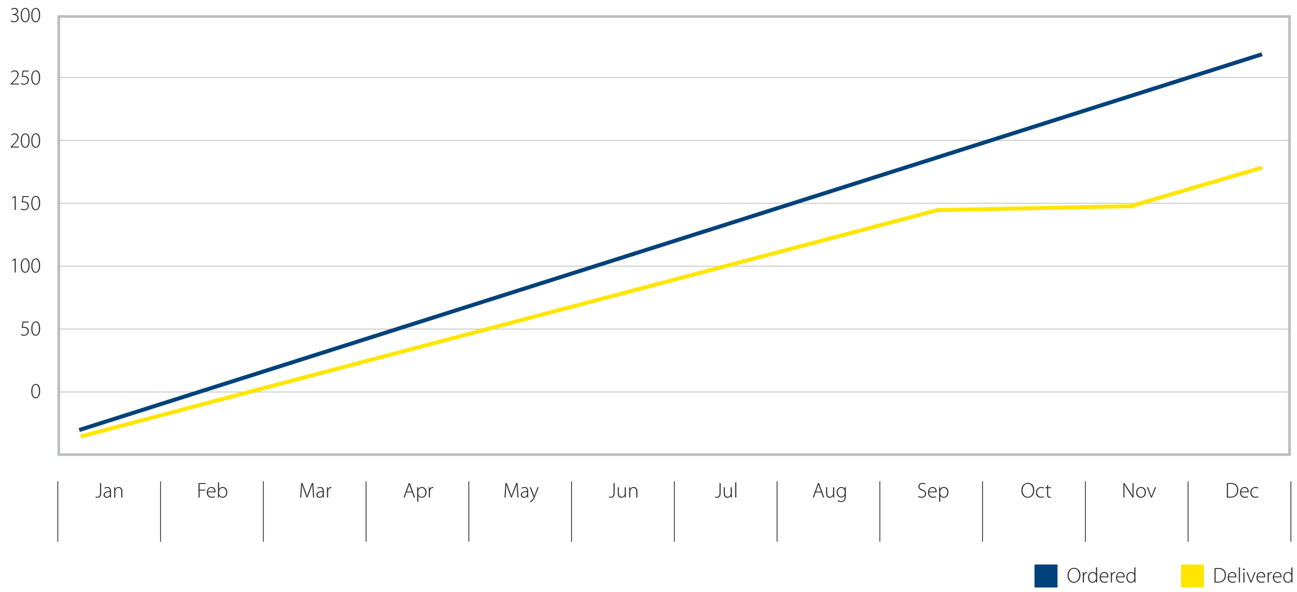
The above factors are those which could affect the future development and performances. The previous section 'Financial review' already discloses the financial position of the Group, its cash flows and net debt. d'Amico International Shipping, other than the relevant 'cash cushion' on hands, has significant financial resources available through its credit lines. In addition, a significant portion of the revenue has been already secured and the expected fixed contract coverage percentage for 2010 should be of about 45% on average. This coverage comes from time charter out contracts and COAs (contract of affreightment). These resources and the balanced business development model consequently allow the Company directors to believe that, despite the current uncertain worldwide economic outlook, DIS is well positioned to appropriately manage its business risks.

Medium Range[1] Product Tanker Deliveries/Scrapping



Medium Range[1] Product Tanker Deliveries

Orderbook vs deliveries MR Tankers - 2009



[1] MR product tankers ranging from 25,000 to 55,000 dwt. – Source: Clarksons Research Services.

Corporate Governance

d'Amico International Shipping S.A. (hereinafter, the "Company") is a company duly incorporated on 9th February 2007 and existing under Luxembourg laws. The Company is listed on the STAR segment of the Mercato Telematico Azionario (hereinafter, the "MTA") organised and managed by Borsa Italiana S.p.A. (hereinafter, `Borsa Italiana"). The Company is organised in compliance with the applicable Luxembourg laws and provisions and, as per resolution of its Board of Directors of 23rd February 2007, resolved to adopt the Corporate Governance Code of Conduct for the Italian Listed Companies issued and approved by Borsa Italiana on 14th March 2006 (hereinafter, the "Borsa Italiana Code"). The Company is further subject to the disclosure obligations related to corporate actions and periodic information established by Luxembourg Law of 11th January 2008 on transparency obligations and where different to those communicated by Consob, the Italian Financial Regulator, on 5th April and 12th 2007, according to Article 114 of Consob Regulation n. 11971 of 14th May 1999, implementing the provisions on issuers of Legislative Decree n. 58 of 24th February 1998, as amended by further Consob resolutions, (hereinafter, the "Consob Issuer Regulation") and to Article 2.1.4 of the Rules of the Markets organised and managed by Borsa Italiana (hereinafter, the "Borsa Italiana Regulation"). In accordance with the provisions of the Instructions to the Rules of the Markets organised and managed by Borsa Italiana S.p.A (hereinafter, the "Borsa Italiana Instructions"), on the occasion of the Annual General Shareholders' Meeting called to approve the Company's Annual Financial Statements, the 2009 Annual Report on Corporate Governance (hereinafter the "Report") is filed with Borsa Italiana and Société de la Bourse de Luxembourg S.A. in its quality of OAM, then made available both at the registered office of the Company and in the Investor Relations section of the Company's website, www.damicointernationalshipping.com (hereinafter, the "Website") which also contains documents regarding the Company's corporate governance system.

Board of Directors

In accordance with the Articles of Association the Annual General Shareholders' Meeting held on 31st March 2009 fixed at eight (8) the number of the members of the Board of Directors and appointed two (2) new members, namely Heinz Peter Barandun and John Joseph Danilovich. Each of the new members of the Board of Directors was elected for a two year term office that will end, as for the other members, with the Annual General Shareholders' Meeting called to approve the 2010 Company's Financial Statements. At the date of the Report, the Board of Directors consists of eight (8) directors, of whom three (3) are Executive and five (5) are Non-Executive; of the latter four (4) are classified as Independent Directors. The number of Independent Directors, further assessment carried out by the Nomination Committee, was judged adequate with reference to the size of the Board and the activity of the Company.

In compliance with the Borsa Italiana Code recommendations, the Board of Directors in its meeting held on 6th May 2008, having taken into consideration the purpose and the dimension of the Company and of the group of which the Company is part as well as the participation of the directors of the Company in several committees established within its members, resolved that the directors of the Company, so as to be able to grant an effective performance of their duties, may not hold more than fifteen (15) offices on the boards of directors and/or on the boards of auditors of other companies either listed on regulated markets (including foreign markets), or financial ones, banks, insurance companies and/or companies of a considerably large size. To this end, the Board of Directors further resolved to disregard, in the count of the global number of offices, all the companies which are members of the same group of which the Company is part and to consider as one all the offices held on companies belonging to a same group other than the Company's one.

The following scheme evidences the composition of the Board of Directors and the number of relevant offices held by each of the Directors in the said other companies.

Name	Office	In office from	Executive	Non-executive	Independent	% of attendance	Other relevant offices
Paolo d'Amico	Chairman	23.02.2007	X			75%	7
Marco Fiori	Chief Executive Officer	09.02.2007	X			100%	-
Cesare d'Amico	Director	23.02.2007	X			100%	6
Stas Andrzej Jozwiak*	Director	23.02.2007		X	X	100%	-
Massimo Castrogiovanni	Director	23.02.2007		X	X	100%	-
Gianni Nunziante	Director	23.02.2007		X		100%	1
Heinz Peter Barandun	Director	31.03.2009		X	X	100%	3
John Joseph Danilovich	Director	31.03.2009		X	X	100%	-

*Lead Independent Director

As of the date of the Report three (3) **members of the Board of Directors** are **Executive** namely, Paolo d'Amico, Cesare d'Amico and Marco Fiori. Moreover, the Board of Directors held on 6th May 2008 resolved to confirm the appointment of Paolo d'Amico as **Chairman** of the Board of Directors without a specific delegation of powers, of Marco Fiori as **Chief Executive Officer** of the Company in charge of the Company's daily management and representation and with power to bind the Company under his single signature up to amounts of USD five (5) millions –or equivalent in any other currency- and also confirmed the setting up of the **Executive Committee** specifying the following tasks:

a) to determine the organizational structure of the Company;
b) to review, analyze and evaluate the strategic, industrial and financial plan of the Company and of its subsidiaries together with the relevant budget, business plan and any other document, paper, plan and proposal concerning the Company and its subsidiaries as well as any update of the above mentioned documents;
c) to grant voting instructions to representatives of the Company in the corporate bodies of the Company's subsidiaries;
d) to designate the members of the board of directors and/or of the executive committee and the members of the control bodies of the Company's subsidiaries;
e) to employ, dismiss, transfer and to grant powers to the employees with managerial responsibilities of the Company and to give any relevant instructions in that respect to its subsidiaries;
f) to review, analyze and evaluate, in the light of the strategic, industrial and financial plan of the Company and of its subsidiaries, all of the contracts, deeds, acts and documents concerning new building, purchase, sale, long term chartering in and long term chartering out of vessels.

Current members of the Executive Committee are namely, Paolo d'Amico, Cesare d'Amico and Marco Fiori. In 2009 Financial Year the Executive Committee held four (4) meetings with a 100% attendance of all its appointed members. Moreover, on 29th July 2008 the Board of Directors, upon proposal of the Committee itself, resolved to approve the Executive Committee Regulation, governing its functioning, duties and rights.

As of the date of the Report five (5) **members of the Board of Directors** are **Non-Executive** namely, Massimo Castrogiovanni, Stas Andrzej Jozwiak, Heinz Peter Brandun, John Joseph Danilovich and Gianni Nunziante.

An adequate number of **Independent Directors** is essential to protect the Shareholders' interests, particularly minority shareholders' and third parties' interests, assuring that potential conflicts between the Company's interests and those of the controlling Shareholder are assessed impartially. As of the date of the Report and according to the declarations made by the parties concerned, four (4) Non-Executive Directors qualify as independent namely, Massimo Castrogiovanni, Heinz Peter Barandun, John Joseph Danilovich and Stas Andrzej Jozwiak. In line with the Borsa Italiana Code recommendations, the number of Independent Directors is sufficient to ensure that their opinion has a significant impact on the decision-making process of the Board of Directors. The independence requirements are those set forth in the Article 3.C.1. and 3.C.2.

of the Borsa Italiana Code. On the basis of the information provided by the Directors concerned and of that in the Company's possession, the Board of Directors in its meetings held respectively on 6th May 2008 and on 28th April 2009 duly verified at the time of the appointment of self-declared Independent Directors that each of them satisfied the independence requirements referred to in the Borsa Italiana Code. The results of the assessment process were disclosed to the market through a press release. This kind of assessment is periodically done and, as a consequence of it, the Board of Directors evaluated that no existing relation involving both the Independent Directors is such as to jeopardize their autonomy of judgement.

In accordance with the Borsa Italiana Code, since the Chairman of the Board of Directors is an Executive Director as well as one of the controlling Shareholder, the Board of Directors in its meeting as of 6th May 2008, designated and appointed Stas Andrzej Jozwiak as **Lead Independent Director** in charge with the function to coordinate the activity and the requests of the Non-Executive Directors with special regards to those Independent Directors. Indeed this position is intended to provide a point of reference and coordination for the needs and inputs of the Independent Directors.

Major Transactions and Significant Transactions With Related Parties

In compliance with article 9 of the Borsa Italiana Code, on 7th February, 2008, the Board of Directors, upon previous recommendation of the Audit Committee, approved and adopted a set of internal rules in order to ensure the transparency and the substantial and procedural fairness of those transactions carried out by the Company, directly or through its Subsidiaries, and with a major impact on the Company's activity, financial statements, economic and financial figures in view of their nature and strategic importance or size with particular reference to those Significant Transactions carried out by the Company or its Subsidiaries with Related Parties including intra-group transactions. On 18th February 2009 the Board of Directors, upon previous recommendation of the Audit Committee, approved an amended version of those rules (the "Rules").

The Rules identify the Major Transactions and the Significant Transactions with Related Parties excluding from the latter definition the so-called inter-company Transactions with Related Parties carried out between the Company or its subsidiaries and those companies whose capital is only owned either directly or indirectly by the Company. Moreover those Rules, as amended, reserve exclusively to the Board of Directors the right of issuing prior approval (for transactions over which the Company is competent) or prior assessment (for transactions over which companies directly or indirectly controlled by the Company have competence) in case of Major Transactions identified as typical or usual because consistent with the core business of the Company and its Subsidiaries (i.e. vessels' sale, purchase and chartering in and out, execution of shipbuilding contracts and other closely related transactions). The decisional process of all the other Major Transactions and Significant Transactions with Related Parties remain of exclusive competence -in terms of previous approval and/or evaluation- of the Board of Directors upon prior advice to be given by the Audit Committee. The Rules also require the Directors to provide the Board of Directors, reasonably in advance, with a summary analysis of all the relevant aspects concerning the Major Transaction and the Significant Transactions with Related Parties submitted to their attention as well as with information about the nature of the relationship, the manner of carrying out the transaction, the economic and other conditions, the evaluation procedures used, the rationale for the transaction, the Company's interest in its implementation and the associated risks the strategic consistency, economic feasibility, and expected return for the Company ("Relevant Information").

During the 2009 Financial Year the Company duly implemented the provisions of the above mentioned internal Rules by previously approving and/or assessing, according to the above explained procedure, all the Major Transactions and Significant Transactions with Related Parties mainly carried out by the Company's operating subsidiaries.

Committees Established by the Board of Directors

In compliance with the recommendations contained in Article 5 of the Borsa Italiana Code, the Board of Directors meeting held on 6th May 2008 resolved to confirm the setting up of a Nomination, Remuneration and an Audit Committee. As per the abovementioned resolution, all the Company's Committees are composed of three Non-Executive members of the Board of Directors two of which are Independent Directors and one of them has an adequate and recent experience in accounting and finance as assessed by the Board of Directors resolving upon the relevant appointment being namely, Massimo Castrogiovanni, Stas Andrzej Jozwiak and Gianni Nunziante. The number of Independent Directors was considered adequate so as to permit the constitution of the above mentioned Committees. Moreover, upon proposal of the respective Committee, the Board of Directors approved a Regulation for each of the Committees governing their respective internal functioning, operation procedures, duties and rights. On 28th April 2009 the Board of Directors resolved to approve the merger of the Nomination Committee and Remuneration Committee into one single committee, namely the Nomination & Remuneration Committee in charge with all the functions referred to in the Borsa Italiana Code as applicable to the Company as well as with the functions referred to in the Regulations respectively of the Nomination Committee and the Remuneration one. The so merged committee is composed of the same three (3) members and is governed by a Regulation duly approved on 29th July 2009.

The Internal Control System

The Board of Directors meeting held on 7th February 2008, having received a positive advice by the Audit Committee, resolved to approve the Company's **Guidelines for the Internal Control System** (hereinafter the "Guidelines") drafted in order to ensure a correct identification, an adequate measure and a proper handling and control of the main risks faced by the Company and its Subsidiaries and in order to prevent risks in accordance with the goal of protecting the corporate assets and consistent with the principles of sound management. The Board of Directors meeting of 18th February 2009, upon positive advice received by the Audit Committee, approved the main terms of the Risk Management Strategy policy of the Company taking into account the various financial risks to which the Company is exposed in its ordinary course of business. The policy is aimed to reduce the Company's earnings exposure to cyclical fluctuation.

The Board of Directors meeting held on 6th May 2008 resolved to again identify in the Chairman of the Company the **Executive Director responsible for supervising the properly functioning and effective implementation of the Internal Control System** (the "Internal Control Supervisory Director"). Such Executive Director supports the Board of Directors in the performance of its internal control functions and, working within and in accordance with the Guidelines established by the Board of Directors, is responsible for:

a) the identification of the core corporate risks, based on the characteristics of the Company and its Subsidiaries' business, reporting periodically to the Board of Directors about the output of its assessment;
b) the implementation of the Guidelines approved by the Board of Directors;
c) the planning, the operation and the managing the System of Internal Control;
d) monitoring the efficiency, adequacy and effective implementation of the system of internal control;
e) making sure that the System of Internal Control is updated to address any issues that may arise during the monitoring process or as a result of the evolution of the Company's organization or operational structure, changes in the Company's business and changes in the statutory and regulatory framework that may be relevant to the Company.

In performing these tasks, the Internal Control Supervisory Director relies on the support of the Internal Control Officer and reports to the Board of Directors about the work performed upon request or whenever the he deems it necessary in connection with the occurrence of specific problems.

The Company's Board of Directors meeting held on 29th July 2009, due to the interruption of the employment relationship between the Company and the person responsible for the Internal Audit Function also covering the role of Internal Control Officer, resolved to appoint, upon proposal of the Chairman, in his capacity as Internal Control Supervisory Director, and further advice given by the Audit Committee, a new **Internal Control Officer** and decided, in accordance with the recommendations contained in the Borsa Italiana Code and in a view of cost reduction and structural reorganization, to entrust its duties to a person external to the Company endowed with adequate professionalism and independence being a subsidiary fully owned by the controlling shareholder of the Company acting through the services rendered by one of its employees. The current Internal Control Officer is again also in charge of the Internal Audit Function, and he is not responsible for any operational unit, does not report to any manager of an operational unit and has direct access to all information useful for the performing of his tasks. The Internal Control Officer is required to perform the following tasks:

a) verifying the efficiency, adequacy and effective implementation of the System of Internal Control;
b) reporting to the Internal Control Supervisory Director, the Audit Committee about the management of risk profiles and the correct implementation of plans for risk monitoring.

The Company, although governed by Luxembourg laws and regulations, due to the listing of its shares over the STAR segment of the MTA organized and managed by Borsa Italiana is requested by the Borsa Italiana Regulation to apply the Italian Legislative Decree 8th June 2001, n. 231 (the "Decree 231"), which has introduced the administrative liability of legal entities and their respective bodies for specific types of criminal offences provided under the Italian Criminal Code (such as the crimes against the Italian public authorities, corporate crimes, market abuse etc.) committed and prosecutable in Italy in the interests or for the benefit of the same by Top Level Subjects or by Employees. The Decree, however, provides for a specific form of exemption from liability if the legal entity proves to have adopted and effectively implemented:

a) an appropriate 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 in particular, through the identification and relative drafting of a procedure for each of the sensitive activities identified as the activities most at risk of crime indentified under the Italian Criminal Code (the so-called "Model of Organization, Management and Control" or "Model");
b) that the responsibility for supervising the functioning and the observance of the Model as well as for its updating is being entrusted to a specific body (the "Supervisory Committee") of the legal entity provided with autonomous powers of initiative and control.

The Company, upon evaluation of the Audit Committee, on 12th March 2008, has formally adopted the Model and is now implementing specific operating procedures in order to prevent the commission of crimes. The Board of Directors in the same meeting also approved and adopted the **Code of Conduct** which contains the business ethics fundamental principles to which the Company conforms and with which directors, statutory auditors, employees, consultants and partners and in general all those who act in the Company's name and on its behalf are required to comply. The Code of Conduct is available on the Investor Relations section of the Website.

The Board of Directors of 12th March 2008 approved, upon proposal of the Nomination Committee, the setting up of a Supervisory Committee charged with the following duties:

a) supervising the effectiveness of the Model, putting in place control procedures for specific actions or specific acts carried out by the Company, also coordinating with the other corporate functions in order to put in place a better monitoring of the activities at risk;
b) periodically checking the efficiency and adequacy of the Model, ascertaining that the elements provided in the individual special parts for the different types of crime are adequate for the requirements of the observance of what is laid down in the Decree and conducting recognitions on the corporate activities in order to update the mapping of the activities at risk;
c) evaluating the advisability of updating the Model when necessary to update it in relation to corporate requirements or conditions;
d) assuring the information flows necessary also through promoting suitable initiatives for an awareness and understanding of the Model and co-operating in the drawing up and supplementing of internal rules.

The Company's Supervisory Committee consists of three (3) members appointed after due evaluation and consideration of the following requisites required by the Decree 231 for such function: autonomous initiative capacity; independence; professionalism; continuity of action; absence of any conflict of interest; and honourableness.

Due to the dismissal of the former Internal Control Officer being also a member of the Supervisory Committee, the Board of Directors, upon proposal of the Nomination Committee, on 19th June 2009 resolved to appoint an external member. The other two members, external as well, were appointed, following the same procedure, on 12th March 2008. On 29th July 2008 the Company, upon proposal of the Committee itself, further approved the internal Regulation of the Supervisory Committee governing its functioning, operation procedures, duties and rights.

Based on the periodic report made by the Supervisory Committee regarding the implementation, functioning, adequacy and efficacy of the Model, the Board of Directors after due evaluation considered the Supervisory Committee adequate in terms of organizational structure and powers conferred and that no changes and/or additions are necessary.

Auditors

According to article 17 of the Articles of Association, the operations of the Company and its financial situation, including, more in particular, its books and accounts, shall be reviewed by one or more statutory and/or, where required pursuant to the laws, independent auditor(s), who need not to be shareholders themselves. The statutory and/or independent auditor(s) will be elected by the General Meeting of Shareholders for a period not exceeding six (6) years, and they will hold office until their successors are elected. They are re-eligible and they may be removed at any time, with or without cause, by a resolution adopted by the General Meeting of Shareholders.

Due to the fact that both the consolidated and statutory annual accounts of the Company are duly audited by the appointed Independent Auditor ("Réviseur d'entreprises"), according to Luxembourg laws and regulations the Company is no longer bound to appoint a Statutory Auditor ("Commissaire aux Comptes").

Stock Option Plan

On 6th September 2007, the extraordinary general meeting of shareholders of d'Amico International Shipping S.A., approved a Stock Option Plan as previously accepted by the Board of Directors meeting held on 1st August 2007. The full terms and details of this Stock Option Plan are more specifically described in the "Information Document", as publicized on the Company's website.

The beneficiaries of the Stock Option Plan are Marco Fiori, Michael Valentin and Alberto Mussini, directors and officers who, due to the strategic significance and criticality of their role, position in the line and staff structure, and effect of their office on the corporate results, hold positions considered as "key" within the Group.

The Stock Option Plan provides for the assignment of 2,631,774 options, divided into 4 tranches and eligible for accumulation, carrying the right to purchase 2,631,774 Company's shares (1.7% of the shares outstanding post-plan). All the options shall be exercised on or before 31st July 2010. The exercise price of the options for all beneficiaries of the Stock Option Plan and for each tranche assigned has been fixed at €3.50 and is therefore not tied to the shares' stock exchange value.

Regarding Marco Fiori, the Stock Option Plan provides for the assignment of 1,315,887 options carrying the right to subscribe or to acquire 1,315,887 shares. The Stock Option Plan provides for the allotment to Michael Valentin of 1,052,710 options carrying the right to subscribe or to acquire 1,052,710 shares. Regarding Alberto Mussini, the Stock Option Plan provides for the assignment to of 263,177 options, carrying the right to subscribe or to acquire 263,177 shares. Since the approval of the Stock Option Plan and as of today, none of the beneficiaries of the Stock Option Plan has exercised his rights and therefore all the options mentioned above are still considered outstanding.

Stock Options Granted to Members of the Board of Directors and to Senior Managers of the Company with Reference to Shares of the Company and of its Subsidiaries

(Each option gives right to underwrite or purchase one share) - (in compliance with article 78 of the Consob Regulation 11971/99)

			N. of options owned at the beginning of the 2009 financial year			N. of options granted during the 2009 financial year			N. of options exercised during the 2009 financial year			N. of options expired during the 2009 financial year	N. of options owned at the end of the 2009 financial year		
Name	Company	Position	N. of options	Average strike price	Average expiry date	N. of options	Average strike price	Average expiry date	N. of options	Average strike price	Average market price at strike		N. of options	Average strike price	Average expiry date
Marco Fiori	d'Amico Internat. Shipping SA (1)	CEO	1,315,887	€3.50	31/7/2010	-	-	-	-	-	-	-	1,315,887	€3.50	31/7/2010
Micheal Valentin	d'Amico Tankers Ltd (2)	COO and Director	1,052,710	€3.50	31/7/2010	-	-	-	-	-	-	-	1,052,710	€3.50	31/7/2010
Alberto Mussini	d'Amico Internat. Shipping SA (3)	CFO	263,177	€3.50	31/7/2010	-	-	-	-	-	-	-	263,177	€3.50	31/7/2010

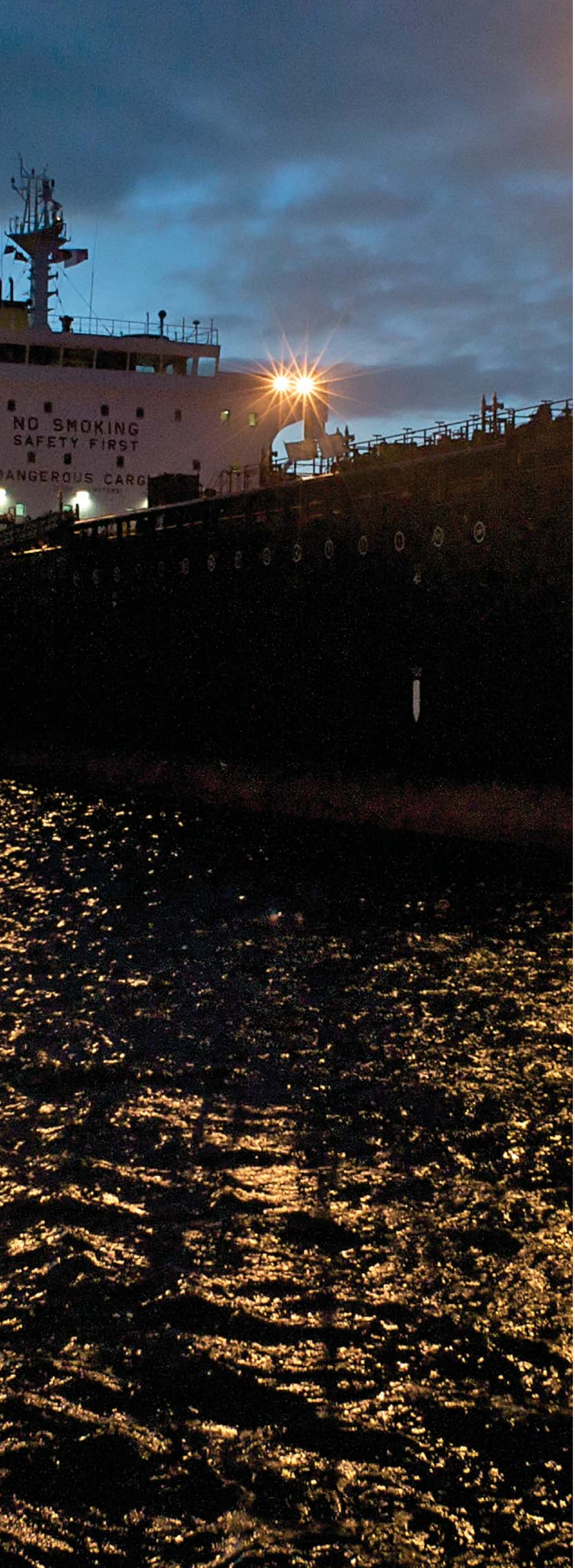
(1) In addition to position in d'Amico International Shipping S.A, holds the following positions: Executive Chairman of d'Amico Tankers Monaco S.A.M., Director of CO.GE.MA. S.A.M., COMARFIN S.A.M., d'Amico Shipping UK Ltd, d'Amico Finance S.A., Hanford Investment Inc., St. Andrew Estates Inc., d'Amico Tankers Ltd (Ireland), d'Amico Tankers UK Ltd, DM Shipping Ltd, Glenda International Management Ltd, High Pool Tankers Ltd, VPC Logistics Ltd, Glenda International Shipping Ltd and d'Amico Tankers Singapore Pte Ltd.

(2) In addition to position in d'Amico Tankers Ltd, holds the following positions: Director of d'Amico Tankers Singapore Pte Ltd, DM Shipping Ltd, Glenda International Management Ltd, High Pool Tankers Ltd, VPC Logistics Ltd, Glenda International Shipping Ltd and d'Amico Tankers UK Ltd.

(3) In addition to position in d'Amico International Shipping S.A, holds the following position: CFO and Director of d'Amico Tankers Limited (Ireland).

Provision of Articles 36 & 39 of the Italian Market Regulation

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.



d'Amico International Shipping Group

Consolidated Financial Statements as at 31 December 2009

d’Amico International Shipping Group

Consolidated Income Statement

US$ Thousand	Note	2009	2008 Restated
Revenue	(4)	260,039	323,984
Voyage costs	(5)	(74,488)	(72,368)
Time charter equivalent earnings	**(6)**	**185,551**	**251,616**
Time charter hire costs	(7)	(91,336)	(82,248)
Other direct operating costs	(8)	(45,901)	(46,102)
General and administrative costs	(9)	(21,386)	(24,291)
Other operating income	(10)	3,860	3,821
Result on disposal of vessels	(11)	-	98,360
Gross operating profit		**30,788**	**201,156**
Depreciation		(37,163)	(36,690)
Operating profit / (loss)		**(6,375)**	**164,466**
Net financial income (charges)	(12)	(5,283)	(16,050)
Profit/ (loss) before tax		**(11,658)**	**148,416**
Income taxes	(13)	(1,751)	(665)
Net profit / (loss)		**(13,409)**	**147,751**

The net profit is entirely attributable to the equity holders of the company

	2009	2008 Restated
Earnings per share	**(0.089)**	**0.985**
Diluted earnings per share [1]	**(0.088)**	**0.967**

Consolidated Statement of Comprehensive Income

US$ Thousand	2009	2008 Restated
Profit / (loss) for the period	(13,409)	147,751
Cash flow hedges	4,355	(12,191)
Total comprehensive income for the period	(9,054)	135,560
Earnings / (loss) per share	(0.060)	0.904
Diluted earnings / (loss) per share [1]	(0.059)	0.888

[1] Diluted earnings per share have been calculated assuming the issue of the total number of new shares provided by the share options plan (2,631,774).

Consolidated Statement of Financial Position

US$ Thousand	Note	As at 31 December 2009	As at 31 December 2008 (Restated)	As at 1 January 2008
ASSETS				
Non current assets				
Tangible assets	(14)	522,717	531,271	430,605
Financial fixed assets	(15)	-	4	4
Total non current assets		**522,717**	**531,275**	**430,609**
Current assets				
Inventories	(16)	15,118	7,010	9,300
Receivables and other current assets	(17)	38,730	34,108	35,863
Current financial receivables	(18)	56,332	103,018	-
Cash and cash equivalents	(19)	92,243	41,482	24,926
Total current assets		**202,423**	**185,618**	**70,090**
Total assets		**725,140**	**716,893**	**500,699**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital		149,950	149,950	149,950
Retained earnings		155,589	188,400	75,081
Other reserves		47,960	42,228	57,658
Total shareholders' equity	**(20)**	**353,499**	**380,578**	**282,689**
Non current liabilities				
Banks and other lenders	(21)	261,220	271,666	178,482
Total non current liabilities		**261,220**	**271,666**	**178,482**
Current liabilities				
Banks and other lenders	(21)	46,524	5,784	-
Payables and other current liabilities	(22)	50,172	41,959	35,100
Other current financial liabilities	(23)	12,191	16,546	4,355
Current taxes payable	(24)	1,534	360	73
Total current liabilities		**110,421**	**64,649**	**39,528**
Total liabilities and shareholders' equity		**725,140**	**716,893**	**500,699**

23 February 2010

Paolo d'Amico, Chairman

Marco Fiori, Chief Executive Officer

Consolidated Statement of Cash Flows

US$ Thousand	2009	2008 (Restated)
Profit / (loss) for the period	**(13,409)**	**147,751**
Depreciation and amortisation	37,163	36,690
Current and deferred income tax	1,751	665
Financial charges	7,799	16,050
Result on disposal of fixed assets	-	(98,360)
Fair value gains on foreign currency retranslation	(2,625)	5,022
Other non-cash items	604	-
Cash flow from operating activities before changes in working capital	**31,283**	**107,818**
Movement in inventories	(8,108)	2,290
Movement in amounts receivable	(5,023)	1,756
Movement in amounts payable	8,213	1,064
Taxes paid	(413)	(300)
Interest paid	(7,694)	(9,946)
Net cash flow from operating activities	**18,258**	**102,682**
Acquisition of fixed assets	(84,859)	(247,743)
Disposal/cancellation of fixed assets (1)	56,182	208,734
Net cash flow from investing activities	**(28,677)**	**(39,009)**
Other changes in shareholders' equity	2,829	1,082
Movement in other financial receivable (2)	46,554	(103,018)
Movement in other financial payable	-	12,324
Treasury Shares	-	(4,481)
Bank loan repayments	(35,802)	(193,020)
Bank loan draw-downs	67,083	274,269
Dividend paid	(19,402)	(34,273)
Net cash flow from financing activities	**61,262**	**(47,117)**
Change in cash balance	**50,844**	**16,556**
Net increase/ (decrease) in cash and cash equivalents	**50,844**	**16,556**
Cash and cash equivalents at the beginning of the period	41,482	24,926
Exchange gain (loss) on cash and cash equivalents	(81)	-
Cash and cash equivalents at the end of the period	**92,243**	**41,482**

(1) The amount relates to the reclassification of fixed assets to financial receivables (SLS vessel cancellation).

(2) The amount presented for 2009 relates to the decrease of the financial receivable following sale price payment of the vessels High Harmony and High Consensus and the increase resulting from the reclassification of a fixed asset (cancellation of SLS vessel).

Consolidated Statement of Changes in Shareholders' Equity

US$ Thousand	Share capital	Retained earnings	Other Reserves		Total
			Other	Cash-Flow hedge	
Balance as at 1 January 2009	**149,950**	**195,661**	**58,773**	**(16,545)**	**387,839**
Prior year adjustment (1)	-	(7,261)	-	-	(7,261)
Restated Balance as at 1 January 2009	**149,950**	**188,400**	**58,773**	**(16,545)**	**380,578**
Dividend paid (per share 13 cents)	-	(19,402)	-	-	(19,402)
Other changes	-	-	1,377	-	1,377
Total comprehensive income	-	(13,409)	-	4,355	(9,054)
Balance as at 31 December 2009	**149,950**	**155,589**	**60,150**	**(12,190)**	**353,499**

US$ Thousand	Share capital	Retained earnings Restated	Other Reserves		Total
			Other	Cash-Flow hedge	
Balance as at 1 January 2008	**149,950**	**75,081**	**62,013**	**(4,354)**	**282,689**
Dividend paid (per share 23 cents)	-	(34,273)	-	-	(34,273)
Other changes	-	(159)	1,241	-	1,082
Treasury Shares	-	-	(4,481)	-	(4,481)
Total comprehensive income	-	147,751	-	(12,191)	135,560
Balance as at 31 December 2008	**149,950**	**188,400**	**58,773**	**(16,545)**	**380,578**

Explanatory Notes

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 endorsed 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'.

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 SA, and its subsidiaries for the year ended 31 December 2009.

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 unrealised gains and losses from intra-group operations. Minority 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 Group. 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 recognised 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 recognised 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 recognised at pro rata tempora 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. Revenue received from demurrage is recognised at the completion of the voyage. 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 SA 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) is taxed under the Irish Tonnage Tax regime in respect of all eligible activities. During 2009 the jointly controlled subsidiaries DM Shipping Limited and Glenda International Shipping Ltd and have formally applied to join the Irish Tonnage tax regime with effect from 1 January 2009 and their accounts have been prepared on the basis that the companies are taxable 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 interest 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.

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 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 comprehensive income, in which case the deferred tax is also accounted for in comprehensive income.

Fixed Assets (Fleet)

Vessels

The owned vessels are shown on 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 generally of 17 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 capitalised interest. Depreciation commences upon vessel delivery.

The gains or losses incurred on the disposal of vessels are recognized when the significant risks and rewards of ownership of the vessel have been transferred to the buyer, and these are measured as the sale price net of costs relating to the disposal and the carrying amount of the vessel.

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 capitalised 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 recognised in prior years is reversed if the current estimated value in use is higher than at the time the impairment loss was recognised.

Management judgment is critical in assessing whether events have occurred that may impact the carrying value of our 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 the vessels. These estimates are based on historical trends 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) and IAS 39 (Financial Instruments: Recognition and Measurement), 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 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 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 consider the amounts non-recoverable then they are written off to the statement of 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.

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 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 recognised 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.

Equity Compensation Plans (Share Based Payments)

The Group provides additional benefits to certain members of senior management through an equity compensation plan (stock option plan). In accordance with IFRS 2 – Share-based Payment, this plan represents a component of the recipient's remuneration. The compensation expense, corresponding to the fair value of the options at the grant date, is recognized in the income statement on a straight-line basis over the period from the grant date to the vesting date, with the offsetting credit recognized directly in equity.

The fair value is measured using the Black Scholes pricing model. The inputs used in the model are based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Provisions for Risks and Charges

Provisions for risks and charges are recognised 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.

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.

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 recognised.

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. As a result, no geographical segment information is needed.

New Accounting Principles

Accounting principles adopted from 1st January 2009

The revised version of IAS 1 - Presentation of Financial Statements is effective for periods commencing on or after January 1, 2009 and these statements reflect the required changes. The revision is aimed at improving users' ability to analyse and compare the information given in financial statements. The changes require information in financial statements to be aggregated on the basis of shared characteristics and introduce a new statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners (such as dividends and share repurchases) separate from 'non-owner' changes (such as transactions with third parties). Comprehensive income includes the profit or loss for the period plus other comprehensive income recognised including gains and losses on hedging instruments, gains and losses on the revaluation of available for sale financial assets and changes in revaluation surplus.

As required by IAS 1, a statement of financial position is presented at the beginning of the earliest comparative period. The additional statement is required because the entity has processed a prior year adjustment, see note 20.

Accounting principles, amendments and interpretations not yet effective

The following is the list of the relevant and applicable standards in issue but not in force at 31 December 2009.
IFRS 3 Business Combinations - deals with groups undertaking business combinations, although as a result of transitional provisions not on combinations in the past. The main changes can be summarized as follows: (i) Combinations between mutual entities and by contract, previously outside the scope of IFRS 3, are now included in business combination definitions; (ii) Business redefinition; (iii) The logic of acquisition accounting has been amended, removing consideration of the fair value of the acquired as a whole, treating the recognition and measurement of goodwill as a discrete step; (iv) Two methods for the determination of goodwill are allowed, where the acquirer does not obtain a 100% of interest; (v) Consideration redefinition, notably to eliminate ancillary costs; (vi) Identity of the acquirer in a business combination clarification; (vii) Acquisition date redefinition; (viii) More detailed guidance on the principles of recognition in a combination, both generically than in respect of particular items; (ix) Fair value recognition at the acquisition date required for more items; (x) Treatment of certain changes in value in the future amended, notably with respect to contingent consideration which is now crystallised at the acquisition date, with future changes being reflected in profit & loss; (xi) Accounting treatment for step

acquisitions changes. The standard is applicable for accounting periods beginning on or after 1 July 2009 but early adoption is allowed.

IFRS7 Financial Instruments - deals with the disclosure of financial instruments. The major changes to IFRS 7 arise out of IFRS 9. There are significant changes to the standard, reflecting the replacement of the four categories of financial assets under IAS 39 with the two under IFRS 9. All of the IFRS 7 disclosures by category of financial asset have had to be altered to reflect the new categorisation. The standard is applicable with the adoption of IFRS 9.

IFRS 9 Financial Instruments - deals 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 2013 but early adoption is allowed.

The Company do not anticipate the adoption of Standards and Interpretations in issue, but not yet effective, will have a significant impact on the consolidated financial statements.

2. Risk Management

The d'Amico International Shipping SA (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 fluctuations 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; (iv) The Group directly or via its pools enters into contracts of affreightment (COA) at fixed rates, which involve the shipment of an agreed number of future cargoes at fixed rates. 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 requirements and certifications, etc; (ii) DIS/DTL(excluding some very limited transactions periodically carried out at Handytankers Pool) do not use derivative financial instruments to manage the exposure to **bunker** prices; (iii) **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; (iv) **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 cargos, including personal injury, environmental damage and pollution, third-party casualty and liability, hull and engine damage, total loss and war; (v) **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 our 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 - Our 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 – Ireland) has JPY denominated borrowings, vessels under constructions to be paid in JPY and a number of vessel purchase options denominated in Yen that are potentially exercisable over the next few years. The following risk management strategies are applied: (i) Policy to hedge the JPY loan exposure, depending on the foreign exchange market conditions and expectations; (ii) Based on the due dates relating to the instalments for the vessels under constructions to be paid in JPY and if current exchange rates are considered favourable, then a forward currency contract may be used to hedge the expected JPY price for the period to the expected due date; (iii) When the exercise of a purchase option is considered to be likely (based on the remaining time to exercise and the exercise price) and if current exchange rates are considered favourable then a forward currency contract is used to hedge the expected Yen price for the period to the expected delivery date; (iv) Where possible the group transacts in US Dollars; (v) In the case that dividends are declared and paid in Euro, the amount payable is hedged by the holding of a specific Euro balance.

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 if 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 ongoing 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/DTL maintain 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 management of this risk includes that the customer’s portfolio is essentially made up of a large base of oil majors, chemical multinational companies, with lower risk. 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 the 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: for High Pool and Glenda Pool, 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, had to apply the Italian D.Lgs. 8 June 2001, n.231, which has 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. The capital structure, other than the Equity principally consists of the US$ 350 million revolving facility arranged by Calyon and of the JPY 10 billion facility arranged by Mizuho Corporate Bank Ltd. In addition there also are loans in place at Glenda International Shipping Ltd level, the joint venture legal entity with Glencore Group, to finance the new building plan of that company, for a total committed amount of US$ 195 million. 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. The vessels are subject to mortgages and pursuant to the facilities, the ratio must not be higher than 66.6% for both the Calyon and Mizuho facilities.

At the end of 2009, due to the global economic turmoil also affecting the market value of the product tanker vessels, the ratio was of 54.6% for Calyon facility (37.4% at 31 December 2008) and, based on the valuations received in early January, slightly higher than the ratio provided by the contract with reference to the Mizuho loan (about 73%). A repayment of the not significant amount of about US$ 3.2 million is consequently expected to take place end of March 2010. The Group constantly monitors the debt to equity ratio, as additional measure of the leverage risk. At 31 December 2009 the ratio was 0.49 with respect to the ratio of 0.37 at 31 December 2008.

4. Revenue

US$ Thousand	2009	2008
Revenue	260,039	323,984

Revenue represents vessel income comprising time charter hire, freight, demurrage and income from participation in vessel pools. The Group obtains more than 10% of its revenues by one customer, totalling 36.0 million US$ in 2009.

5. Voyage Costs

US$ Thousand	2009	2008
Bunkers (fuel)	38,000	48,413
Commissions payable	5,303	5,917
Port charges	19,164	14,028
Other	12,021	4,010
Total	74,488	72,368

Voyage costs are operating costs resulting from the employment, direct or through our partnerships, of the vessels of our 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	2009	2008
Time charter equivalent earnings	185,551	251,616

Time charter equivalent earnings represent revenue less voyage costs. In 2009 about 55% of the Time Charter Equivalent earnings came from fixed contracts (contracts longer than 12 months; 52% in 2008).

7. Time Charter Hire Costs

US$ Thousand	2009	2008
Time charter hire costs	91,336	82,248

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

8. Other Direct Operating Costs

US$ Thousand	2009	2008
Crew costs	21,217	21,715
Technical expenses	10,668	10,979
Technical and quality management	3,591	3,820
Other direct operating costs	10,425	9,588
Total	45,901	46,102

Other direct operating costs include charter-in expenses, 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 2009, d'Amico International Shipping SA and its subsidiaries employed 399 seagoing personnel and 48 onshore personnel. The average number of employees was of 400 (2008: 400). Onshore personnel costs are included under general and administrative costs. The Group has no relevant liabilities with regard to pensions and other post retirement benefits.

9. General and Administrative Costs

US$ Thousand	2009	2008
Personnel	13,642	14,290
Other general and administrative costs	7,744	10,001
Total	21,386	24,291

Personnel costs relate to on-shore personnel salaries, including the amount of US$ 0.7 million (2008: US$ 1.9 million), representing the notional cost pertaining 2009 for share based option plan granted to senior management. The fair value is charged to the income statement on a straight-line basis over the period from the grant date to the vesting date.

Further details of the plan are disclosed in note 19. Personnel costs also comprises the amount of US$ 1.5 million (2008: US$ 1.4 million) relating to directors fees and an amount of US$ 4.2 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 d'Amico International Shipping group companies. They include infra-group management fees on brand and trademark, IT, Legal and Internal Audit services for US$ 1.4 million, together with the accrual of US$ 0.4 million for bad debts provision.

10. Other Operating Income

US$ Thousand	2009	2008
Other operating income	3,860	3,821

Other operating income represents chartering commissions earned for services provided by group personnel to non-related external clients. The item also includes insurance receipts relating to claims in the period.

11. Result on Disposal of Vessels

US$ Thousand	2009	2008
Profit on disposal of vessels	-	98,360

No vessels were sold during the year; however the 2008 gain on disposal has been restated to reflect a US$ 7.3 million decrease on the gain on disposal for the two vessels sold in 2008 treated as a prior year adjustment.

12. Net Financial Income (Charges)

US$ Thousand	2009	2008
Loans and receivables:		
Interest Income - Banks	221	654
Financial income on Bareboat agreement	2,194	1,208
At fair value through income account:		
Other financial income	3,595	-
Total financial income	6,010	1,862
Financial liabilities measured at amortised cost:		
Interest expense	(9,602)	(11,659)
At fair value through income account:		
Forward contracts	-	(1,447)
Other financial charges	(1,691)	(4,806)
Total financial charges	(11,293)	(17,912)
Net financial charges	(5,283)	(16,050)

Financial income comprises, other than interest income, the bareboat earnings relating to the two vessels (M/T High Harmony and M/T High Consensus) delivered in October 2008; Other financial income refers to gains on foreign exchange of US$ 2.6 million arising from the conversion at the year-end rate of the existing loan in Japanese Yen (2008: 3.7 million loss).

Financial charges comprise interest expense on bank loans, expenses relating to swap arrangements and fees paid to banks relating to bank loans, No forward foreign exchange contract was entered into by the Group in 2009, while forward foreign exchange contracts on 31 December 2008 resulted in a loss of US$ 1.4 million.

13. Income Taxes

US$ Thousand	2009	2008
Current income taxes	(1,325)	(325)
Deferred taxes	-	-
Other taxes	(426)	(340)
Total	(1,751)	(665)

Effective from 1 January 2007, d'Amico Tankers Limited qualified to be taxed under the Tonnage Tax regime in Ireland; Glenda International Shipping Ltd and DM Shipping Limited will be considered eligible for the same Tax regime starting from 1 January 2009.

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 2009 tonnage tax provision for d'Amico Tankers Limited amounted to US$ 0.5 million. The income tax charges relate to activities, which are not eligible for tonnage tax and are taxed at 25%.

The income tax charges mainly relate to Glenda International Shipping Ltd activities, which are not eligible for Irish tonnage tax and taxed at 25%, and arising from the successful arbitration of cancelled vessels: the compensation, received in the form of interest and the profit on Euro / US$ translation based on the timing of instalments to the shipyard and the refund from the shipyard.

As dividends are not subject to the corporate income tax in Luxembourg, the holding company, d'Amico International Shipping SA had, at the end of 2009, accumulated tax losses to be carried forward of approximately Euro 30.2 million (US$ 43.5 million). The Luxembourg corporate income theoretical tax rate is of 30%. No deferred tax asset has been accounted for as the company has no trading activity. The holding company is subject to the Luxembourg Net Wealth Tax regime; for 2009 the calculated net assets did not generated a tax charge.

14. Tangible Assets

US$ Thousand	Fleet	Dry-dock	Other assets	Total
Cost				
At 1 January 2009	620,744	7,696	1,942	630,382
Additions	79,620	5,066	401	85,087
Disposal		(1,122)	-	(1,122)
Other movements	(56,465)	-	-	(56,465)
Exchange Differences	-	-	(7)	(7)
At 31 December 2009	643,899	11,640	2,336	657,875
Depreciation				
At 1 January 2009	95,540	3,159	412	99,111
Impairment provision	-	-	-	-
Charge for the period	32,649	4,079	435	37,163
Disposal	-	(1,122)	-	(1,122)
Exchange Differences	-	-	6	6
At 31 December 2009	128,189	6,116	853	135,158
Net book value				
At 31 December 2009	515,710	5,524	1,483	522,717

The table below shows, for comparison purposes, the changes in the fixed assets in 2008.

US$ Thousand	Fleet	Dry-dock	Other assets	Total
Cost				
At 1 January 2008	491,162	6,131	922	498,215
Additions	243,117	3,585	1,041	247,743
Disposal	(113,535)	(2,020)	(1)	(115,556)
Exchange Differences	-	-	(20)	(20)
At 31 December 2008	620,744	7,696	1,942	630,382
Depreciation				
At 1 January 2008	65,577	1,898	135	67,610
Impairment provision	-	-	-	-
Charge for the period	33,350	3,058	282	36,690
Disposal	(3,387)	(1,797)	(6)	(5,190)
Exchange Differences	-	-	1	1
At 31 December 2008	95,540	3,159	412	99,111
Net book value				
At 31 December 2008	525,204	4,537	1,530	531,271

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 2009 principally relate to the instalments paid on new-buildings; capitalised instalments at Group level for 2009 is US$ 53.4 million (2008: US$ 125.5 million) and capitalised interest is US$ 0.7 million (2008: US$ 1.2 million). Mortgages are secured on all 16.5 of the vessels owned by the Group - for further details see note 20.
Other movements of fixed assets refers to the cancellation of four of the four SLS vessels), originally ordered by the jointly controlled company GLENDA International Shipping Limited; the related amount was reclassified under Other financial receivables.

Dry-Dock

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

Other Assets

Other assets mainly include fixtures, fittings, office equipment.

In view of the current weak economic environment, which is affecting the assessment of the vessel values, 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 assessing value in use, 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 recently concluded and the estimate of future rates; (ii) Useful economic life of

20 years; (iii) Scrap value at end of life based on current rates (iv) Costs reflect the current d'Amico structure; (v) The figures have been discounted based at a rate of 6.5%, which represents the current cost of vessel financing and required of return on equity. No impairment loss was recognized as the values in use are higher than the carrying amount of the vessels. Management note that the calculations are particularly sensitive to changes in the key assumptions of future hire rates and discount rate. The total market value of the Group fleet, according to a valuation report provided by SSY in January 2010, is of US$ 437.0 million.

15. Financial Fixed Assets

In June 2009, DIS sold its 33.3% investment in Handytankers K/S (US$ 4 thousand paid to the other pool partners for an amount in line with book value). The company operates the Handytankers pool, and agrees the Handy size vessels employment with the other pool partners A.P. Moller Maersk, Motia, Seaarland has been sold.

16. Inventories

US$ Thousand	As at 31 December 2009	As at 31 December 2008	As at 1 January 2008
Inventories	15,118	7,010	9,300

Inventories represent stocks of Intermediate Fuel Oil (IFO), Marine Diesel Oil (MDO) and luboils on board vessels.

17. Receivables and Other Current Assets

US$ Thousand	As at 31 December 2009	As at 31 December 2008	As at 1 January 2008
Trade receivables	28,340	25,299	30,479
Other debtors	269	557	453
Prepayments and accrued income	10,121	8,252	4,931
Total	38,730	34,108	35,863

Receivables, as at 31 December 2009, include trade receivables amounting to US$ 28.3 million, net of the write down provision of US$ 0.9 million. Other current assets mainly consist of prepayments and accrued income amounting to US$ 10.4 million.

18. Current Financial Receivables

US$ Thousand	As at 31 December 2009	As at 31 December 2008	As at 1 January 2008
Current financial receivable	56,332	103,018	-

Current financial receivables relate to the termination of four new building contracts with SLS Shipbuilding Co. Ltd. The arbitration for three of the vessels has been successful and the Company is entitled to the refund of instalments paid to the shipyard. The outcome of the pending arbitration on the fourth vessel is expected to be positive and similar to the three other cancelled vessels. 2008 financial receivable related to the amount to be cashed-in for the sale of the vessels High Harmony and High Consensus, and received then in the first half of 2009.

19. Cash and Cash Equivalents

US$ Thousand	As at 31 December 2009	As at 31 December 2008	As at 1 January 2008
Cash and cash equivalents	92,243	41,482	24,926

Cash and cash equivalents is mainly represented by short term deposits and includes approximately US$ 11.4 million of cash held by Pool companies (High Pool Tankers Ltd and Glenda International Management Ltd) which will be distributed to other pool participants. The balance includes US$ 1.1 million secured in connection with the Mizuho facility.

20. Shareholders' Equity

US$ Thousand	As at 31 December 2009	As at 31 December 2008	As at 1 January 2008
Share capital	149,950	149,950	149,950
Retained earnings	155,589	188,400	75,081
Other reserves	47,960	42,228	57,658
Total	353,499	380,578	282,689

Share Capital

The authorised capital of the group amounts to US$ 200,000 thousand represented by 200,000,000 shares with no nominal value. At 31 December 2009 the share capital of d'Amico International Shipping amounted to US$ 149,950 thousand, corresponding to 149,949,907 ordinary shares with no nominal value.

Retained Earnings

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

The 2008 figures have been restated as a consequence of the recognition of the amount US$ 7.3 million as prior year adjustment. This amount arises from the M/T High Harmony and M/T High Consensus sale price reduction. The price decrease wasn't known to DIS at the original agreement date (Q4 2008). If these facts had been known to management, they would have assessed the need for receivables write-down at the 31 December 2008 financial position date. Consequently, in accordance with IFRS applicable rules, the comparative 2008 figures have been restated to show the effect of the above mentioned amount as if it had occurred at the end of the previous year.
The earnings per share prior to the adjustments were 1.034 and the diluted earnings per share 1.016

Other Reserves

The other reserves include the following items:

US$ Thousand	As at 31 December 2009	As at 31 December 2008	As at 1 January 2008
Share premium reserve	71,389	71,389	71,389
Treasury shares	(15,680)	(15,680)	(11,199)
Share option reserve	4,388	3,754	1,800
Fair value reserve	(12,191)	(16,546)	(4,356)
Other	54	(689)	24
Total	47,960	42,228	57,658

Share premium reserve

The share premium reserve arose as a result of the Group's IPO and related increase of share capital, which occurred at the beginning of May 2007. Certain costs and charges connected with the share capital increase and the listing process (mainly bank commissions and related advisory fees and charges) have been offset at that time.

Treasury shares

Treasury shares consist of 4,390,495 ordinary shares for an amount of US$ 15.7million, corresponding to 2.93% of the outstanding share capital at the financial position date. These shares were acquired during the second half of 2007 and in the course of 2008, following the approval of the Buy-back program.

Share option reserve

On 6 September 2007 the Company approved the grant of share options to senior management. The plan has a limited term of four years and may issue up to 2,631,775 shares in four tranches, as detailed below. In all cases the options will be issued at the 'strike' price of Euro 3.50. At the financial position date no options had been exercised yet.
Details of the plan are as follows:

	Tranche 1 - 2007	Tranche 2 - 2008	Tranche 3 - 2009	Tranche 4 - 2010	Total
Vesting date	*Oct 1 2007*	*April 1 2008*	*April 1 2009*	*April 1 2010*	
Chief Executive Officer	263,177	350,903	350,903	350,904	1,315,887
Chief Operating Officer	210,542	280,723	280,723	280,722	1,052,710
Chief Financial Officer	52,635	70,181	70,181	70,180	263,177
	526,354	701,807	701,807	701,806	2,631,774

The options are initially exercisable for a period of three months commencing upon the approval of the prior year financial statements. Any options not previously exercised are accumulated and can be exercised in the following periods up to the end of the plan period on 31 July 2010. The options will be equity settled.

Details of the share options outstanding during the year are as follows:

	2009
Options outstanding at 1 Jan 2009	2,631,774
Options granted in the year	-
Options exercised in the year	-
Options outstanding at 31 December 2009	2,631,774
Exercisable at the end of the year	1,929,968

The total fair value of the options granted has been estimated at the granting date at Euro 3.2 million based on a fair value per option of Euro 1.23. The fair value was calculated using the Black Scholes option pricing model with the following assumptions:

Underlying Security	d'Amico International Shipping S.A.
Number of options granted	2,631,774
Vesting Period	4 tranches
Option strike price	Euro 3.5
Current share price (at granting date)	Euro 3.67
Plan termination date	31 July 2010
Implied volatility (1)	50%
Risk free rate	4.50%

The portion of the fair value in respect of the share option plan recognized under General and Administrative costs (Personnel) in 2009 was US$ 0.7 million (2008: US$ 1.9 million). The same amount has been accounted for under other reserves.

Fair value reserve

The fair value reserve arose as a result of the valuation of the Interest Rate Swap agreements connected to the Calyon facility to their fair value of US$ 12.2 million (liability). Details of the fair value of the derivative financial instruments are set out in note 25.

21. Banks and Other Lenders

US$ Thousand	As at 31 December 2009	As at 31 December 2008	As at 1 January 2008
Non current liabilities			
Banks and other lenders	261,220	271,666	178,482
Current liabilities			
Banks and other lenders	46,524	5,784	-
Total	307,744	277,450	178,482

(1) The volatility was determined in a range between 40-50%, considering the general stock market conditions and the industry.

The balance comprises the following debts:

US$ Thousand	As at 31 December 2009			As at 31 December 2008			As at 1 January 2008		
	Non current	Current	Total	Non current	Current	Total	Non current	Current	Total
Calyon	149,027	-	149,027	153,769	-	153,769	178,482	-	178,482
Mizuho	27,783	7,161	34,944	48,854	4,243	53,097	-	-	-
Commerzbank	-	34,020	34,020	29,160	-	29,160	-	-	-
Commerzbank-Credit Suisse	46,552	1,022	47,574	29,100	-	29,100	-	-	-
ST Shipping	10,783	1,541	12,324	10,783	1,541	12,324	-	-	-
Mitsubishi UFJ Lease	27,075	2,780	29,855				-	-	-
Total	261,220	46,524	307,744	271,666	5,784	277,450	178,482	-	178,482

Calyon Facility

The debt due to banks and other lenders as at 31 December 2009 relates, for an outstanding amount of US$ 150 million (less the unamortized portion of the arrangement fees paid at draw-down, amounting to US$ 1 million), to the US$ 350.0 million revolving loan facility (of which US$ 272.5 million is available for draw-down as at 31 December 2009) negotiated by d’Amico Tankers Limited (Ireland) with Calyon 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 thirteen 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%. According to SSY, as at 04 January 2010, the valuation of these vessels is US$ 274.5 million, resulting in an asset cover ratio of 54.6%.

Interest will be 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. This ratio is calculated on the estimated total amount of d’Amico Tankers Limited’s interest payable in the six months following any draw down date, and may not be lower than 1.65:1. 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, calculated by dividing the book equity by total assets, must not be lower than 35.0%. As at 31 December 2009, the Company’s ratios are in compliance with the facility’s provisions.

The facility is secured through a guarantee by the parent Company, d’Amico International Shipping SA, and provides (i) as at 31 December 2009 mortgages on thirteen of the Company’s owned vessels. (ii) assignment in favour of the lenders of the time-charter agreements entered into by the Company; and (iii) pledge over an account opened with Calyon S.A. into which the Company undertakes to pay the proceeds of its operating activities.

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 2009.

Mizuho Facility

The balance of US$34.9 million relates to the loan facility of up to a maximum of 10 (ten) billion Yen 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 2009 the facility has been draw down for an original amount of JPY 5 billion and the outstanding debt is of JPY 3.3 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 Calyon 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 Calyon facility, the maximum amount that d'Amico Tankers Limited can borrow also depends on the EBITDA to financial costs ratio, which may not be lower than 1.65:1. Other covenants are the same as provided by the Calyon facility: (i) cash available, including undrawn credit lines of more than 12 months, must be at least US$ 40.0 million (ii) net worth must not be less than US$ 100.0 million and (iii) equity to asset ratio not be lower than 35.0%. As at 31 December 2009 the Company's ratio are in compliance with these facilities' provisions.

The facility is secured through a guarantee by the parent Company, d'Amico International Shipping S.A., and provides (i) as at 31 December 2009 mortgages on two of the Group's owned vessels. (ii) Assignment in favour of the lenders of the proceeds arising from the financed vessels and (iii) pledge over an account opened with Mizuho into which the d'Amico Tankers Limited undertakes to pay the proceeds of the operating activities related to these vessels.

The outstanding loan facility shown under current liabilities relates to the instalments to be paid during 2010, including the amount of approximately US$3.2 million of advance repayment, which, considering the current loan to value ratio, has been agreed with the lenders to be repaid at the end of March 2010.

Commerzbank Loan

The balance of US$ 68.04 million (2008: US$ 58.32 million) refers to the facility granted by Commerzbank AG Global Shipping – totalling US$ 136 million – for Glenda International Shipping Ltd, the company jointly controlled by d'Amico International Shipping SA and Glencore Group, four new-buildings 47.000 dwt MR Product Tankers (SLS Shipping Co - Korea). During 2009 these vessels were cancelled following delays in the shipyard. This loan has been transferred to current balances.

Commerzbank – Credit Suisse Loan

The further amount of US$ 95.1 million refers to the facility granted by Commerzbank AG Global Shipping – and Credit Suisse totalling US$195 million - for the Glenda International Shipping Ltd six new-buildings.

In June 2008, the JV company signed with Commerzbank AG - Global Shipping and Credit Suisse a further contract to finance yard payments for the above six Hyundai product tankers vessels. This agreement involves single-vessel loans with a ten-year maturity from vessel delivery, for a total 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, depending on the financed vessels' value to loan' ratio. Collaterals mainly refer to first-priority mortgages on the vessels. The agreements also provide a covenant relating to the financed vessels' aggregate value-to-loan ratio, which should at all times be at least 130%.

ST Shipping & Transport Pte. Ltd

On 22 December 2008 GLENDA International Shipping Limited expanded its fleet by the acquisition of four additional new product/chemical tankers vessels (Medium range 46,000 DWT) ordered from Hyundai Mipo Dockyard Co. Ltd – Korea for expected delivery in 2011. The contracts, which were previously signed separately by d’Amico Tankers Limited (Ireland) in July 2008 and by ST Shipping and Transport Pte Ltd, a member of the Glencore Group, in 2007, have been taken over by GLENDA International Shipping Limited. The loan, which is non interest bearing, relates to the instalments already paid by ST Shipping for the two contracts previously signed and now taken over by GLENDA International Shipping Limited. This amount will be repaid at the time of the future shipyard instalments schedule.

DM Shipping Limited – Mitsubishi UFJ Lease

The balance relates to 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 of JPY 21 million each. The interest rates on the loans are fixed for the two vessels at 2.955% (High Efficiency) and 2.995% (High Strength).

The facility is secured through mortgage on the vessels. There are no further relevant covenants on the loan.

22. Payables and Other Current Liabilities

US$ Thousand	As at 31 December 2009	As at 31 December 2008	As at 1 January 2008
Trade payables	47,155	39,582	32,572
Other creditors	1,946	417	1,593
Accruals & deferred income	1,071	1,960	935
Total	50,172	41,959	35,100

Payables and other current liabilities as at 31 December 2009, include mainly trade payables, of which an amount of US$ 5.0 million relates to the related party, Rudder SAM (bunker).

23. Other Current Financial Liabilities

US$ Thousand	As at 31 December 2009	As at 31 December 2008	As at 1 January 2008
Fair value of derivative instruments	12,191	16,546	4,355

The balance at the end of 2009 included 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 2009	As at 31 December 2008	As at 1 January 2008
Current tax liabilities	1,534	360	73

The balance at the end of 2009 reflects mainly the income taxes and tonnage taxes payable at year end by the subsidiaries.

25. Derivative Instruments

As at 31 December 2009, other than the share options, the following derivative instruments were in place:

US$ Thousand	Fair value at 31 December 2009	Income statement financial income/(charges)	Equity hedging reserves
Hedge accounting			
Interest rate swaps	(12,191)	-	(12,191)
Total	(12,191)	-	(12,191)

US$ Thousand	Fair value at 31 December 2008	Income statement financial income/(charges)	Equity hedging reserves
Hedge accounting			
Interest rate swaps	(16,546)	-	(16,546)
Total	(16,546)	-	(16,546)

US$ Thousand	Fair value at 1 January 2008	Income statement financial income/(charges)	Equity hedging reserves
Hedge accounting			
Interest rate swaps	(4,355)	-	(4,355)
Total	(4,355)	-	(4,355)

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

Interest Rate Swaps

In the last quarter of 2007 d'Amico Tankers Ltd (IRL) signed three interest swap contracts (IRS), for a total notional amount of US$ 150 million for a period of 5 years. The IRS contracts purpose is to hedge the risks relating to interest rates on the existing Calyon revolving facility.
The IRS contracts are considered level 2 instruments in that their fair value measurement is derived from inputs other than quoted prices. The maturity of the interest rate swaps is as follows; within 1 year US$ 4.1m, after 1 year US$ 8.2m.

Forward currency contracts

There were no open forward currency contracts at 31 December 2009.

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. This section provides qualitative and quantitative disclosure on the effect that those risks may have on the Group. With reference first to the sensitivity analysis, the following disclosures do not have any prospective value as they cannot reflect the market and industry complexity and the possible reactions resulting from any change may occur.

Foreign Exchange Risk

The Group is exposed to currency risk in respect of transactions denominated in currencies other than U.S. Dollars – being the group's functional currency -, 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 a result of the new 'Mizuho facility' signed on 30 September 2008 (denominated in Japanese Yen and for an amount up to JPY 10 billion), the Group has also a risk connected to the JPY exchange rate fluctuations exposure. This risk, assuming no hedge instruments in place, is affecting the financial charges, considering the debt profile and repayment term (1/52 on a quarterly basis).

Excluding the JPY debt exposure, the foreign exchange risk is relating to cash flows not denominated in U.S. Dollars, primarily administrative expenses and operating costs denominated in Euros. For 2009, these payments amounted to US$ 24.8 million, representing the 16.2% of total operational, administrative, financial and fiscal expenses (US$ 33.4 million in 2008) of which 64% related to Euro transactions. Other significant currencies included Indian Rupies (5.2 %), and British Pounds (2.9 %). A 10% fluctuation, in the U.S. Dollar exchange rate against all other currencies would have resulted in a variation of 2.7 million in the profit of the Group for the year (US$ 4.6 million in 2008). At 31 December 2009, had the Japanese Yen strengthened/weakened against the US Dollar by 5 per cent, with all other variables held constant, net assets and the result for the year would have increased/decreased by US$ 3.0 million.

Interest Rate Risk

The Group is exposed to interest rate risk arising from the fact that the credit facilities and bank deposits earn interest at a variable rate and the interest rate swap contracts are valued using the expected future rates.

With all other variables remaining constant, an increase in the level of interest rates of 100 basis points would have given rise to the increase in the net financial charges by US$ 0.5 million (US$ 1.0 million in 2008) while a reduction in interest rates of 100 basis points would have given an equivalent positive effect. At 31December 2009, had interest rates been 1% higher/lower, with all other variables held constant, then the valuation of the swaps would have increased/decreased net assets by approximately US$ 4 million. There would be no impact on the income statement as the interest rate swaps are designated cash flow hedges.

Credit Risk

The Group is exposed to credit risk resulting from the possible non performance of any of its counterparties, primarily customers.

Considering the customers, the risk essentially relates to demurrage receivable and to some charter expenses, which are analysed and written down, if needed, on an individual basis. The total specific provision at 31 December 2009 amounted to US$ 0.9 million (2008: US$ 0.5 million).

The group has significant cash deposits with Calyon Bank, which has a rating of AA-. In addition the group has a financial receivable from KooKamin Bank which has a credit rating of A.

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.

Details of the Group facility are set out in note 20, while details of the commitments are set out in note 29. The management believes that the funds and the significant credit lines currently available and the cash to be generated by the operating activities, will allow the Group to satisfy its requirements from its investing activities and its working capital needs and to fulfil the obligations to repay the debts at their natural due date.

Fair Value Risk

Management consider the fair value of financial assets and liabilities approximate to their carrying amounts at the financial position date except for the loan facility with Mitsubishi UFJ. The loan is reflected at amortised cost, a fair value measurement would give rise in an increase in the carrying value of US$ 1.85m.

27. Classification of Financial Instruments

US$ Thousand	Loans and receivables	Derivatives used for hedging	Non financial assets	Total 2009
Assets				
Tangible assets	-	-	522,717	522,717
Inventories	-	-	15,118	15,118
Receivables and other current assets	38,730	-	-	38,730
Current financial receivables	56,332	-	-	56,332
Cash and cash equivalents	92,243	-	-	92,243
Liabilities				
Banks and other lenders	307,744	-	-	307,744
Other financial current liabilities	-	12,191	-	12,191
Payables and other current liabilities	50,172	-	-	50,172
Current taxes payable	1,534	-	-	1,534

US$ Thousand	Loans and receivables	Derivatives used for hedging	Non financial assets	Total 2008
Tangible assets	-	-	531,271	531,271
Financial fixed assets	-	-	4	4
Inventories	-	-	7,010	7,010
Receivables and other current assets	34,108	-	-	34,108
Cash and cash equivalents	41,482	-	-	41,482
Liabilities				
Banks and other lenders	271,666	-	-	271,666
Other financial current liabilities	-	16,546	-	16,546
Payables and other current liabilities	41,959	-	-	41,959
Current taxes payable	360	-	-	360

28. Related Party Transactions

During 2009, 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 an arm's length basis on 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 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$ 4.4 million. In addition, time charter hire costs for three Handy-size vessels, chartered from d'Amico Shipping Italia, for which the ultimate parent company signed in the previous years a bare boat agreement from third parties, amounted to US$ 12.8 million. The related party transactions also include purchase of Intermediate Fuel Oil and Marine Diesel Oil, from Rudder SAM, a d'Amico Group controlled company, amounting to US$ 38.0 million, included in the bunker cost of the year.

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 2009 and 2008 are the following:

US$ Thousand	2009		2008	
	Total	Of which related parties	Total	Of which related parties
Revenue	260,039	-	323,984	-
Voyage costs	(74,488)	(38,000)	(72,368)	(48,413)
Time charter hire costs	(91,336)	(12,830)	(82,248)	(19,122)
Other direct operating costs	(45,901)	(4,933)	(46,102)	(4,788)
General and administrative costs	(21,386)	(950)	(24,291)	(988)
Other operating income	3,860	-	3,821	-
Net financial income (charges)	(5,283)	-	105,621	(1,002)

The effects of related party transactions on the Group's consolidated statement of financial position as at 31 December 2009 and 31 December 2008 are the following:

US$ Thousand	As at 31 December 2009		As at 31 December 2008	
	Total	Of which related parties	Total	Of which related parties
ASSETS				
Non current assets				
Tangible assets	522,717		531,271	-
Financial fixed assets	-	-	4	-
Current assets				
Inventories	15,118	-	7,010	-
Receivables and other current assets	38,730	-	34,108	306
Current financial receivables	56,332	-	103,018	-
Cash and cash equivalents	92,243	-	41,482	-
LIABILITIES				
Non current liabilities				
Banks and other lenders	261,220	-	271,666	-
Current liabilities				
Banks and other lenders	46,524	-	5,784	-
Other financial current liabilities	12,191	-	16,546	-
Payables and other current liabilities	50,172	5,496	41,959	3,979
Current taxes payable	1,534	-	360	-

The effects, by legal entity, of related party transactions on the Group's consolidated income statement for the 2009 are the following:

US$ Thousand	d'Amico International Shipping SA (consolidated)	Rudder SAM	d'Amico Shipping Italia SpA	d'Amico Società di Nav. SpA	d'Amico Ireland Ltd	Compagnia Generale Telemar SpA
Voyage costs	(74,488)					
of which						
Bunker	(38,000)	(38,000)	-	-	-	-
Time charter In costs	(91,336)					
of which						
Vessel charter agreement	(12,830)	-	(12,830)	-	-	-
Other direct operating costs	(45,901)					
of which						
Management agreements	(3,532)	-	-	(3,532)	-	-
Technical expenses	(1,401)	-	-	-	-	(1,401)
Generale and administrative costs	(21,386)					
of which						
Services agreement	(950)	-	-	(845)	(105)	-
Result on disposal of vessel	-					
Result on disposal of vessel	-	-	-	-	-	-
Total		(38,000)	(12,830)	(4,377)	(105)	(1,401)

The table below shows the effects, by legal entity, of related party transactions on the Group's combined income statement for the year 2008:

US$ Thousand	d'Amico International Shipping SA (consolidated)	Rudder SAM	d'Amico Shipping Italia SpA	d'Amico Società di Nav. SpA	d'Amico Ireland Ltd	d'Amico Shipping UK	Compagnia Generale Telemar SpA
Voyage costs	(72,368)						
of which							
Bunker	(48,413)	(48,413)		-	-	-	-
Time charter In costs	(82,248)						
of which							
Vessel charter agreement	(19,122)	-	(19,122)	-	-	-	-
Other direct operating costs	(46,102)						
of which							
Management agreements	(3,473)	-	-	(3,473)	-	-	-
Technical expenses	(1,315)	-	-	-	-	-	(1,315)
Generale and administrative costs	(24,291)						
of which							
Services agreement	(988)	-	-	(874)	(114)	-	
Result on disposal of vessel	98,360						
Result on disposal of vessel	(1,002)	-	-	-	-	(1,002)	-
Total		(48,413)	(19,122)	(4,347)	(114)	(1,002)	(1,315)

The effect, by legal entity, of related party transactions on the Group's consolidated Statement of Financial Position as at 31 December 2009 are as follows:

US$ Thousand	d'Amico International Shipping SA (consolidated)	Rudder SAM	d'Amico Shipping Italia SpA	d'Amico Società di Nav. SpA	d'Amico Ireland Ltd	d'Amico Dry Ltd	d'Amico Shipping Singapore	Compagnia Generale Telemar
Receivables and other current assets	38,730							
of which related party	-	-	-	-	-	-	-	-
Payables and other current liabilities	50,172							
of which related party	5,496	4,992	94	131	13	103	18	145
Total		4,992	94	131	13	103	18	145

The effect, by legal entity, of related party transactions on the Group's combined Statement of Financial Position as at 31 December 2008 were the following:

US$ Thousand	d'Amico International Shipping SA (consolidated)	Rudder SAM	d'Amico Shipping Italia SpA	d'Amico Società di Nav. SpA	d'Amico Ireland Ltd	d'Amico Dry Ltd	d'Amico Pte Ltd	Compagnia Generale Telemar
Receivables and other current assets	34,108							
of which related party	306	-	-	-	-	-	306	-
Payables and other current liabilities	41,959							
of which related party	4,059	2,100	1,150	306	90	36	270	107
Total		2,100	1,150	306	90	36	36	107

29. Commitments and Contingencies

Capital Commitments

As at 31 December 2009, the Group's capital commitments amounted to US$ 128.3 million, of which payments over the next 12 months amounted to US$ 79.1 million.

US$ Million	As at 31 December 2009	As at 31 December 2008
Within one year	79.1	124.6
Between 1 – 3 years	49.2	132.2
Between 3 – 5 years	-	-
More than 5 years	-	-
Total	128.3	256.8

Capital commitments relate to the payments for seven Hyundai-Mipo dockyard 46,000 dwt Product/chemical tanker vessels and two Hyundai-Mipo dockyard 74,000 dwt Product/Oil tanker vessels bought by GLENDA International Shipping Ltd. and not delivered yet.

Operating Leases – Chartered in Vessels [1]

As at 31 December 2009, the Group's minimum operating lease rental commitments amounted to US$ 482.5 million, of which payments over the next 12 months amounted to US$ 116.6 million.

US$ Million	As at 31 December 2009	As at 31 December 2008
Within one year	116.6	112.1
Between 1 – 3 years	158.9	203.6
Between 3 – 5 years	118.3	140.4
More than 5 years	88.7	141.4
Total	482.5	597.5

The amounts include the 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, together with the time charter hire costs relating to the vessels chartered through pool (Handytankers). As at 31 December 2009, d'Amico Tankers Limited operated 25.1 vessel equivalents on time charter-in contracts as lessee. These had an average remaining contract period of 3.8 years at that time (5 years including optional periods). Some of the charter-in contracts include options to purchase vessels in the future, details of which are included below.

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 December 2009	As at 31 December 2008
Within one year	0.7	0.8
Between 1 – 3 years	1.3	0.7
Between 3 – 5 years	0.2	0.6
More than 5 years	0	1.4
Total	2.2	3.5

[1] Does not include optional periods. Includes the proportion of charter expenses of vessels time chartered by the Handytankers Pool.

Purchase Options

d'Amico Tankers Ltd. currently has 6 vessel purchase options on time chartered vessels already on the water. Exercise of these options is at the discretion of the Company based on the conditions prevailing at the date of the option.

The following tables provide details of our purchase options. JPY exercise prices were converted to US$ at the 31 December 2009 closing exchange rate.

Acquisition options on MR vessels [1]

Vessel	First exercise date	Exercise price (in millions)[1]	Age at First exercise date[1]	Exercise period
MR 1	March 2011	30.3	8.0	N/A
MR 2	July 2011	28.9	5.0	4 years
MR 3	October 2011	28.9	5.0	4 years
MR 4	August 2014	40.0	5.0	6 years
MR 5	March 2017	32.5	8.0	N/A
Total		160.6		NA

Acquisition options on Handysize Vessels

Vessel	First exercise date	Exercise price (in millions)[1]	Age at First exercise date[2]	Exercise period
Handy [2]	January 2016	40.5	8.0	N/A
Total		40.5	8.0	N/A

Ongoing Disputes

Apart from the claim relating to the SLS vessels cancellation, the Group is currently involved in a number of on-going commercial disputes concerning both our owned and chartered vessels. The majority of current disputes relate to cargo contamination claims. In addition, there is also a collision dispute and a repudiation of charter claim. The disputes are mostly covered by our P&I Club insurance and we expect that our financial exposure will be limited to the value of the appropriate insurance policy deductibles.

Tonnage Tax Deferred Taxation

Effective 1 January 2007 the Company entered the Irish tonnage tax regime. The regime 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 ongoing requirements to remain within the regime.

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

[1] Exercise price and vessel age at first exercise date. When option has an exercise period, exercise price falls throughout such period.

[2] Currently time-chartered through Handytankers pool.

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 %	Conso. Method
d'Amico International Shipping S.A.	Luxembourg	149,949,907	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
VPC Logistics Limited	London / UK	50,000	USD	100.0%	Integral
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 in 2009 does not differ with respect to the 2008 consolidated accounts.

Interest in Jointly Controlled Entities

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 2009				
Glenda International Shipping Ltd	2,707	(2,440)	361,995	171,267
DM Shipping Ltd	3,480	(2,221)	98,522	(2,438)
Year ended 31 December 2008				
Glenda International Shipping Ltd	-	(127)	288,255	146,913
DM Shipping Ltd	-	(180)	17,381	(3,907)

The companies have commenced operations in the second half of the financial year.

31. Subsequent Events

Controlled Fleet

On 1st February 2010 a consolidation of the handy vessels chartered through Handytankers Pool, commenced and by May 2010, at the end of said reorganization process, DIS will have 100% interest on 3 handy vessels chartered by the Pool.

On 3rd February 2010 GLENDA Meredith, a medium range owned vessel, was delivered to GLENDA International Shipping Limited, in which DIS has a 50% interest.

The profile of d'Amico international shipping's vessels on the water is summarized as follows.

	As at 31 December 2009			As at 23 February 2009		
	MR	Handysize	Total	MR	Handysize	Total
Owned	13.5	3.0	16.5	14.0	3.0	17.0
Time chartered	16.0	4.0	20.0	16.0	4.0	20.0
Chartered through pools	-	4.9	4.9	-	5.0 [1]	5.0
Total	29.5	11.9	41.4	30.0	12.0	42.0

GLENDA International Shipping – The Publication of Three Arbitration Awards in the Dispute Between GLENDA and SLS Shipbuilding Co. Ltd.

On 2 February 2010 it was published the London of the Tribunals' awards in three of the four recent arbitrations between GLENDA International Shipping Ltd ("GLENDA"), a 50:50 joint venture company between the Glencore Group and DIS, and SLS Shipbuilding Co. Ltd of Tongyeong, Korea ("SLS Shipyard") over the termination of the new building contracts relating to the 51,000 DWT product/chemical tanker vessels bearing hull n° S510, n° S511 and n° S512, (the "Contracts"), duly executed on 7 December 2006 and novated to GLENDA on 19 November 2007. The Tribunals have found that the three new building contracts were effectively cancelled by GLENDA, and that GLENDA is entitled to obtain a refund of all instalments paid under the respective shipbuilding contracts, amounting to US$ 82,620,000, plus interest at 3% until payment, under all three contracts. Following the publication of the awards, in accordance with the terms of the Refund Guarantees provided by Kookmin Bank of South Korea, GLENDA is now entitled to the refund of such amounts under those Refund Guarantees. Of the total amount due to GLENDA under the Refund Guarantees of US$ 82,620,000, plus interest at 3% until payment, it is anticipated that US$29,160,000 will be reimbursed to GLENDA, representing that part of the purchase price for hull nos. S510, S511 and S512 that was financed by GLENDA as equity, with the balance of US$ 53,460,000 being repaid to the financing bank. It should be further stressed that the arbitration in connection with the remaining dispute between GLENDA and SLS Shipyard in relation to the cancellation and termination of the 51,000 DWT product/chemical tanker vessel bearing hull number S513 as previously announced on the 17 August 2009 and 20 of November 2009 is still pending.

[1] By May 2010, at the end of a reorganization process in the Handytankers pool, DIS will reduce its vessels "Chartered through pools" to 3 vessels.


HIGH ENDEAVOUR
MONROVIA

d'Amico International Shipping S.A.

Management Report and Statutory Financial Statements as at 31 December 2009

RCS LUXEMBOURG B 124 790

d’Amico International Shipping S.A.

Management Report

d’Amico International Shipping S.A. (the “Company”) 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. The principal activity of the company 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.

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

Operating Performance

Profit for 2009 financial period of the Company amounted to US$ 0.6 million. The Company’s reclassified Income Statement is summarized in the following table.

US$ thousand	31 December 2009	31 December 2008
Investment income (dividends)	5,000	50,000
Personnel costs	(1,456)	(2,508)
Other General and administrative costs	(2,714)	(4,226)
Financial income (charges)	(232)	212
Net Profit	**598**	**43,478**

The investment income relates to the US$ 5.0 million dividend received from the subsidiary d’Amico Tankers Limited (DTL - Ireland). Costs are essentially made up of general and administrative expenses and personnel costs.

Balance Sheet [(1)]

US$ thousand	As at 31 December 2009	As at 31 December 2008
Investments	281,573	252,087
Current assets	490	18,772
Total assets	**282,063**	**270,859**
Shareholders’ Equity	240,433	258,583
Current Liabilities	41,630	12 276
Total liabilities and shareholders’ equity	**282,063**	**270,859**

The Company’s Total Assets include the investment of US$ 252.1 million in the subsidiaries d’Amico Tankers Limited — the key operating subsidiaries 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, and a shareholders’ loan to GIS.

Also included, is the investment in own shares (treasury shares) for an amount of US$ 15.7 million, held by the company in accordance with the share buy back plan approved in the second half of 2007.

Current assets are principally made up of cash held at the bank; prepayments and receivables do not reach the level of materiality.

[(1)] The balance sheet has been reclassified with respect to the statutory format.

Significant Events of the Period

Controlled Fleet – d'Amico Tankers Limited

During 2009 the following vessels have been delivered to d'Amico Tankers Limited:

- March 2009 – *M/T High Enterprise*, a medium range chartered in vessel, was delivered for a period of 8 years. The vessel has options to increase the charter-in period for a maximum of two additional years, at the discretion of the Company. The time charter-in agreement for this vessel also includes a purchase option at the expiration of the eight year period.
- March 2009 – *M/T Handytankers Magic*, a handysize chartered-in vessel in which d'Amico Tankers Limited has a 25% interest, was delivered for a period of 6 years. The time charter-in agreement for this vessel also includes a purchase option at the contract expiration date.
- August 2009 – *M/T High Pearl*, a medium range chartered-in vessel was delivered for a period of 9 years. The contract has options to increase the charter-in period for a maximum of two additional years. The time charter-in agreement for this vessel also includes purchase options exercisable after the fifth year of the contract period.
- September 2009 – *M/T High Force*, a medium range chartered-in vessel was delivered for a period of 7 years. The contract has options to increase the charter-in period for a maximum of two additional years.

Controlled Fleet – GLENDA International Shipping Limited

- August 2009 – *M/T GLENDA Megan*, a medium range owned vessel, was delivered to GLENDA International Shipping Limited, in which DIS has a 50% interest.

Controlled Fleet – DM Shipping Limited

- July 2009 – *M/T High Efficiency*, a medium range vessel, was delivered to DM Shipping Limited, in which DIS has a 51% interest. The vessel is chartered for a period of 10 years to d'Amico Tankers and employed in High Pool Tankers.
- October 2009 - *M/T High Strength*, a medium range vessel, was delivered to DM Shipping Limited, in which DIS has a 51% interest. The vessel is chartered for a period of 10 years to d'Amico Tankers and employed in High Pool Tankers.

High Harmony and High Consensus Sale

d'Amico Tankers Limited agreed to amend the contract relating to the sale of M/T High Harmony (45.913 dwt) and the M/T High Consensus (45,896 dwt), two medium range double-hull product tankers built in 2005 by Shin Kurushima shipyard in Japan, to United Arab Chemical Carriers Limited of Dubai, UAE (the 'Buyer'), providing a sale price for each of the vessel of US$ 53.0 million compared to the original sale price of US$ 56.5 million agreed on 27 August 2008. At the end of October 2008 the vessels were delivered to the Buyer under bareboat charter until the sale price cash payment. The reduction of the sale price was agreed considering the current credit crunch scenario and the fact that it could have been no longer feasible the conclusion of that deal at the initially agreed sales price level, representing the product tankers market peak. The sale proceeds for High Harmony and High Consensus sale have been respectively received in at the end of April and in May 2009.

Buy Back Programme

On 27 January 2009 the extraordinary shareholders' meeting of d'Amico International Shipping authorized the buyback of the Company's ordinary own shares as proposed and explained by the Board of Directors in its report to the shareholders duly approved in its meeting held on 5 November 2008. The buy-back, up to a maximum of number 14,994,991 of ordinary shares including the Company's own shares already repurchased (corresponding to 10% of the subscribed capital of the Company), may be carried out in one or more tranches, for a maximum period of 18 months at the minimum price of Euro 0.50 per share and a maximum price of Euro 5 per share for a total consideration in the range of about Euro 7.5 million to about Euro 75 million.

GLENDA International Shipping – Cancellation of Four SLS New Building Contracts

During 2009 GLENDA International Shipping Ltd ("GLENDA"), a joint venture company with Glencore Group in which DIS has an interest of 50%, given notice to SLS Shipbuilding Co. Ltd of Tongyeong, Korea ("SLS Shipyard") of its cancellation and termination of the new building contracts relating to the four 51,000 DWT product/chemical tanker vessel bearing hull n°

S510, S511, S512 and S513. The notices have been given as a result of excessive delays in relation to the delivery of the vessels. In accordance with the contracts, which were duly executed on 7 December 2006 and novated to GLENDA on 19 November 2007, GLENDA has demanded that SLS Shipyard refund all of the instalments paid to date in relation to the hulls, amounting to US$ 106.9 million together with all accrued interest thereon. As disclosed in the subsequent events section, arbitration awards relating to three vessels have been published in February 2010, while the forth one is still pending.

GLENDA International Shipping – The Conversion of Two Hyundai 46,000 dwt Product/Chemical Tankers Vessels into 74,000 dwt Product/Oil Tanker

On 10 December 2009 GLENDA International Shipping Ltd ("GLENDA") signed with Hyundai Mipo Dockyard CO. Ltd. the addendums relating to the two shipbuilding contracts dated 18 July 2008, further novated on 22 December 2008, in respect of the 2 Hyundai 46,000 DWT Class Product/Chemical Tanker vessels bearing hull n°2251 and hull n°2252. In accordance with the addendums, the parties agreed to convert the initial ship types ordered from 46,000 dwt class Product/Chemical into 74,000 dwt class Product/Oil tankers at the contract price of US$ 51.7 million per vessel. The initial contractual delivery dates will be maintained for hull n° 2292 (original hull n°2251) as January 2011 and brought forward to February 2011 for hull n° 2293 (original hull n°2252) instead of October 2011.

Significant Events Since the End of the Year and Business Outlook

Controlled Fleet

On 1st February 2010 a consolidation of the handy vessels chartered through Handytankers Pool, commenced and by May 2010, at the end of said reorganization process, DIS will have 100% interest on 3 handy vessels chartered by the Pool.

On 3rd February 2010 the M/T GLENDA Meredith, a medium range owned vessel, was delivered to GLENDA International Shipping Limited, in which DIS has a 50% interest.

The profile of d'Amico international shipping's vessels on the water is summarized as follows.

	As at 31 December 2009			As at 23 February 2009		
	MR	Handysize	Total	MR	Handysize	Total
Owned	13.5	3.0	16.5	14.0	3.0	17.0
Time chartered	16.0	4.0	20.0	16.0	4.0	20.0
Chartered through pools	-	4.9	4.9	-	5.0 [1]	5.0
Total	29.5	11.9	41.4	30.0	12.0	42.0

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(1) By May 2010, at the end of a reorganization process in the Handytankers pool, DIS will reduce its vessels "Chartered through pools" to 3 vessels.

by Kookmin Bank of South Korea, GLENDA is now entitled to the refund of such amounts under those Refund Guarantees. Of the total amount due to GLENDA under the Refund Guarantees of US$ 82,620,000, plus interest at 3% until payment, it is anticipated that US$29,160,000 will be reimbursed to GLENDA, representing that part of the purchase price for hull nos. S510, S511 and S512 that was financed by GLENDA as equity, with the balance of US$ 53,460,000 being repaid to the financing bank. It should be further stressed that the arbitration in connection with the remaining dispute between GLENDA and SLS Shipyard in relation to the cancellation and termination of the 51,000 DWT product/chemical tanker vessel bearing hull number S513 as previously announced on the 17 August 2009 and 20 of November 2009 is still pending.

Business Outlook

At the end of 2009 and beginning of 2010 the improving Economic news coupled with very cold winter conditions across the Northern Hemisphere saw an increase in demand which reflected in an improvement in demand for Oil products. d'Amico International Shipping outlook remains substantially in line with the disclosure previously shown, confirming that it is still significantly influenced by weak product tanker demand and the still uncertain worldwide economic scenario. As a consequence, the DIS management maintains a very cautious approach regarding it. Product tanker rates have declined since the beginning of the 2009, with the largest correction in Q2. There was no substantial further large reduction in Q4. In fact the Market gradually improved towards the end of the year, and into this year on the back of a little more positive sentiment going into 2010 and the exceptional cold weather in the Northern Hemisphere. The improvement is not significant compared to previous years and is fragile as Global economies gradually improve.

The oil product forward demand forecast was consistently downward through the first half of last year. These forecasts were then corrected upward as organisations such as the IMF and IEA had positively revised their GDP and Oil demand forecasts respectively, based on the news that the recession is slowing and on a more positive sentiment of a recovery going into 2010.

The key drivers that should affect the product tanker freight markets in 2010 and d'Amico International Shipping performances are (i) Global oil demand and worldwide GDP growth and (ii) the large influx of new buildings scheduled to come in 2010.

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

- The IEA have revised upwards global oil demand throughout 2009 and by 1.3 million barrels per day for 2010 versus the previous year. Growth continues to be driven by non-OECD countries, most notably in Asia. The IMF likewise has revised their GDP forecast positively for 2010.GPD growth now stand at 3.8% for 2010 versus an earlier estimate of 3.1%.
- The best indicator of Product Tanker earnings on the spot Market demand is the assessed Time Charter rate for one year Charter. According to ICAP Shipbrokers, ACM Shipbrokers and Clarksons Shipbrokers the assessed Time Charter rates has risen some 15-20 percent since the end of Q3 2009. Albeit these levels can not be considered high based on historical levels, however the percentage increase is significant. This in itself indicates an upturn in Spot market demand;
- There are still significant investments in refinery capacity in the coming years primarily within the Asian region, which should result in increased tonne mile demand; according to the IEA, refinery capacity is expected to increase by 8.7 million barrels per day for the period 2008-2014, of which over half is in Asia. Any new refining projects seem to be dominated by the Middle East, China and other Asia countries;
- Refinery closures and reduced output have already occurred within 2009, predominately within the OECD. New low-cost capacity in Asia will increasingly force a rationalisation of old high-cost capacity in the west, structurally favouring more long haul products trade. So as tonne mile demand increases this should have a positive effect on product tanker demand;
- The tonne mile demand has increased within Asia throughout 2009 as demand has improved predominately within this region;
- There is still expected further long haul seaborne growth in other commodities such as palm oil and vegetable oil. These products can only be carried on IMO classified vessels which should Increase demand for these types of vessels;

- A further tightening of vetting and screening procedures from oil companies, favouring modern, double hull vessels operated by owners with full in-house ship-management and crewing.

Product Tanker Supply

- The forward net growth of ships entering the Product Tanker market is growing but not at anything like the pace expected on paper;
- A number of ships which were scheduled to be delivered in 2009, considered one of the biggest delivery years in recent history, were not and some will not be delivered this year. They have been deferred, delayed, cancelled or converted into a different ship type/size;
- The number of Ships in the 25-55,000 deadweight segment that were "not Delivered" in 2009 according to SSY, Clarkson's, and ICAP Shipbrokers runs between 25 and 30 percent. The actual figure that has been deferred or delayed into 2010 will become apparent throughout the year. However with such a relatively large percentage we believe it is safe to assume a certain amount of these deliveries has in fact been cancelled;
- In this respect the question whether or not financing has been secured for forward deliveries is significant!
- 2010 April is the deadline for IMO phase out of the remaining single hull vessels from international trade. There is speculation that some ships will be able to circumnavigate the deadline due to further trading be it coastwise or storage is valid however we believe the figure will be not significant;
- Scrapping of Tankers in 2009 and year to date has now overtaken total for 2008 by almost fifty percent according to RS Platou;
- There are two other factors that even today positively reduce the supply of Tankers. Firstly despite the increased investment in New Tankers there has not been any significant investment in Port Infrastructure that has led to increased Port stays and delays and thus reduced Supply. The fact that a large number of Owners have introduced slow steaming due to high Bunker prices and the poor demand has also reduced the supply of Ships.

The above factors are those which could affect the future development and performances. The previous section 'Financial review' already discloses the financial position of the Group, its cash flows and net debt. d'Amico International Shipping, other than the relevant 'cash cushion' on hands, has significant financial resources available through its credit lines. In addition, a significant portion of the revenue has been already secured and the expected fixed contract coverage percentage for 2010 should be of about 40% on average. This coverage comes from time charter out contracts and COAs (contract of affreightment). These resources and the balanced business development model consequently allow the Company directors to believe that, despite the current uncertain worldwide economic outlook, DIS is well positioned to appropriately manage its business risks.

On behalf of the Board
23 February 2010

Paolo d'Amico, Chairman

Marco Fiori, Chief Executive Officer

d' Amico International Shipping S.A. Financial Statements and Explanatory Notes for the Year Ended 31 December 2009

Profit and Loss Account for the Year from 1 January to 31 December 2009

US$	Note	31 December 2009	31 December 2008
CHARGES			
3. Staff costs			
a) Wages and benefits	(2)	1,368,802	2,425,804
b) Social security		87,080	82,363
4. Value adjustments in respect of fixed assets		17,333	13,961
5. Other operating charges	(3)	2,696,111	3,883,640
7. Interest payable and similar charges			
b) Other interest payable and charges	(4)	325,135	305,718
12. Other taxes not shown under above items	(5)	-	339,221
13. Profit for the financial period		598,341	43,477,765
Total charges		**5,092,802**	**50,528,472**
INCOME			
5. Income from participating interest			
a) Derived from affiliated undertakings	(6)	5,000,000	50,000,000
7. Other interest receivable and similar income			
b) Derived from affiliated undertakings	(7)	-	45,732
c) Other interest receivable and similar income	(7)	84,713	471,944
9. Extraordinary income		8,089	10,796
Total income		**5,092,802**	**50,528,472**

Balance Sheet

US$	Note	As at 31 December 2009	As at 31 December 2008
C. Fixed assets			
II. Tangible assets			
3. other fixtures and fittings, tools and equipment	(8)	13,731	29,894
III. Financial assets			
1. shares in group undertakings	(9)	252,057,334	252,057,334
2. loans to affiliated undertakings	(10)	13,822,000	425,000
7. own shares	(11)	15,680,151	15,680,151
D. Current assets			
II. Debtors			
a) due and payable within one year	(12)	17,138	22,301
IV. cash at bank		393,917	2,538,295
E. Prepayments	(13)	78,283	106,479
Total assets		**282,062,554**	**270,859,454**
A. Capital and reserves			
I. Subscribed capital	(14)	149,949,907	149,949,907
II. Share premium account	(14)	44,902,825	44,902,825
IV. Reserves	(14)		
1. legal reserve		3,011,914	838,026
2. reserve for own shares		15,680,151	15,680,151
4. other reserves		4,387,962	3,734,334
V. Profit or loss brought forward		21,901,797	-
VI. Profit for the financial period		598,341	43,477,765
C. Creditors	(15)		
4. Trade creditors on purchase and provision of services			
a) due and payable within one year		30,627	206,800
6. Amounts owed to affiliated undertakings			
a) due and payable within one year		41,237,604	11,699,625
8. Tax and social security debts			
a) Tax debt		270,009	270,009
b) Social Security debt		11,041	8,303
D. Accruals and deferred income		80,376	91,709
Total liabilities and shareholders' equity		**282,062,554**	**270,859,454**

Explanatory Notes

The Company presents its statutory financial statements in accordance with generally accepted accounting principles in Luxembourg. The financial statements are prepared on a going concern basis. The Profit and Loss Account and the Balance Sheet are shown in accordance with the articles 34 and 46 of the law 19 December 2002.

The amounts are expressed in U.S. dollars, which is the functional currency of the Company.

1. Accounting Policies

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

Foreign Currencies

Transactions during the period 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 balance sheet date. The realised exchange gains and losses and unrealised exchange losses are reflected in the profit and loss account.

General and Administrative Costs

Administrative expenses, which comprise staff costs and other operating charges, are expensed as incurred.

Interests

Financial income and charges are recognized in accordance with the accruals basis of accounting.

Dividends

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

Taxation

The current taxation is based on taxable income for the period using local tax rates that have been enacted by the balance sheet 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.

Deferred tax, if any, represents the tax the company expects 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 balance sheet 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 balance sheet 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 profit and loss account.

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 Assets (Shares in Affiliated Undertakings)

Investments in subsidiaries, jointly controlled entities and associated entities are stated at cost as adjusted for any impairment losses. Investments in subsidiaries and associates are tested for impairment annually and if necessary more often. If there is any evidence that these investments have been impaired, the impairment loss is recognized directly in the profit and loss account.

Receivables (Debtors)

Receivables are stated at their realizable value.

Cash and Cash Equivalents (Cash at Bank)

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 and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at their nominal value.

Payables (Creditors)

Payables are measured at 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 balance sheet date and are discounted to present values where the effect is material.

Difference Between the Luxembourg Accounting Principles and International Financial Reporting Standards

The stautory financial statements of the parent company d'Amico International Shipping SA are prepared in acccordance with Luxembourg GAAP and differ in certain aspects from International Financial Reporting Standards (IFRS), used to prepare the consolidated financial statements.

The differences in accounting treatment relate to the following:

Treasury Shares (Own shares)

Under Luxembourg GAAP, Treasury Shares are shown under "Financial assets – own shares" and a non-distributable reserve must be constituted under Shareholders' Equity as a specific reserve. Under IFRS, Treasury Shares are directly deducted from Shareholders' Equity.

2. Staff Costs

The Company employs two Managers and two administrative employees.

A share option plan for management remuneration was approved by an EGM on 6 September 2007, after advice of the Remuneration Committee. 2,631,774 Options were assigned to the CEO, the COO and the CFO. The adoption of this incentive compensation scheme fits the form of variable compensation (bonus) – as a percentage of the overall salary. The plan will evolve over a period of 36 months through assignments in four tranches, eligible for cumulation, with physical delivery regulations. Valuation of the fair value of the equity instruments and of the corresponding services received by the company was performed at grant date.

3. Other Operating Charges

They mainly relate to professional fees and advisory costs incurred by the company during the year: they are functional to its current presence on the stock market.

Fees were paid to the Company directors for services rendered to the Company and attending the Board's meetings. A total amount of US$ 984,000 was paid, including net fees for US$ 820,000 and 20% witholding tax.

4. Interest Payable and Similar Charges

Financial expenses mainly concern the interest expense calculated on the loan received from d'Amico Tankers Limited of US$ 187,979.

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.

5. Taxation

As dividends are not subject to the corporate income tax in Luxembourg, the holding company, d'Amico International Shipping SA had, at the end of 2009, cumulated tax losses to be carried forward of approximately Euro 30,155,000 (US$ 43,430,000). The Luxembourg corporate income theoretical tax rate is of 30%. No deferred tax asset has been accounted for as the company has no trading activity.

The holding company is subject to the Luxembourg Net Wealth Tax regime; for 2009 the calculated net assets generated no tax.

6. Income from Participating Interest

A dividend of US$ 5.0 million was received in the month of April 2009 from d'Amico Tankers Limited, the key operating subsidiary.

7. Other Interest Receivable and Similar Income

The balance of US$ 84,713 mainly refers to exchange gains and to interest received on bank deposits.

8. Tangible Assets

Tangible assets principally represents IT equipment for the Luxembourg office.

9. Financial Assets – Shares in Group Undertakings

Company	Country	Ownership	Ccy	Increase US$	Decreases US$	Book value at 31 December 2009
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 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 financial long-term investment.

Investments through d'Amico Tankers Limited:

Company	Interest	Country	Activity
High Pool Tankers Limited	100%	Ireland	Pool company
Glenda International Management Limited	100%	Ireland	Pool company
VPC Logistics Limited	100%	UK	Shipping
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

10. Financial Assets – Loans to Affiliated Undertakings

Company	Ccy	31 December 2009	31 December 2008
Glenda International Shipping Ltd.	USD	13,822,000	425,000

During the year the interest free shareholders' loan (equity fund) was increased to finance further instalments relating to the vessels under construction.

11. Financial Assets – Own Shares

Securities are represented by own shares, reaching a total of 4,390,495 shares, corresponding to 2.93% of the share capital. They were purchased during the second half of 2007 and during 2008, following the EGM of 3 July 2007. No own shares were purchased in 2009.

Repurchase of Company shares over regulated market is allowed for 18 months up to 10% of share capital amount.

Own shares are recorded at purchase value.

12. Debtors

It is a residual amount from the day-to-day administrative activity of the company.

13. Prepayments and Accruals

All professional expenses have been accrued.

14. Capital and Reserves

Subscribed Capital

The authorised capital of the Company amounts to US$ 200,000,000 represented by 200,000,000 shares with no nominal value. All shares pertain to the category of ordinary shares. The subscribed and fully paid up capital of US$ 149,949,907 is represented by 149,949,907 shares with no nominal value.

Share Premium Account

The share premium account has been booked following the IPO and related to the increase of share capital which occurred at the beginning of May 2007. The amount is net of certain costs and charges strictly connected with the share capital increase.

Reserves

Legal Reserve

It was formed through destination of 5% of 2007 and 2008 realised profits.

Reserves for own shares

It has been established for an equivalent amount of the own shares purchased on the market.

Other Reserves

On 6 September 2007 the Company approved the grant of share options to senior management. The reserve was established for the amount correspondent to the cumulated cost at the end of each year.

15. Creditors

Company	31 December 2009	31 December 2008
Trade creditors	30,627	206,800
d'Amico Tankers Limited	41,237,604	11,699,625
Tax debt	270,009	270,009
Social security debt	11,041	8,303
Total	41,549,281	12,184,737

The Company has in place a financial payable due to d'Amico Tankers Limited (DTL). The loan bears interest at US dollar LIBOR 3 months plus a margin aligned with the markets conditions; on 31 December 2009 the amount due was US$ 41,237,604.

Other creditors represent the amount payable to the Luxembourg Tax Administration for 2008 Net Wealth Tax and amounts payable to suppliers of goods and services and social security.

16. Off Balance Sheet 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 US$ 350.0 million Calyon and JPY 10 billion Mizuho facilities.

Other Disclosures

The following disclosures are included as part of the Italian Exchange Commission 'CONSOB' requirements for the company listed on the Milan Stock Exchange.

Compensation to the Members of the Board of the Directors and to Senior Managers of the Company with Strategic Responsibilities

(Article 78 of the Consob Regulation 11971/99) (US$ Thousand)

Name	Office held	Period of time in charge of the position	Date of expiry [1]	Compensation for the position held in the Company	Non- Cash Benefits	Bonus and other incentives [2]	Other fees [3]
Mr. Paolo d'Amico	Chairman	2009	2011	347	-	-	292
Mr. Marco Fiori	Chief Executive Officer	2009	2011	201	-	584	699
Mr. Cesare d'Amico	Executive Director	2009	2011	56	-	-	-
Mr. Massimo Castrogiovanni	Non-Executive Director	2009	2011	76	-	-	7
Mr. Stas Jozwiak	Non-Executive Director	2009	2011	76	-	-	-
Mr. Gianni Nunziante	Non-Executive Director	2009	2011	76	-	-	-
Mr. John J. Danilovich	Non-Executive Director	2009	2011	76	-	-	-
Mr. Heinz Peter Barandun	Non-Executive Director	2009	2011	76	-	-	-
Senior Managers with strategic responsibilities [4]		2009		-	-	1,126	2,052

[1] Date of the General Shareholders' Meeting approving the Company's Annual Accounts for 2010 Financial Year.

[2] Variable portion of the compensation.

[3] It includes the compensation as Board members and the wages received from other Group companies.

[4] It includes 6 Managers of d'Amico International Shipping Group.

Participations Held Directly or Indirectly in the Company's and its Subsidiaries' Share Capital by Members of the Board of Directors and by Senior Managers of the Company

(Article 79 of the Consob Regulation 11971/99)

"Mr. Paolo d'Amico and Mr. Cesare d'Amico, respectively the Chairman and the Executive Director of the Board of Directors of the Company and both members of the Executive Committee of the Company, are the ultimate controllers of the Company. Mr. Paolo d'Amico holds 3,000,000 voting shares constituting 50% of the share capital of d'Amico Società di Navigazione S.p.A.. Mr. Cesare d'Amico holds 1,076,010 voting shares constituting 17.93% of the share capital of d'Amico Società di Navigazione S.p.A. and, through a controlling (54%) shareholding in Fi.Pa. Finanziara di Participazione S.p.A. (a company owned by Mr. Cesare d'Amico and his sisters, Mrs. Maria Cristina d'Amico and Mrs. Giovanna d'Amico), indirectly holds a further 1,923,990 voting shares constituting 32.07% of the share capital of d'Amico Società di Navigazione S.p.A.. d'Amico Società di Navigazione S.p.A. holds 100% of the share capital of d'Amico International S.A. and the latter holds 64.28% (2008: 64,30%) of the Company's share capital. As a result, Mr. Paolo d'Amico and Mr. Cesare d'Amico indirectly beneficially own 64.28% of the Shares of the Company and its Subsidiaries.

The manager responsible for preparing the company's financial reports, Mr. Alberto Mussini, in his capacity of Chief Financial Officer of d'Amico International Shipping SA (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.

Alberto Mussini, Chief Financial Officer

Independent Auditors' Report to the shareholders of d'Amico International Shipping S.A.

We have audited the accompanying consolidated financial statements of d'Amico International Shipping S.A. as at December 31, 2009 which comprise the statements of financial position as at December 31, 2009 and the related statements of income, statements of comprehensive income, changes in equity and cash flows for the year then ended and summary of significant accounting policies and other explanatory notes.

This report is made to you in accordance with the terms of our engagement. Our work has been undertaken so that we might audit the consolidated financial statements that we have been engaged to audit, report to you that we have done so, and state those matters that we have agreed to state to you in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than d'Amico International Shipping S.A. for our work or for this report.

Management's Responsibility for the Financial Statements

Management 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's judgment, 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 auditor 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Capital social : 12.500,00 EUR
R.C.S. Luxembourg B 42 365

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 the company as at December 31, 2009 and of 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.

MOORE STEPHENS S.à.r.l.
Luc BRAUN
Allée Marconi, 16
L-2120 Luxembourg

March 9, 2010

Capital social : 12.500,00 EUR
R.C.S. Luxembourg B 42 365

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Luxembourg, March 9, 2010

REPORT OF THE REVISEUR D'ENTREPRISES

To the shareholders of
d'Amico International Shipping S.A.
25C, Boulevard Royal

L-2449 LUXEMBOURG

Report on the annual accounts

Following our appointment by the General Shareholders' Meeting we have audited the accompanying annual accounts of d'Amico International Shipping S.A., which comprise the balance sheet as at December 31, 2009 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of directors' responsibility for the annual accounts

The board of directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the réviseur d'entreprises

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des réviseurs d'entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

Capital social : 12.500,00 EUR
R.C.S. Luxembourg B 42 365

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the réviseur d'entreprises, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 annual accounts. 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 annual accounts give a true and fair view of the financial position of d'Amico International Shipping S.A. as of December 31, 2009, and of the results of its operations for the year then ended, in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the board of directors, is in accordance with the annual accounts.

MOORE STEPHENS SARL
Luc BRAUN
Réviseur d'entreprises

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