d'Amico
INTERNATIONAL SHIPPING S.A.

2007 ANNUAL REPORT

2007 ANNUAL REPORT

CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS

Year ended
31 December 2007

Annual Report 2007

Contents

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

(1) Member of the Executive Committee
(2) Independent Director
(3) Lead Independent Director

STATUTORY AUDITORS/ COMMISSAIRE AUX COMPTES

Lux-Fiduciaire S.à.r.l., Luxembourg

EXTERNAL AUDITORS

Moore Stephens S.à.r.l., Luxembourg

Letter to Shareholders

Dear Shareholders,

The year 2007 was of strategic relevance for d'Amico International Shipping as the company listed on the STAR segment of the Italian Stock Exchange. The listing was concluded successfully, having been over-subscribed 5 times by Retail investors and 2 times by institutional investors. The strong interest that has been demonstrated at an international level is indicative of the market's appreciation of the Group and the strong results it has achieved over the years.

In the 2007, excellent results and margins were achieved: time charter equivalent (TCE) earnings amounted to US$ 252 milion, the EBITDA was US$ 106 milion (42% of the TCE) and net profits reached US$ 75 milion (30% as margin). These are significant results, which have been achieved thanks to an enormous effort by all those who work for d'Amico International Shipping and through high levels of motivation, professionalism and team spirit.

In consideration of the results that have been achieved, we have decided to propose to the Shareholders' Meeting the distribution of US$ 35 milion (46,6% of the profit).

From the time of the stock market listing until today, we have pursued, in line with our declared strategies, a careful policy of growth and fleet renewal, through the creation and expansion of the strategic joint venture with Glencore (GLENDA) with 10 new ships under construction and the exercise of 5 purchase options, 4 in advance, on chartered vessels. During the first quarter of 2008, the transaction for the sale of the ship High Trust, which realised significant capital gains, was completed. In consideration of the fleet renewal policy, the maintenance of the growth profile and an even greater focus on modern IMO class vessels, the Group will consider similar transactions, should interesting opportunities arise.

We believe that a high quality, IMO class fleet represents an important competitive advantage for the Group and will allow us to provide an efficient and secure service to our international client list, which is prevalently made up of "blue chip" companies from the petroleum industry.

We intend to continue our growth policy both through the expansion of our owned fleet and with the long-term, charter-in contracts which will ensure an increase in tonnage and confirm our role as a consolidator in the fragmented market of tanker vessels in which d'Amico International Shipping operates.

This is an ambitious and challenging project, which we will face with our trust in the professionalism and enthusiasm already shown by people who work for our Group. We would like to express our sincere gratitude to all of them and to all of you for the support and faith you have shown us.

Paolo d'Amico
Chairman of the Board of Directors

Marco Fiori
Chief Executive Officer

Highlights

KEY FINANCIALS

US$ Thousand	2007	2006
Time charter equivalent (TCE) earnings	251 685	243 269
Gross operating profit / EBITDA	106 045	134 111
Operating profit / EBIT	76 539	111 508
Net profit	75 081	84 908
Excluding gain from vessels disposals		
Gross operating profit / EBITDA	106 045	104 133
margin as % of TCE	*42.1%*	*42.8%*
Operating profit / EBIT	76 539	81 530
margin as % of TCE	*30.4%*	*33.5%*
Net profit	75 081	55 730
margin as % of TCE	*29.8%*	*22.9%*
Operating cash flow	97 887	89 236
Gross capital expenditure (CapEx)	84 459	109 672
Total assets	**500 699**	**435 915**
Net financial indebtedness	157 911	226 288
Shareholders' equity	282 689	153 990

OTHER OPERATING MEASURES

	2007	2006
Daily operating measures		
TCE earnings per employment day (US$)[1]	21 490	20 885
Fleet development		
Total vessel equivalent	35.2	34.5
- Owned	*13.5*	*10.8*
- Chartered	*18.7*	*21.3*
- Indirectly chartered	*3.1*	*2.3*
Vessel equivalent %:		
- Owned	*38.2%*	*31.4%*
- Chartered	*53.1%*	*61.8%*
- Indirectly chartered	*8.7%*	*6.8%*
Off-hire days/ available vessel days[2] (%)	**2.2%**	**2.2%**
Fixed rate contract/ available vessel days[3] (coverage %)	**51.7%**	**45.7%**

Note:

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, less commissions charged by external brokers and commercial managers. Calculations also exclude chartered vessels in which the Group has an indirect interest, since distributions paid by the pool 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 fiscal year 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 and COAs, 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 fiscal year being considered. To calculate TC days for vessels employed within the High Pool, we first had to calculate the ratio of TC days/available vessel days (the pool coverage ratio) for all vessels employed within the pool, from each of our vessels' pool entry dates. The number of TC days for a vessel was then determined as the product of the pool's coverage ratio since that vessel's pool entry and the number of days that vessel was operated within the pool. For vessels employed within Glenda International Management, the results from vessels are not pooled; we therefore used contractual commitments of each individual vessel to determine its coverage ratio. For vessels employed within the Handytankers Pool, we are not responsible for administrative functions and therefore have access to less detailed operating data, compared to the High Pool. TC days for these vessels was therefore determined using the average pool coverage ratio for the fiscal year being considered, rather than the ratio from the entry date of each of our vessels.

Report on operations

d'AMICO INTERNATIONAL SHIPPING GROUP

GROUP OVERVIEW

d'Amico International Shipping S.A. (the Group or d'Amico International Shipping) is an international marine transportation group, historically part of the d'Amico Group that traces its origins to 1936. As at 31 December 2007, d'Amico International Shipping controlled, through its key operating subsidiary d'Amico Tankers Limited (IRL), either through ownership or charter arrangements, a modern fleet of 34.4 product tanker vessels, aggregating approximately 1.53 million deadweight tons (dwt). The product tanker vessels of d'Amico International Shipping range from approximately 35,000 to 51,000 dwt. As at the year end 2007, the fleet included twelve owned and twelve chartered in medium range product tankers (MRs), ranging from approximately 46,000 to 51,000 dwt, and three owned and four chartered in handysize product tankers, ranging from approximately 36,000 to 40,000 dwt. d'Amico International Shipping employs most of its controlled fleet through three commercial partnership arrangements. Through one of these arrangements the Group has partial interests in eight additional chartered in handysize product tankers, corresponding to 3.4 vessels equivalent. As at 31 December 2007, 15 of the 16 chartered in vessels had either a vessel purchase option, a charter in extension option or a combination of both, during or at the end of the contract term. The average remaining charter in contract term for these 16 chartered in vessels was 5.5 years at the year end, with the longest charter in contract spanning until 2018. All of the Group's vessels are double-hulled, and are primarily engaged in the transportation of refined petroleum products, providing worldwide shipping services to major oil companies and trading houses, such as ExxonMobil, Total, Shell, Glencore and Vitol.

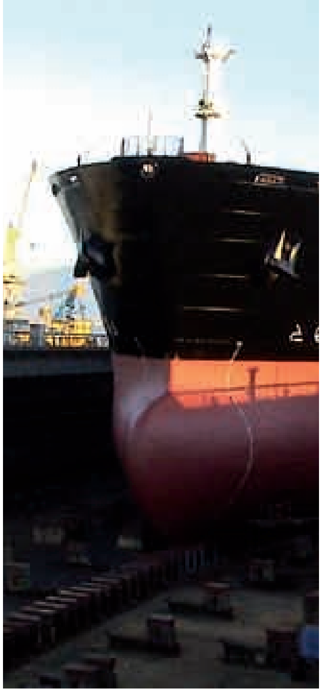
d'Amico International Shipping operates, through d'Amico Tankers Limited, a young fleet, with an average age of approximately 3.7 years (4.3 years for the owned vessels), compared to an average in the product tanker industry of 11.2 years, according to Clarkson.

All the vessels are built in accordance with international industry standards and are compliant with IMO (International Maritime Organization) regulations and MARPOL (the International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978) as well as other international standards. In addition, d'Amico International Shipping is in compliance with the stringent requirements of major oil and energy-related companies, such as ExxonMobil, Shell, Total, Glencore, Petrobras, Vitol and Vela, which are some of its established customers. Based on recent revisions to Annexes I and II to MARPOL, adopted by the IMO and effective as of 1 January 2007, cargoes, such as palm oil, vegetable oil, and a range of other chemicals can only be transported by vessels that meet the requirements stated in these revised annexes (hereinafter referred to as IMO Classed). Approximately 64% of d'Amico International Shipping's fleet as at 31 December 2007, calculated by number of vessels, was IMO Classed, expanding the range of products the Group can transport.

The Group operates and employs a significant portion of its controlled vessels through three partnership arrangements, two of which are pool arrangements and one of which is a commercial arrangement. These commercial partnerships enable the Group to deploy, collectively with the partners, a fleet of vessels with significant scale and geographic coverage. As a result, these partnerships allow d'Amico International Shipping to provide a comprehensive service to the customers and to enhance the geographic exposure to advantageous business opportunities, which in turn results in greater flexibility in deploying the Group's fleet.

Since 2001, d'Amico International Shipping, through its operating subsidiary d'Amico Tankers Limited, has been a member of the Handytankers Pool, together with A.P. Moller-Maersk, Seaarland Shipping Management and Motia Compagnia di Navigazione S.p.A. This is currently the largest handysize product tanker pool in the world, operating approximately 83 vessels as at 31 December 2007. This pool included the seven handysize product tankers of our fleet and eight indirectly chartered in handysize product tankers in which we have a partial interest. Under the service agreement the Group entered into with the pool manager, A.P. Moller–Maersk, d'Amico Tankers is involved in the pool's commercial management, in particular chartering and vessel operations, but not administration.

In 2003, the Group established High Pool Tankers Limited with Nissho Shipping Co. Limited (Japan). This pool operated seven MR product tankers as at 31 December 2007, including six of our controlled MRs. Under the pool arrangements d'Amico Tankers is exclusively responsible for the pool's commercial management, in particular chartering, vessel operations and administration. In May 2005, the Group entered into a commercial arrangement with Glencore - ST Shipping, to jointly manage eight MR product tankers. d'Amico Tankers Limited and Glencore - ST Shipping each contributed four MRs. In August 2006, the Group incorporated the commercial arrangement as Glenda International Management Limited to allow to trade the vessels under a single brand name,



Cielo di Salerno

Glenda International Management. As at 31 December 2007, Glenda International Management Limited operated 21 MR product tankers, including five of our owned MRs, and five of our chartered in MRs. As at 31 December 2007, d'Amico International Shipping employed all of its vessels through its partnerships, except for eight MRs, which are primarily operated directly through long-term time charter contracts with Exxon, Total and Glencore.

In addition to the pool and commercial agreements, d'Amico International Shipping has also established two joint ventures for the combined control of vessels, with key strategic partners. The first such venture, DM Shipping Ltd, allows d'Amico International Shipping to broaden the scope of its relationship with the Mitsubishi Group, and has a new building programme involving two MR vessels to be delivered in 2009. The second joint-venture, Glenda International Shipping, reinforces the commercial partnership with the Glencore Group. The joint venture company has a large order book, which includes the contracts for the purchase of ten new MR product / chemical tankers to be delivered between the end of 2008 and March 2011.

d'Amico International Shipping is a subsidiary 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. (d'Amico Società di Navigazione) (Italy). Today, the d'Amico Group manages and controls over 66 owned and chartered in vessels, of which 34.4 are vessels of our fleet, operating in the oil product tanker market, while the remaining 32, include 30 dry-bulk vessels controlled by d'Amico Dry Limited and d'Amico Shipping Italia S.p.A., and 2 container vessels controlled by 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 the d'Amico Group. In addition, the Group 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 d'Amico International Shipping' vessels, including crewing and insurance arrangements.

The Group has offices in Luxembourg, Dublin, London, Monaco and Singapore. In addition, d'Amico International Shipping is also represented through the offices of our partnerships in New York, Copenhagen, Venice and Tokyo. As at 31 December 2007, the Group employed 377 seagoing personnel and 47 onshore personnel.

FLEET

The following tables set forth information about our fleet as at 31 December 2007:

MR current fleet

Name of vessel	Dwt	Year built	Builder, country	IMO classed
Owned				
High Venture	51,087	2006	STX, South Korea	IMO III
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
High Priority	46,847	2005	Nakai Zosen, Japan	-
High Trust[1]	45,937	2004	Shin Kurushima, Japan	-
Time chartered with purchase option				
High Century	48,676	2006	Imabari, Japan	-
High Prosperity	48,711	2006	Imabari, Japan	-
High Presence	48,700	2005	Imabari, Japan	-
High Harmony[2]	45,913	2005	Shin Kurushima, Japan	-
High Consensus[3]	45,896	2005	Shin Kurushima, Japan	-
High Peace[4]	45,888	2004	Shin Kurushima, Japan	-
High Nefeli	45,976	2003	STX, South Korea	IMO III
Time chartered without purchase option				
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	-

Cielo di Londra

Note:

1. The sale of High Trust to a third party was announced on 1 February 2008. It is expected to be delivered to the new owners in March 2008.

2. High Harmony was acquired by d'Amico International Shipping and delivered on 28 January 2008. This vessel was previously time chartered in by d'Amico Tankers Ltd, and the purchase option was exercised in advance of its original exercise period, which started in 2010.

3. The acquisition of High Consensus was announced on 17 January 2008, with delivery expected to occur in February 2008. The purchase option was exercised in advance with respect to its original exercise period, which started in 2010.

4. The acquisition of High Peace has been agreed. The purchase option on this vessel was exercised in advance with respect to its original exercise period, which started in 2009.

Cielo di Roma

Handysize current 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 Milano	40,083	2003	Shina, South Korea	IMO III
Cielo di Roma	40,096	2003	Shina, South Korea	IMO III
Cielo di Napoli	40,081	2002	Shina, South Korea	IMO III

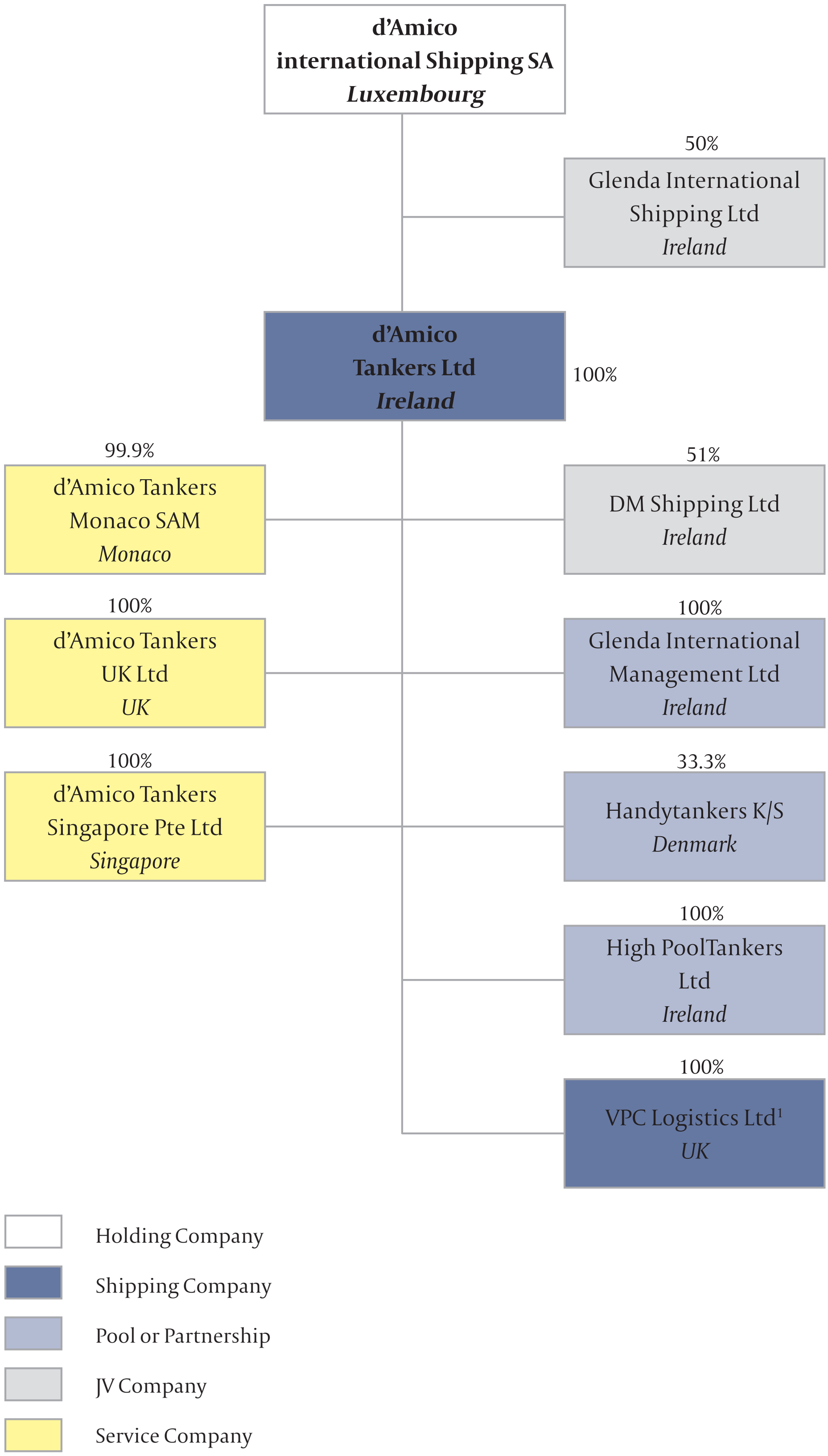
Handysize indirectly chartered current fleet[1]

Name of vessel	Dwt	Year built	Builder, country	Partial interest	IMO classed
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
Ocean Quest	34,999	2005	Dalian, China	25%	IMO III
Orontes	37,274	2002	Hyundai, South Korea	50%	IMO III
Ohio	37,999	2001	Hyundai, South Korea	50%	IMO III

Note:
1. d'Amico Tankers Limited took delivery of a new vessel, Malbec, on 15 January 2008. This is a handysize vessel in which the company has a 100% indirect interest.

GROUP STRUCTURE

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



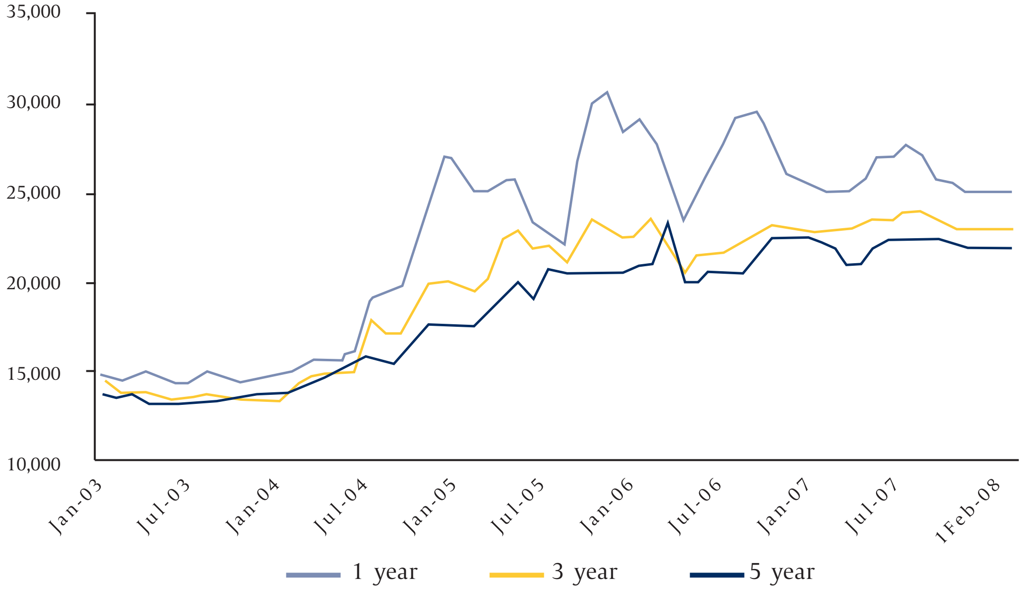
Note:

1. VPC Logistics Ltd was formed in 2007, but had not commenced operations as at 31 December 2007.

THE PRODUCT TANKERS INDUSTRY

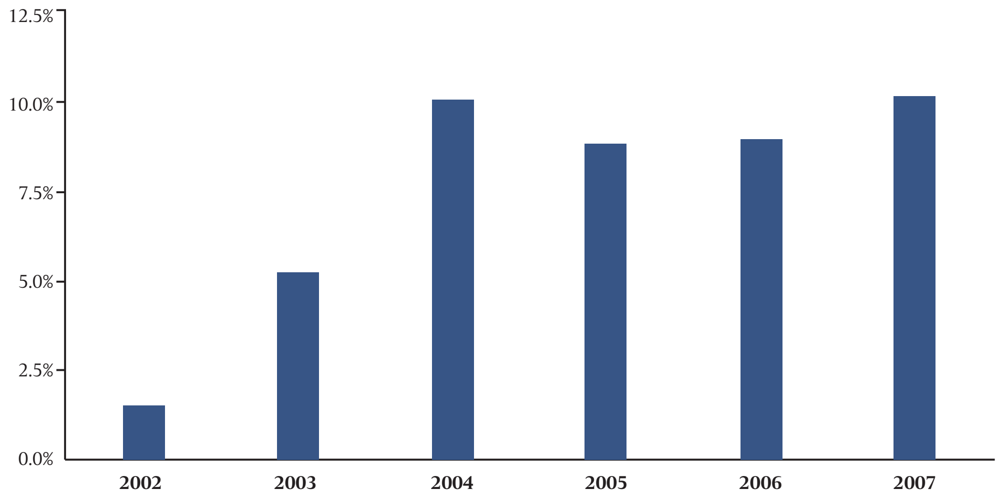
Product tankers normally move refined petroleum products, typically gasoline, jet fuel, kerosene, fuel oil, naphtha and other soft chemicals and edible oils.

Time charter rates for MR product tankers from January 2003 to February 2008 (US$s)[1]



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.

Medium Range product tanker fleet growth (%) from 2002 to 2007[2]



Note:

1. Source: Clarkson Research Services. MR product tankers from 45,000 to 47,000 dwt.

2. Source: Clarkson Research Services. MR product tankers from 25,000 to 55,000 dwt. As at 1 January 2008.

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]	20%	46%	34%

The market for shipping refined petroleum products is generally highly cyclical and volatile. However, during the past three years, despite large percentage increases in the medium range product tanker fleet, freight rates for these vessels have improved markedly, as a result of a strong growth in demand for the transportation of refined petroleum products.

Note:

1 Source: Clarksons Research Services Limited, as of 1 January 2008. Percentage of total product tankers (3,254 vessels). Excludes stainless steel vessels.

SHAREHOLDERS

INVESTOR RELATIONS

d'Amico International Shipping has a constant dialogue with its shareholders and Investors, pursuing a policy of fair communication with them through its Investor Relations Team. Since the listing date the Investor Relations function has organised conference calls after the delivering of Group results. Moreover, the annual IR programme includes several Analysts meetings, an Investors Day, and the attendance to all the events that the Italian Stock Exchange (STAR Segment) organizes.

According to the Group's disclosure policy, d'Amico International Shipping edits a quarterly 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 historical financial data, institutional presentations, analyst coverage, press releases, periodic publications, and share information.

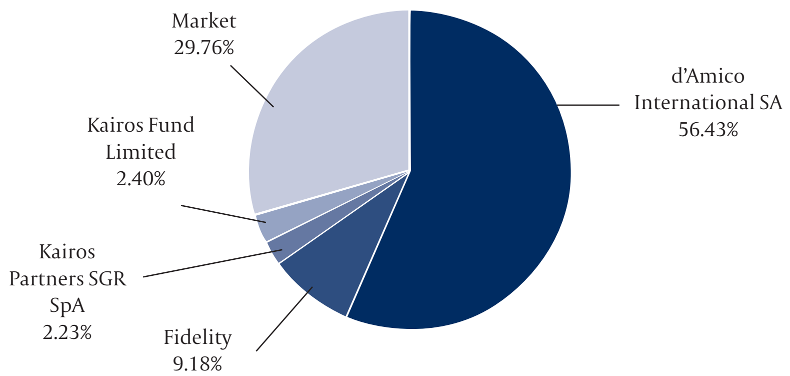
d'Amico International Shipping shareholders may also contact:

ir@damicointernationalshipping.com

damicotankers@capitallink.com

SHAREHOLDERS

Shareholders whose holding exceeds 2% of d'Amico International Shipping's ordinary shares outstanding



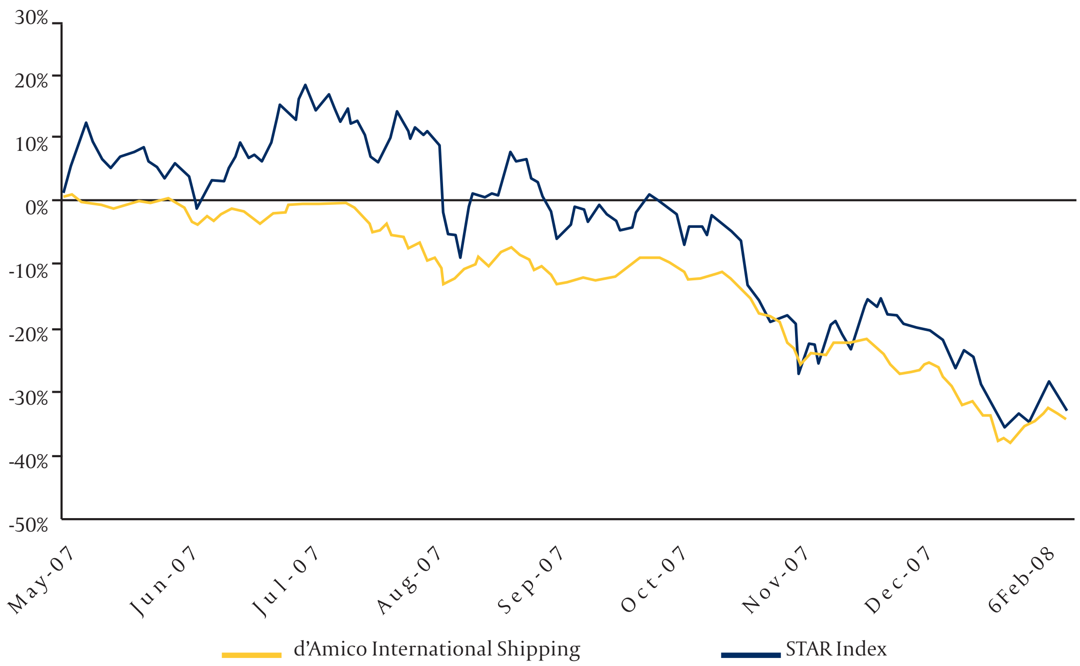
A total of 149,949,907 ordinary shares are outstanding. Based on the latest shareholdings communicated by investors, in accordance with applicable rules and Art.6 of our Articles of Association, the following individuals and institutions have holdings exceeding 2% of d'Amico International Shipping's total ordinary shares outstanding:

DIVIDEND POLICY

The Group's policy is to maintain a payout ratio of 30% to 50% of its consolidated annual profits. When determining where in that range the payout ratio will lie, d'Amico International Shipping's Board takes into account the impact of the Group's development strategy and of expected future market developments, on its current and estimated future liquidity and capital structure.

SHARE PRICE PERFORMANCE

Performance of d'Amico International Shipping's shares since Initial Public Offering



In a stock market scenario characterized by great volatility, d'Amico International Shipping's share price has decreased by 34%[1], performing broadly in line with the STAR Index. The average daily trading volume, excluding the first week of negotiation, has been of about 313,000 shares.

Note:

1. As at market close on 8 February 2008.

HUMAN RESOURCES

As at 31 December 2007, d'Amico International Shipping and its subsidiaries had 424 employees, of which 377 are seagoing personnel. In 2007, the Group continued to strengthen its management organisation.

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 for 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 2007, 83%, 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-errors. 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 is an overarching priority 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 turnaround by providing a positive working environment, which respects individuals' development needs.

ASHORE

The Group's ashore personnel 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, the priority has been to expand and train the departments more closely linked to the operations of the vessel, namely chartering, operations and technical support. In addition, as a result of the listing process, completed early in May 2007, some "corporate" functions have been significantly reinforced.

VESSEL TECHNICAL MANAGEMENT & SQE (Safety, Quality & Environment)

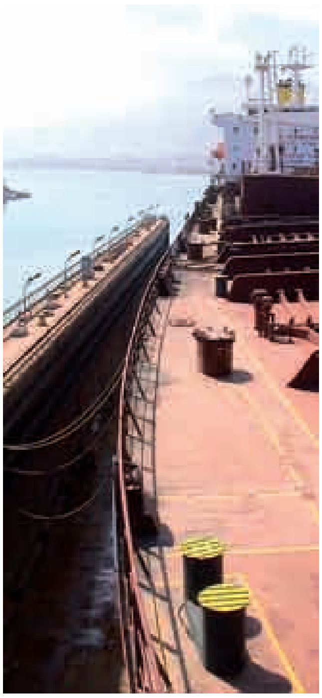
Pursuant to a ship management agreement, d'Amico Società di Navigazione S.p.A., d'Amico Group's ultimate parent company, with the cooperation and under the supervision of d'Amico Tankers Limited (Ireland), is responsible for the technical management of d'Amico International Shipping Group's owned and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

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.

Cielo di Salerno



The SQE system has been fully operated onboard all Group vessels for over four years. d'Amico Group's SQE system is in conformity with the quality 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.

Cielo di Salerno

HIGHLIGHTS OF THE GROUP'S PERFORMANCE IN 2007

During the year ended 31 December 2007, the Group achieved a net profit of US$75.1 million, and gross operating profit (EBITDA) of US$106.0 million. Excluding, for comparison purposes, the gain from the disposal of vessels in 2006, the Group's key financials improved with respect to the same period last year, with time charter equivalent earnings, EBITDA and net profits, rising by 3.5%, 1.8% and 34.7% respectively.

The improvement in EBITDA with respect to last year was driven mainly by higher average daily TCE earnings, and by the increase in d'Amico International Shipping's controlled fleet. Even though in 2007 the Group's time charter coverage, at almost 52%, was higher than last year's at around 46%, a substantial portion of d'Amico International Shipping's fleet was exposed to the spot market in both years. Average daily TCE earnings in the last two years were therefore largely determined by the freight markets' performance.

In 2007 freight markets started off weak but rebounded early into the first quarter, posting a very strong second quarter, and correcting down in the third quarter of the year, only to improve towards the end of the last quarter. Strong performance in the first and especially second quarter was driven by strong demand from the US for gasoline, with the Western market outperforming the Eastern one during the period. The weaker freight rates in the second part of the year are partly attributable to a run-down in US inventories which by the end of the fourth quarter were at the bottom of their 4 year average (source: Cleaves Shipbroking). An increase in crude production following an OPEC quota increase in November 2007, as well as higher seasonal demand for oil products and an economic and political requirement to build-up low US product inventories, helped push rates up towards the end of the fourth quarter 2007.

In 2006 freight markets had a very strong first quarter, moving down in the second quarter and strengthening in the third one in anticipation of an increase in demand from a repeat of the 2005 weather-related production disruptions to US Gulf based refineries. As these halts in production did not materialize, the large inventories which had been built-up and a mild winter contributed to a weak market in the last quarter of 2006.

These asymmetric market movements in freights rates resulted in a slightly weaker market on average in 2007 – according to Clarkson's Index for the transportation of clean petroleum products, average TCE equivalent spot rates in 2007 were on average 4.3% lower than in 2006. As previously stated, however, d'Amico International Shipping in 2007, adopted a slightly more prudent commercial strategy, increasing coverage with respect to 2006. The new fixed rate contracts signed, substituted in part older ones at less attractive rates, allowing the Group to raise its overall average daily TCE earnings in 2007 to US$21,490, a 2.9% increase compared to the previous year (2006: US$20,885).

At the net profit level, the improvement in performance compared to 2006, is also largely attributable to lower net financial charges and to the Group's entry into the Irish tonnage tax regime from January 2007, resulting in the elimination of deferred tax liabilities amounting to US$10.2 million in 2007.

OPERATING PERFORMANCE

US$ Thousand	2007	2006
Revenue	310 260	299 555
Voyage costs	(58 575)	(56 286)
Time charter equivalent earnings	**251 685**	**243 269**
Time charter hire costs	(92 352)	(105 929)
Other direct operating costs	(34 647)	(27 496)
General and administrative costs	(22 408)	(8 471)
Other operating Income	3 767	2 761
Result on disposal of vessels	-	29 978
Gross operating profit / EBITDA	**106 045**	**134 111**
Depreciation	(29 507)	(22 604)
Operating profit / EBIT	**76 539**	**111 508**
Net financial income (charges)	(10 950)	(17 750)
Profit before tax	**65 589**	**93 758**
Income taxes	9 492	(8 850)
Net profit	**75 081**	**84 908**

Revenue for the year ended 31 December 2007 amounted to US$310.3 million, compared to US$299.6 million for year ended 31 December 2006. The increase in revenues of 3.6% reflects higher freight rates in 2007, together with an increase in the average number of vessels controlled to 35.2 in 2007, from 34.5 vessels in 2006. The percentage of off-hire to available days for the Group's fleet remained the same in 2006 and 2007, at 2.2%.

Voyage costs increased by 4.1% to US$58.6 million for the year ended 31 December 2007, from US$56.3 million for the year ended 31 December 2006. The increase reflects higher average daily voyages costs, driven mainly by an increase in bunker costs.

Time charter equivalent earnings for the year ended 31 December 2007 were US$251.7 million, 3.5% higher than for the year ended 31 December 2006 (US$243.3 million). The increase is mainly attributable to an increase in TCE per employment day of 2.9%, to US$21,490 (2006: US$20,885). The average number of available vessels in 2007 also increased, to 35.2 from 34.5 in 2006. As already disclosed, the 2007 increase in average daily TCE earnings is attributable mainly to the strong freight markets in the first half of the year. In the second half of 2007 the Group adapted its strategy to the weaker market conditions by seeking to secure a larger portion of revenues through fixed rate contracts.

Time charter hire costs for 2007 were of US$92.4 million, 12.8% lower than those for 2006, when these costs amounted to US$105.9 million. The reduction in time charter hire costs is attributable mostly to a reduction of 12.2% in the average number of vessels on time charter in, which amounted to 18.7 for 2007, compared to 21.3 for 2006.

Other direct operating costs which include crew, technical, luboil, and insurance expenses, arise mostly from the operation of owned vessels, and to a lesser extent from the operation of vessels on time charter in. These costs, amounted to US$34.6 million for the year ended 31 December 2007, compared to US$27.5 million for the year ended 31 December 2006. The 26.0% increase is mainly attributable to the growth of 24.6% in the average number of owned vessels, from 10.8 in 2006, to 13.5 in 2007. There has been an increase in the average daily cost for crews, due to a growing shortage of skilled seagoing personnel. Technical expenses were influenced by the rising cost of spare parts and congestion at yards, while the cost of luboils was affected by higher crude oil prices.

General and administrative expenses for the year ended 31 December 2007 amounted to US$22.4 million. As expected, these were significantly higher than those recorded for the year ended 31 December 2006 (US$8.5 million). 2007 figures are however not comparable with those for 2006. In this respect, 2007 figures reflect higher staff costs, amounting to US$11.7 million, of which almost US$1.8 million, represent the portion of the fair value of share options granted to top management in September 2007, which were accounted for in the last quarter of the year. The remaining costs comprise one-off costs incurred in connection with the Initial Public Offering, as well as higher recurring expenses associated with running a listed company.

Gross operating profit (EBITDA) for the year ended 31 December 2007 amounted to US$106.0 million, compared to US$104.1 million for the year ended 31 December 2006 (US$134.1 million including gains from the disposal of vessels). As a percentage of time charter equivalent earnings, the gross operating profit margin slightly decreased to 42.1% in 2007, from 42.8% in 2006. This variance in margins is attributable to increases in general and administrative costs (as a result of non-recurring items and post-IPO changes in the Group's cost structure) and in other direct operating costs per available vessel day, whose effect on earnings outweighed those from the higher average daily TCE rates and proportion of owned vessels in the Group's fleet.

Depreciation for 2007 amounted to US$29.5 million, rising by 30.5% compared to 2006. The increase in this item is mainly attributable to a 24.6% growth in the average number of owned vessels in 2007, compared to 2006. The increase in depreciation charges is also attributable to an increase in 2007, in the average cost of vessels acquired, which was only partially offset by a rise in the same year, in the scrap value of vessels (reducing depreciable amounts), attributable to higher steel prices.

Operating profit (EBIT) for the year ended 31 December 2007 amounted to US$76.5 million, 6.1% lower than the result for the year ended 31 December 2006, which amounted to US$81.5 million (US$111.5 million including gains from the disposal of vessels). Following the significant increase in depreciation charges, the operating profit margin, excluding gains on the disposal of vessels, decreased to 30.4%, from 33.5% for the same period last year.

Net financial charges for 2007 amounted to US$10.9 million, compared to US$17.8 million in 2006. The favourable variance is largely a consequence of the greater financial flexibility achieved through the new revolving debt facility negotiated in March 2007, allowing the Group to manage its financial leverage to significantly reduce financial charges.

Profit before tax for the year ended 31 December 2007 amounted to US$65.6 million, compared to US$63.8 million for the year ended 31 December 2006 (US$93.8 million including gains from the disposal of vessels). Despite increasing costs and fluctuations in TCE rates during the year, a solid core business and flexible debt structure enabled d'Amico International Shipping to maintain margins in 2007 in line with those of 2006 (26.1% and 26.2% respectively on a comparable basis, excluding 2006 gain on vessels' disposal).

Income taxes arise essentially from the Group's key operating entity, d'Amico Tankers Ltd (Ireland). Entry into the Irish Tonnage Tax regime from January 2007 led to the recognition of taxes for the period based on the notional income of vessels, which is dependent on the size of the vessel, rather than on the company's profit. The net tax income of US$9.5 million for the year ended 31 December 2007 reflects the reversal of the Group's deferred tax liabilities previously accounted for (US$10.2 million), following entry into the tonnage tax program (2006 income tax charge: US$8.9 million).

Net profit for the year ended 31 December 2007 amounted to US$75.1 million, compared with

US$55.7 million for the year ended 31 December 2006 (US$84.9 million including gain on disposal of vessels).

CONSOLIDATED BALANCE SHEET

US$ Thousand	As at 31 December 2007	As at 31 December 2006
ASSETS		
Non current assets	430 609	377 621
Current assets	70 090	58 294
Total assets	**500 699**	**435 915**
LIABILITIES AND SHAREHOLDERS' EQUITY	**500 699**	**435 915**
Shareholders' equity	282 689	153 990
Non current liabilities	178 482	197 893
Current liabilities	39 528	84 032
Total liabilities and shareholders' equity	**500 699**	**435 915**

Non current assets are comprised almost entirely of the fleet (owned vessels), whose book value (cost less depreciation) is significantly lower than its market value of US$775.3[1] million as at 31 December 2007 (US$880.8 million considering the sale of High Trust, and purchases of High Harmony, High Consensus and High Peace, all of which took place in early 2008), according to a valuation report provided by Clarkson, as at 15 January 2008.

During 2007, capital expenditure, amounting to US$84.5 million, corresponded mainly to payments for exercising High Trust's and High Priority's purchase options (finalised in October 2007), and also initial payments made in December 2007 for the acquisition of three MR product tankers to be controlled by Glenda International Shipping Limited, one the Group's joint ventures. Also included in capitalised costs are dry-docks relating to the d'Amico International Shipping's owned vessels.

Current assets, excluding cash and cash equivalents (US$24.9 million as at 31 December 2007), mainly refer to working capital items (trade receivables and inventories).

Non current liabilities consist of the long-term portion of debt due to banks, disclosed under the Financial Position section below, while current liabilities include working capital items (trade payable and other liabilities).

The increase in ***shareholders' equity*** from US$154.0 million as at 31 December 2006, to US$282.7 million as at 31 December 2007, is attributable to pre-IPO dividends of US$25.0 million, to the net IPO proceeds of about US$92.4 million, to own-shares' buy-backs amounting to US$11.2 million, to other changes, and to consolidated net profits for the year amounting to US$75.1 million.

FINANCIAL POSITION

Net financial indebtedness, amounted to US$157.9 million as at 31 December 2007, compared to US$226.3 million as at the end of 2006. The ratio of net debt to shareholder's equity was of 0.56 at 31 December 2007.

Note:
1. Includes d'Amico International Shipping's share of yard payments for three vessels under construction which are part of the Glenda International Shipping joint venture, amounting to US$16.1 million, and for two vessels under construction which are part of the d'Amico Mitsubishi Shipping joint venture, amounting to US$4.2 million.

US$ Thousand	As at 31 December 2007	As at 31 December 2006
Liquidity		
Cash and cash equivalents	24 926	13 932
Securities held for trading	-	-
Current financial receivables		
From related parties	-	-
From third parties	-	-
Other current financial assets	-	-
Total current financial assets	**24 926**	**13 932**
Bank loans – current	-	**16 000**
Other current financial liabilities		
Due to related parties	-	36 496
Due to third parties	4 355	-
Total current financial debts	**4 355**	**52 496**
Net current financial indebtedness	**(20 571)**	**38 564**
Bank loans – non current	**178 482**	**185 400**
Other non current financial liabilities		
Due to related parties	-	2 324
Due to third parties	-	-
Total non current financial debt	**178 482**	**187 724**
Net financial indebtedness	**157 911**	**226 288**

The financial indebtedness at December 31, 2006 was fully refinanced in March 2007, following the finalisation of the 10 year revolving facility agreement of US$350.0 million arranged between the operating subsidiary, d'Amico Tankers Ltd (Ireland) and Calyon, and which has been syndicated by other primary banking institutions (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 initial draw-down under the facility, of US$250.0 million, occurred on 30 March 2007, and was used to fully repay the previous debt, including the financial debt due to related parties (d'Amico Group). On 30 May 2007, taking into consideration the CapEx plan for 2007, and using the proceeds from the Initial Public Offering, US$80.0 million of the facility was reimbursed. An additional US$35.0 million of the facility was reimbursed on 30 August 2007. Finally, d'Amico Tankers Limited drew-down US$20.0 million, on 2 October 2007, and US$25.0 million, on 9 October 2007, to finance the acquisitions of High Trust and High Priority, respectively.

The principal amount available through the facility 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. A first reduction of US$15.5 million occurred in September 2007. As at 31 December 2007, the drawn-down amount on this facility was US$180.0 million, or US$178.5 million net of arrangement fees accounted for under the amortised cost method.

The Group may draw down on a revolving basis such that the aggregate outstanding amount due does not exceed the maximum available amount at any given time, subject to the requirements relating to facility reductions. However, the ratio between the amount outstanding at any given time and the fair market value of the vessels (the "asset cover ratio") owned by d'Amico Tankers Limited (the "borrower"), which are subject to mortgages pursuant to the facility, must not be higher than 66.6%. According to Clarksons, the valuation, as at 15 January 2008, of the borrower's vessels on the water as at 31 December 2007, is approximately US$775.3[1] million, resulting in an asset cover ratio of around 23.1%.

Interest on any amount outstanding under the facility will be payable at a rate of LIBOR plus 0.65%, if the asset cover ratio of d'Amico Tankers Limited and its 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 will be able to draw-down is also limited by 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 ratio, for the last six months of 2007, was significantly higher than that.

The facility provides certain covenants, calculated on the basis of d'Amico International Shipping's (the "Guarantor") consolidated financial statements, which can be summarised as follows: (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 balance sheet, 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 2007, according to the facility's definitions, cash available amounted to US$148.4 million, net worth amounted to US$282.7 million, and the equity to asset ratio was 56.5%.

The facility is secured through a guarantee by d'Amico International Shipping, and provides (i) as at 31 December 2007 mortgages on thirteen of the Group's owned vessels. On the last two vessel acquired in 2007 (purchase options exercised) no mortgages were provided; (ii) an assignment in favour of the lenders of the time-charter agreements entered into by the Group; and (iii) a pledge over an account opened with Calyon S.A. into which the Group undertakes to pay the proceeds of its operating activities.

The following table shows the financial position at the end of the fourth quarter 2007 compared with the figures at end of the third quarter of the same year (the fourth quarter movements are attributable mainly to capital expenditures during that period):

US$ Thousand	As at 31 December 2007	As at 30 September 2007
Cash and cash equivalents	(24 926)	(39 206)
Other current financial liabilities - due to third parties	4 355	-
Bank loans – non current	178 482	133 406
Net financial indebtedness	**157 911**	**94 200**

Note:

1. Includes d'Amico International Shipping's share of yard payments for three vessels under construction which are part of the Glenda International Shipping joint venture, amounting to US$16.1 million, and for two vessels under construction which are part of the d'Amico Mitsubishi Shipping joint venture, amounting to US$4.2 million.

CASH FLOW

Net cash flow for the period ended 31 December 2007 amounted to US$11.0 million, increasing cash and cash equivalents to US$24.9 million as at 31 December 2007, from US$13.9 million at the end of December 2006.

US$ Thousand	2007	2006
Cash flow from operating activities	97 887	89 236
Cash flow from investing activities	(82 548)	(39 717)
Cash flow from financing activities	(4 344)	(46 081)
Change in cash balance	**10 994**	**3 438**
Net increase/(decrease) in cash and cash equivalents	**10 994**	**3 438**
Cash & cash equivalents at the beginning of the period	13 932	10 494
Cash & cash equivalents at the end of the period	**24 926**	**13 932**

High Endurance

Cash flow from operating activities for the year ended 31 December 2007 amounted to US$97.9 million, a 9.7% increase compared to US$89.2 million for 2006. The increase was driven by the higher gross operating profits, and by an improvement in working capital management.

Cash flow from investing activities for 2007 amounted to a net outflow of US$82.5 million, compared to a net outflow of US$39.7 million in 2006. Additions to fixed assets in 2007 include the exercise of purchase options on High Priority and High Trust amounting to US$61.3 million, and d'Amico International Shipping's share of yard payments on vessels under construction as part of the Group's joint ventures with Glenda International Shipping and d'Amico Mitsubishi Shipping, amounting to US$18.5 million. In 2006 the Group's investments comprised the acquisition of three vessels for a total of US$105.3 million, and its share of yard payments on d'Amico Mitsubishi's vessels, amounting to US$1.9 million. In the same year it disposed of four vessels for a consideration of US$70.0 million.

Cash flow from financing activities for the year ended 31 December 2007 includes the refinancing of all previous loans, amounting to US$240.2 million, through a US$248.3 million draw-down of the new revolving facility. Financing cash flows also include a pre-IPO dividend of US$25.0 million, net proceeds from the IPO amounting to about US$92.4 million, and an increase in other equity reserves, mostly relating to share options granted to management. Part of the IPO proceeds was used to repay US$70.0 million of the revolving facility, while the buy-back of own shares amounted to US$11.2 million. In 2006 the Group experienced a substantial cash outflow from financing activities, arising mainly from repayments of loans with related parties.

FOURTH QUARTER RESULTS

The fourth quarter 2007 and 2006 full income statements are shown below:

US$ Thousand	Q4 2007	Q4 2006
Revenue	67 640	74 493
Voyage costs	(13 409)	(16 936)
Time charter equivalent earnings	**54 231**	**57 557**
Time charter hire costs	(19 768)	(26 184)
Other direct operating costs	(9 871)	(7 184)
General and administrative costs	(7 467)	(2 425)
Other operating Income	1 071	690
Result on disposal of vessels	-	-
Gross operating profit / EBITDA	**18 196**	**22 453**
Depreciation	(7 525)	(5 638)
Operating profit / EBIT	**10 671**	**16 815**
Net financial income (charges)	(2 074)	(5 475)
Profit before tax	**8 597**	**11 340**
Income taxes	(404)	(2 204)
Net profit	**8 192**	**9 136**

MARKET AND KEY OPERATING MEASURES REVIEW BY QUARTER

	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
Total vessel equivalent					
2007	36.0	36.2	34.5	34.4	35.2
2006	34.6	34.0	34.4	35.1	34.5
Change (%)	4.0%	6.5%	0.3%	(1.9)%	2.3%
Off-hire days/available vessel days (%)[1]					
2007	2.4%	2.1%	0.7%	3.4%	2.2%
2006	1.4%	3.5%	1.5%	2.2%	2.2%
TCE earnings per employment day (US$)[2]					
2007	22 574	23 543	19 738	19 635	21 490
2006	23 542	19 651	21 600	19 409	20 885
Change (%)	(4.1)%	19.8%	(8.6)%	1.2%	2.9%

Note:

1. 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 fiscal year being considered.

2. 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, less commissions charged by external brokers and commercial managers. Calculations also exclude chartered vessels in which the Group has an indirect interest, since distributions paid by the pool on these vessels are net of charter expenses, and would therefore require pro-forma adjustments to make it comparable to the remaining vessels.

FIRST QUARTER

The year started with freight rates lower than those for the end of 2006, but these rebounded to varying degrees in most areas through the first quarter. In particular the Western Hemisphere outperformed the Eastern Markets for most of the period, with a large demand for gasoline into the United States contrasting with prolonged shutdowns for maintenance of Asian refineries reducing product availability for long haul arbitrage business. Despite a steady influx of new buildings during the period, freight markets remained strong in most areas.

SECOND QUARTER

The second quarter of 2007 maintained the momentum created in the previous quarter, with freight markets remaining at historically high levels in most areas. Compared to the second quarter of 2006, the Group's average daily TCE earnings were 19.8% higher in Q2 2007. The geographical trends noted in quarter one continued, with the Western Hemisphere outperforming Eastern markets for most of the period.

THIRD QUARTER

While in 2006, freight markets in the traditionally weaker seasonal third quarter were supported by a large build up of inventories – to anticipate the expected potentially tight market following possible damages to refineries in the US Gulf, caused by hurricanes such as those experienced in 2005 – this pent up demand was not available in the same quarter of 2007. Freight tanker rates remained relatively stable during the first part of the third quarter 2007, but then drifted downwards.

FOURTH QUARTER

As occurred during the last quarter of 2006, and also during the fourth quarter of 2007, the additional US demand for petroleum products imports for the winter season did not fully materialize, preventing a strong rebound in freight rates. The slowdown experienced in the Western Hemisphere in the third quarter did not abate until the middle of the fourth quarter – towards the end of the year US inventories were at the bottom of their 4 year average, so there was some pressure to rebuild stocks. As expected, the strong TCE earnings of the first quarter and second quarter did not recur in the fourth quarter, with no non-routine events present to improve performance either. Most of the benefits from the higher freight tanker rates during the last part of Q4 2007 (the Group's average daily TCE earnings for December 2007 was US$20,041) are expected in Q1 2008.

FINANCIALS BY QUARTER

The 2007 quarterly financials reflect the trend in freight markets described above.

US$ Thousand	1st quarter 2007	2nd quarter 2007	3rd quarter 2007	4th quarter 2007	Total 2007
Revenue	83 408	88 680	70 532	67 640	310 260
Voyage costs	(14 720)	(17 609)	(12 837)	(13 409)	(58 575)
Time charter equivalent earnings	**68 688**	**71 071**	**57 695**	**54 231**	**251 685**
Time charter hire costs	(24 377)	(25 681)	(22 524)	(19 769)	(92 352)
Other direct operating costs	(8 159)	(8 286)	(8 331)	(9 871)	(34 647)
General and administrative costs	(3 190)	(7 709)	(4 042)	(7 467)	(22 408)
Other operating Income	748	737	1 211	1 071	3 767
Result on disposal of vessels	-	-	-	-	-
Gross operating profit / EBITDA	**33 709**	**30 132**	**24 009**	**18 196**	**106 045**
Depreciation	(7 427)	(7 312)	(7 243)	(7 525)	(29 507)
Operating profit / EBIT	**26 282**	**22 820**	**16 766**	**10 671**	**76 539**
Net financial income (charges)	(4 147)	(5 683)	954	(2 074)	(10 950)
Profit before tax	**22 135**	**17 137**	**17 719**	**8 597**	**65 589**
Income taxes	(2 142)	11 903	135	(404)	9 492
Net profit	**19 993**	**29 041**	**17 854**	**8 192**	**75 081**

US$ Thousand	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
Time charter equivalent earnings					
2007	68 688	71 071	57 695	54 231	251 685
2006	67 852	55 165	62 695	57 557	243 269
Change (%)	1.2%	28.8%	(8.0)%	(5.8)%	3.5%
Gross operating profit / EBITDA					
2007	33 709	30 132	24 009	18 196	106 045
2006[1]	32 134	20 543	29 003	22 453	104 133
Change (%)	4.9%	46.7%	(17.2)%	(19.0)%	1.8%
Operating profit / EBIT					
2007	26 282	22 820	16 766	10 671	76 539
2006[1]	26 789	14 790	23 135	16 815	81 530
Change (%)	(1.9)%	54.3%	(27.5)%	(36.5)%	(6.1)%
Net profit					
2007	19 993	29 041	17 854	8 192	75 081
2006[1]	19 697	8 881	18 014	9 136	55 730
Change (%)	1.5%	227.0%	(0.9)%	(10.3)%	34.7%

Note:
1. Figures exclude non-recurring gains from the disposal of vessels in Q1 2006.

In the first quarter of 2007, the results were higher than the first quarter of 2006, mainly due to a higher average number of vessels, which more than compensated for the fleet's slightly lower average daily TCE equivalent daily earnings.

In the second quarter of 2007, substantially stronger freight markets, a higher average number of vessels, a lower proportion of off-hire days, and the income generated as a result of d'Amico Tankers Limited's entry into the tonnage tax program, resulted in significantly higher profits than in the first quarter.

In the third quarter of 2007, the average fleet controlled, of 34.5 vessels, was in line with 2006 (34.4 vessels), but due to lower average daily TCE earnings in the third quarter of 2007, the operating results were lower than in third quarter of the previous year. This reduction was less pronounced at the net profit level due to the lower financial charges.

In the last quarter of 2007, average daily TCE earnings were slightly higher than in the fourth quarter of 2006, but due to the lower average number of vessels controlled by d'Amico International Shipping, and the higher proportion of off-hire days (due to a large number of vessel dry-docks, some of which were long) in the fourth quarter of 2007, the results were lower than in the same period of previous year.

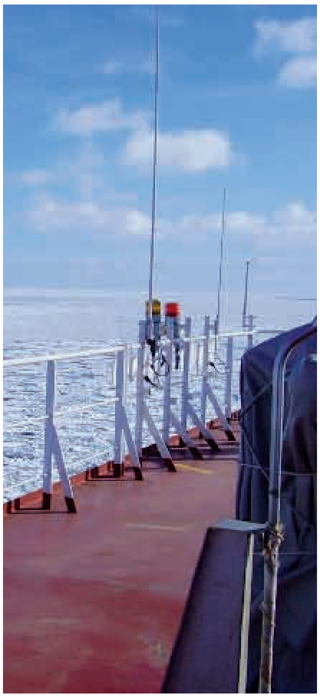
INITIAL PUBLIC OFFERING (IPO)

At the beginning of May 2007, d'Amico International Shipping was successfully listed on the Milan (Italy) Stock Exchange. The price for d'Amico International Shipping S.A.'s 68,976,957 shares offered (including 8,996,994 Greenshoe shares) was fixed at €3.5. The Italian Retail Offering, representing 5,998,500 shares, was five times oversubscribed, and at the offer price, the Institutional Placement, representing the remaining 62,978,457 shares, was over two times oversubscribed. The Retail Offering was reserved for the Italian public and the Institutional Offer, distributed to Institutional Investors in Italy and abroad, including a placement in the US to 144A investors. Dealings on the Mercato Telematico Azionario (MTA) – Star segment – organized and managed by Borsa Italiana S.p.A. started on 3 May 2007.

The strong level of interest expressed by Institutional Investors worldwide confirms the market's appreciation of the Group and of its history of growth. Joint Global Coordinators of the offering were JPMorgan and Capitalia. JPMorgan acted as sole book runner of the institutional offering. Capitalia acted as Lead Manager, Sponsor and Specialist of the offering. Tamburi Investment Partners acted as financial advisor. Bain & Company Italy acted as industrial advisor.

GLENDA INTERNATIONAL SHIPPING – THE JOINT-VENTURE WITH GLENCORE GROUP

High Progress on Ice



On 5 November 2007, d'Amico International Shipping S.A. and ST Shipping & Transport Pte Ltd of Singapore (the Glencore Group) signed the joint venture agreement establishing Glenda International Shipping Ltd (Ireland). The Glencore Group is one of the world's largest suppliers of a wide range of commodities and raw materials to industrial consumers.

The joint venture agreement originally involved the acquisition of four new 51,000 dwt product/chemical tankers (the SLS vessels) to be delivered between the end of 2008 and the beginning of 2009 and was amended on 19 December 2007 to include three additional product tankers. Following a further transaction announced on 1 February 2008, Glenda International Shipping's fleet expanded from seven to a total of ten MR double-hull product/chemical tankers under construction with deliveries scheduled between the end of 2008 and March 2011.

The current new building programme is detailed in the table below. All the vessels will be double-hulled, modern, flexible, and IMO classed. All the contracts have been taken over from ST Shipping & Transport Pte Ltd of Singapore.

MR Fleet

Hull number	Dwt	Esimated delivery date	Builder, country	IMO classed
S510	47,000	December 2008	SLS, South Korea	IMO III
S511	47,000	February 2009	SLS, South Korea	IMO III
S512	47,000	March 2009	SLS, South Korea	IMO III
S513	47,000	May 2009	SLS, South Korea	IMO III
S2199	47,000	August 2009	Hyundai Mipo, South Korea	IMO III
S2186	47,000	November 2010	Hyundai Mipo, South Korea	IMO III
S2187	47,000	January 2011	Hyundai Mipo, South Korea	IMO III
S2200	47,000	December 2009	Hyundai Mipo, South Korea	IMO III
S2201	47,000	January 2011	Hyundai Mipo, South Korea	IMO III
S2202	47,000	March 2011	Hyundai Mipo, South Korea	IMO III

The relevance of this deal is significant considering:

- it reinforces d'Amico International Shipping's new building program and growth strategy;
- the contract price obtained for the ships is very interesting compared with the current market value of comparable vessels;
- the delivery date of the vessels;
- the interesting specifications of the vessels, which have modern deep well pumps and are IMO III classed.

In December 2007, Glenda International Shipping signed with Commerzbank AG - Global Shipping a term sheet to finance yard payments for the first four SLS vessels. The agreement involves single-vessel loans with a ten-year maturity from vessel delivery, for a total amount of up to US$136.0 million (70% of the total consideration to be paid for the vessels), and an interest cost referenced to the US dollar LIBOR plus a spread varying from 80 to 100 basis points, depending on the financed vessels' loan-to-assets' value 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 125% during the first three years after delivery of each vessel and 135% thereafter.

Glenda International Shipping is currently under negotiations with banks to finance the other six vessels, under construction at Hyundai-Mipo Dockyard Co. Ltd that it has committed to acquire.

TONNAGE TAX

d'Amico International Shipping's key operating subsidiary, d'Amico Tankers Limited (Ireland), successfully entered the Irish Tonnage Tax regime, effective from 1 January 2007 (i.e. accounting period 1 January 2007 to 31 December 2007), for a period of 10 years. In the tonnage tax regime, tax is charged on income calculated on a notional basis rather than on the accounting profit. This notional income is calculated by reference to the ship's size. Some minor activities, which do not fall within the tonnage tax regime, are taxed at 12.5%.

CHANGES TO CONTROLLED FLEET

As planned and disclosed in the IPO prospectus, the single hull MR vessels, High Seas and High

Tide, both time chartered by d'Amico Tankers Limited, were redelivered to owners on 22 June 2007 and on 5 July 2007, respectively. Following these redeliveries, d'Amico International Shipping's fleet comprises only double hull vessels.

On 10 August 2007, Handytankers Spirit, a handysize chartered-in vessel, in which the Group has a 50% interest, was delivered to d'Amico Tankers Limited.

The time charter-in contract for High Nefeli, which would have expired in March 2008, was extended for another three years to March 2011.

VESSEL OPTIONS EXERCISE

d'Amico Tankers Limited exercised purchase options on High Trust and High Priority, two MR vessels previously time chartered-in by the company, for US$32.1 million (Yen 3.69 billion) on 5 October 2007, and US$29.2 million (Yen 3.35 billion) on 12 October 2007, respectively. The purchase price of both vessels was substantially below their current market value, which is higher than US$50 million each. The purchase option on High Priority was originally exercisable starting in 2010, but following negotiations with the former owner, d'Amico Tankers Limited managed to anticipate such exercise date.

BUY BACK PROGRAMME

On 3 July 2007, the shareholders' extraordinary general meeting of d'Amico International Shipping, duly convened and regularly held pursuant to applicable provisions, approved a resolution authorising the Board of Directors of d'Amico International Shipping to effect on one or several occasions repurchases of d'Amico International Shipping's shares on the regulated market on which its shares are admitted for trading during a period of eighteen (18) months from the date of the shareholder's meeting, for a maximum of 14,994,990 ordinary shares, corresponding to 10% of the subscribed capital of d'Amico International Shipping, within a price ranging from one euro (€1) per share to five euros (€5) per share. The maximum potential outlay on purchases for the operation is therefore equal to €75.0 million.

Repurchases of d'Amico International Shipping shares were approved to:

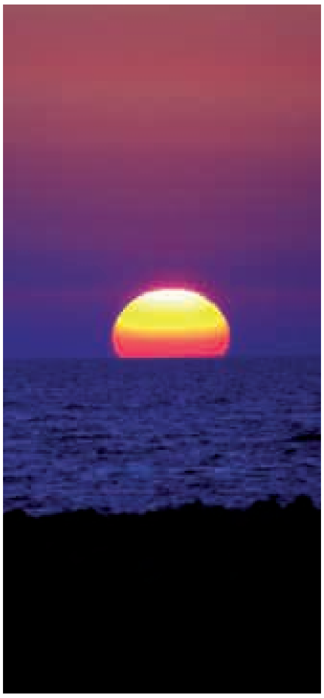
- enable d'Amico International Shipping to use its own shares for sale and/or swaps which might be pursued in the ordinary course of business;
- to pursue transactions in line with d'Amico International Shipping's strategy, involving an exchange, transfer, contribution, pledge, allocation, or assignment, of own shares.
- to allocate own shares for the implementation of stock option plans.

As at 31 December 2007, d'Amico International had repurchased 2,581,928 shares (1.72% of the outstanding share capital), for US$11.2 million (€7.8 million).

VPC LOGISTICS LTD

VPC Logistics was incorporated in the UK on 14 November 2007, with a share capital of US$50,000. The company, which still has not commenced operations, will be responsible for developing d'Amico

SIGNIFICANT EVENTS SINCE THE END OF THE YEAR AND BUSINESS OUTLOOK



VESSEL OPTIONS EXERCISE

On 8 January 2008, d'Amico International Shipping announced the d'Amico Tankers Limited exercise of High Harmony's purchase option, in advance with respect to the original exercise period commencing in 2010. This was the second option exercised in advance, following that of High Priority in September 2007. High Harmony, which before its acquisition was on time-charter to the Group, is a double-hulled MR product tanker vessel (45,913 dwt), built in 2005 by the Shin Kurushima shipyard in Japan. The purchase price of the vessel was of Yen 2.9 billion (US$26.5 million), significantly lower than the current market value of the vessel, which is higher than US$50.0 million.

On 17 January 2008, d'Amico Tankers Limited agreed to acquire High Consensus. This is a double-hulled MR product tanker vessel (45,896 dwt), and delivery is expected to take place in February 2008. The purchase price was agreed at Yen 2.9 billion (US$26.5 million), significantly lower than the current market value of the vessel which is higher than US$50.0 million. The vessel was originally chartered-in by d'Amico Tankers Limited in 2005, and the vessel was purchased in advance with respect to its original exercise period, starting in 2010.

d'Amico Tankers also agreed to acquire the MR product tanker High Peace. This is a double-hulled vessel of 45,888 dwt, and delivery is expected to take place in March 2008, after the signing of the Memorandum of Agreement which should take place by the following weeks. The purchase price was agreed at Yen 2.9 billion (about US$27.0 million), significantly lower than the current market value of the vessel, which is higher than US$50.0 million. This vessel was originally chartered-in by d'Amico Tankers Limited in 2004, and the charter agreement provided for a purchase option first exercisable in 2009. As was the case with High Harmony and High Consensus above, the Group negotiated with owners an early exercise of this option, making this the fourth such advance acquisition.

CHANGES TO CONTROLLED FLEET

Long-term charter-in contract of the Malbec

In January 2008, d'Amico Tankers Limited agreed to charter-in for a period of six years the Malbec, a 38,500 dwt Handysize modern double-hull and flexible IMO class product tanker vessel, built in 2004 by the Guangzhou shipyard in China. This vessel is now part of the Group's operational fleet. The time charter-in contract also includes a purchase option at the contract expiration date.

Sale of the High Trust

On 1 February 2008, the Group agreed to sell to Bien Dong Shipping Company, Hanoi (Vietnam), the High Trust, a 45,937 dwt medium range double-hull product tanker built in 2004 by the Shin Kurushima Shipyard in Japan. The delivery of the vessel to its new owner and the related full cash-in of the proceeds are expected to occur by March 2008. The agreed gross sale price for this vessel is of US$55.0 million, compared to a book value of US$31.5 million, thereby allowing the Group to realize a significant gain, of approximately US$22.0 million, on its disposal. Prior to its sale, the vessel had been time chartered-in, and then owned by d'Amico Tankers Limited, which had exercised its purchase option last year.

Glenda International Shipping expands its fleet to 10 vessels

As already mentioned in the previous section, on 1 February 2008 the Group announced that Glenda International Shipping Limited, the joint-venture company between d'Amico International Shipping and Glencore Group, will take over from St Shipping & Transport Pte. Ltd. of Singapore, the acquisition contract for additional three medium range IMO classed, 46,000 dwt, product/chemical tankers. The vessels, which are under construction at the Hyundai-Mipo Dockyard Co. Ltd (Hyundai-Mipo), have a purchase price of approximately US$49.0 million each. The vessels are expected to be delivered in December 2009, January 2011 and March 2011.

The acquisition of these three additional vessels increases the number of vessels currently on order by the Group at the Hyundai-Mipo shipyard to six, and Glenda International Shipping's fleet to a total of ten vessels.

Following the exercise of purchase options post 31 December 2007, and the changes to the Group's controlled fleet noted above, the profile of d'Amico International Shipping's vessels on the water is summarised as follows:

	As at 31 December 2007			As at 12 February 2008		
	MR	Handysize	Total	MR	Handysize	Total
Owned	12.0	3.0	15.0	14.0	3.0	17.0
Time chartered	12.0	4.0	16.0	9.0	4.0	13.0
Indirect	-	3.4	3.4	-	4.4	4.4
Total	24.0	10.4	34.4	23.0	11.4	34.4

BUSINESS OUTLOOK

From 2003 to 2005, freight rates for Medium Range product tankers have risen rapidly, driven mainly by the strong economic growth rates experienced world-wide, an increase in the distances over which refined petroleum products have to be transported, volatility induced opportunities for arbitrage trades, and bottlenecks in the logistics for the transportation of such products.

Over the last two years, despite the substantial number of vessels delivered (9% fleet expansion in 2006 and just over 10% in 2007; source: Clarkson Research Services), strong growth in demand has sustained freight rates at historically high levels, with average rates for 3 and 5 years time charters, which give an indication of future market expectations, rising.

In 2008, we expect an even larger influx of new buildings (12% fleet expansion; source: Clarkson Research Services), and a potential slow-down in economic and oil demand growth as result of the difficulties currently being experienced by financial institutions, and high oil prices. Nevertheless, a number of mitigating factors, some of which were present over the last two years, as well as some new ones, should sustain freight markets, namely:

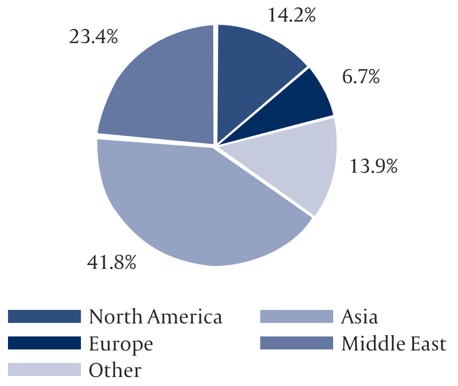
- Continued discharge port delays in major consuming areas such as United States East Coast and West Africa, absorbing available tonnage.

- Continued tight availability of yards for dry dock and repairs resulting in long delays.

- Rising demand for IMO classed vessels to cover the strong and growing market for the carriage of vegetable, palm oil and chemical products.

- Multidirectional refined products trade, driven by arbitrage opportunities.

Breakdown of capacity additions by region[1] 2008 - 2012



- 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. In this respect, some large Asian refineries are reducing the use of single-hull tankers before their complete ban in 2010.

- An additional acceleration of scrapping of older single-hull vessels. According to Clarkson's research, there still are8.20 million tons of deadweight expected to be scrapped in the 25-55.000 metric ton deadweight segment by the 2010 IMO phase out.

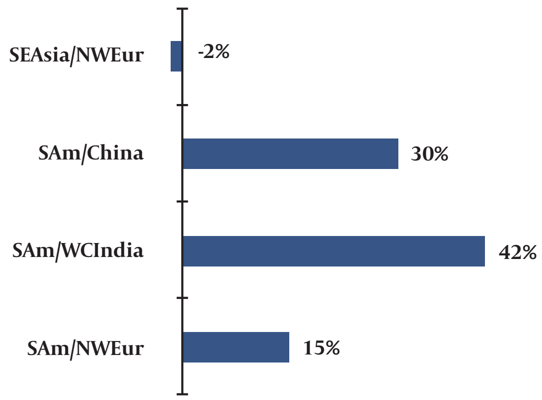
- A substantial increase in forecasted product refining capacity, of 2.9 million barrels per day (bpd) in 2008 (2007 estimated increase was of 1.4 million bpd) (source: International Energy Agency July 2007 medium-term oil market report).

- An increase in requests for long-haul voyages, driven by a growing dislocation between refining capacity and demand – the majority of new refining capacity is being added in South East Asia and the Middle East, far away from the key consuming areas of Europe and North America.

Note:

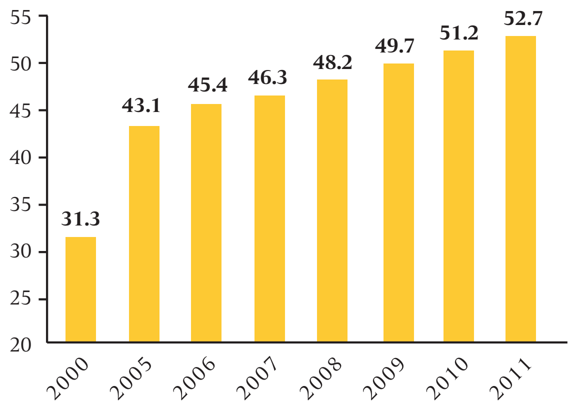
1. Source: International Energy Agency Medium-Term Oil Market Report, July 07.

07/06 (%) increase in freight rates for transporting vegoils on key trading routes[1,2]



- Ability of modern refineries, often located far from the consuming regions to:
  - Meet increasing demand for specialised products arising from new US and European environmental regulations.
  - Process sour crude, which should represent most of the future growth in crude production (smaller capacity to scale-up production of sweet crude).

Vegoils transported by sea[1] (millions of tonnes)



- Low petroleum product inventories, which have on aggregate recently reached a 4 year low in the United States, Japan and China (source: Cleaves Shipbroking), among the largest importers of such products.

- China's worst fuel shortage in four years, with 2008 imports expected to grow by between 12 to 15 percent (source: Cleaves Shipbroking).

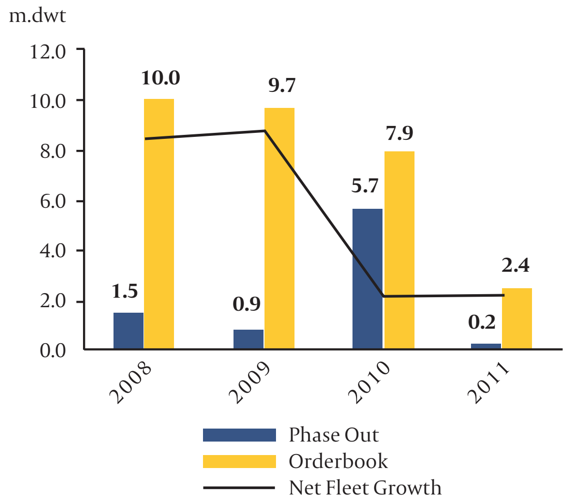
Note:

1. Source: Drewry.

2. SEAsia – South East Asia; NWEUR – North West Europe; Sam – South America; WCIndia – West Coast India.

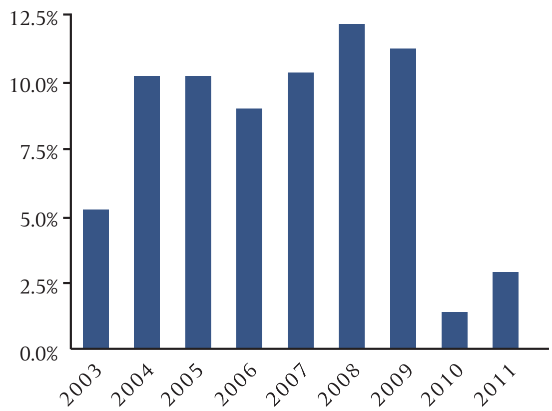
Cielo di Roma

Medium Range deliveries/scrapping[1] (millions of dwt)



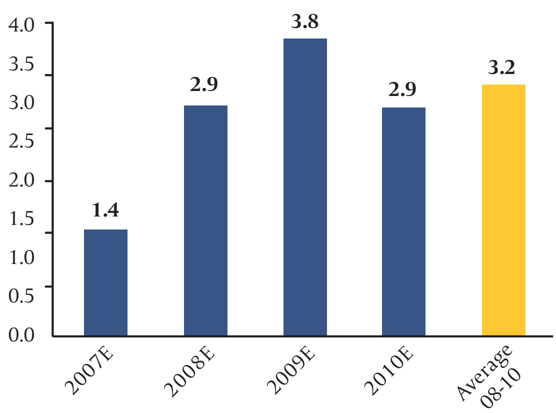
High Endurance

Medium Range product tanker fleet growth[1]



Cielo di Salerno

Global refinery capacity additions (millions of bpd)



Note:

1. MR Product Tankers ranging from 25,000 to 55,000 dwt. Source: Clarkson Research Services as of 1 January 2008.

FOREWORD

d'Amico International Shipping S.A. (hereinafter, in this section, the "Company") is a company duly incorporated under Luxembourg law and 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 applicable Luxembourg law and provisions and, as per resolution of its Board of Directors as of 23 February 2007, resolved to adopt the Corporate Governance Code of Conduct of the Italian Listed Companies issued and approved by Borsa Italiana in March 2006 (hereinafter, the "Borsa Italiana Code"), and a set of internal governance rules in compliance both with the legal corporate governance regime of the Grand Duchy of Luxembourg and with the Borsa Italiana Code itself.

The Company is further subject to the disclosure obligations related to corporate actions and periodic information communicated by Consob, the Italian Financial Regulator, on 5 and 12 April 2007, according to Article 114 of Consob Regulation n. 11971 of 14 May 1999, implementing the provisions on issuers of Legislative Decree n. 58 of 24 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 compliance with obligations imposed by law and regulations, every year the Company prepares the "Annual Report on Corporate Governance" which is available in the Corporate Governance section of the website www.damicointernationalshipping.com.

BOARD OF DIRECTORS

The Articles of Association provide for the Company to be managed by a Board of Directors, composed of no less than three (3) members, who need not to be shareholders, and that the General Meeting of Shareholders will determine the number of members of the Board of Directors. The Extraordinary General Shareholders' Meeting held on 23 February 2007 fixed that number at six (6).

In accordance with the Articles of Association, the Board of Directors was elected by the abovementioned Meeting of Shareholders, except for a member who was appointed on the date of incorporation of the Company (9 February 2007). Each member of the Board of Directors was elected for a one year term of office that will end with the Annual General Shareholders' Meeting called to approve the 2007 Company's Financial Statements. As of the date of the Report the Board of Directors consists of six (6) directors, of whom three (3) are Executive and three (3) are Non-Executive; of the latter two (2) are classified as Independent Directors. The number of Independent Directors 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 and having taken into account the Company's and its Subsidiaries' purposes and dimension, the Board of Directors meeting held on 23 February 2007 resolved to set at twenty (20) the limit related to the number of management and control positions that Directors may hold outside the Company, on the board of directors/auditors of: (i) listed companies; (ii) financial companies operating on a public basis; (iii) companies engaged in banking or insurance.

The Articles of Association provide for the Company to be bound towards third parties by the single signature of the Chairman of the Board of Directors or the joint signature of any two members of the Board of Directors, by the joint signatures or single signature of any person to whom the daily management of the Company has been delegated, within such daily management, or by the joint signatures or single signature of any person to whom special signatory power has been delegated by the Board of Directors, within the limits of such special power. As envisaged in Article 13 of the Articles of Association, the Board of Directors may delegate the daily management of the Company and the power to represent the Company within such daily management to one or more persons or committees of its choice specifying the limits to such delegated powers and the manner of exercising them. The Board of Directors may also delegate other special powers or proxies or entrust determined permanent or temporary functions to persons or committees of its choice.

As of the date of the Report three (3) **members of the Board of Directors** are **Executive**: Mr. Paolo d'Amico, Mr. Cesare d'Amico and Mr. Marco Fiori. Moreover, the Board of Directors held on 23 February 2007 resolved to appoint Mr. Paolo d'Amico as **Chairman** of the Board of Directors without a specific delegation of powers, Mr. 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 Us$ five (5) million, and established an **Executive Committee** with the tasks of reviewing and evaluating all strategic and financial documents, papers, plans and proposals concerning the Company and its Subsidiaries, of checking their content and of reporting thereon to the Board of Directors. In the 2007 financial year, the Executive Committee held two (2) meetings, with a 100% attendance of all its appointed members.

As of the date of the Report three (3) **members of the Board of Directors** are **Non-Executive**: Mr. Massimo Castrogiovanni, Mr. Stas Jozwiak and Mr. 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, two (2) Non-Executive Directors qualify as independent, namely: Mr. Massimo Castrogiovanni and Mr. Stas Jozwiak. In line with the Borsa Italiana Code provisions, 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 and of that in the Company's possession, the Board of Directors 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 upon the listing of the Company's shares. This kind of assessment is periodically performed during the period while the Independent Directors are in office and the relevant results of these evaluations are disclosed in the Report.

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 shareholders, the Board of Directors in its meeting as of 23 February 2007, designated and appointed Mr. Stas Jozwiak as **Lead Independent Director** in charge of the function of coordinating the activity and 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 7 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 Significant Transactions carried out by the Company or its Subsidiaries with Related Parties.

The above mentioned rules identify the Major Transactions and the Significant Transactions with Related Parties and reserve exclusively to the Board of Directors, upon previous advice of the Audit Committee, 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). The rules also requires 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").

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 23 February 2007 established 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. The number of Independent Directors was considered adequate so as to permit the constitution of the Committees.

Cielo di Roma

THE INTERNAL CONTROL SYSTEM

The Company is following the necessary steps in order to implement an efficient and adequate System of Internal Control by means of establishing a set of rules, processes and organizational structures in order to monitor the efficiency of the Company's operations, the reliability of the financial information, the compliance with law and regulation for the safeguard of the Company's assets. The Board of Directors, as the body responsible for the Internal Control System, is performing its duties based on a model derived from the COSO Report (Committee of Sponsoring Organisations), the Borsa Italiana Code and the national and international best practices.

The Board of Directors meeting held on 7 February 2008, having received 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 held on 7 February 2008, with the support of the Audit Committee, identified in the Chairman of the Company the **Supervisory Director responsible for supervising the proper functioning and effective implementation of the Internal Control System**. Such Supervisory 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:

- 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;
- the implementation of the Guidelines approved by the Board of Directors;
- the planning, the operation and the managing of the System of Internal Control;
- monitoring the efficiency, adequacy and effective implementation of the system of internal control;
- 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 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 Supervisory Director deems it necessary in connection with the occurrence of specific problems.

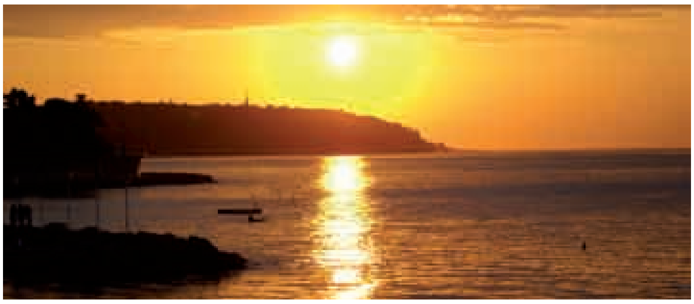
The Company's Board of Directors meeting held on 7 February 2008 resolved to appoint, upon proposal of the Chairman, in his capacity as Internal Control Supervisory Director, and advice given by the Audit Committee, the **Internal Control Officer**, and ensured that he is supplied with sufficient resources to perform the assigned tasks within the limit of the Company's budget. The Internal Control Officer recently appointed is the head of the Internal Audit function, is not responsible for any operational unit, does not report to any manager of an operational unit and has direct access to all information necessary to perform his tasks. The Internal Control Officer is required to perform the following tasks:

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

Pursuant to **Legislative Decree n°231/2001**, the Board of Directors, as resolved in its meeting on 1 August 2007, is evaluating, with the assistance of external advisors, the implementation of **organizational and management models** as well as of a **Code of Conduct** to be adopted by the Company, which are a complement to the Internal Control System and contain the business ethics principles to which the Company conforms and with which directors, statutory auditors, employees, consultants and partners are required to comply. However, considering that the Company is governed by Luxembourg law and provisions, the implementation of those organizational and management models is mandatory requested by the listing of the shares on the Italian Stock Exchange – STAR segment, and are expected to be finalized by the end of March 2008.

AUDITORS

According to article 17 of the Articles of Association, the Company's operations and financial statements, 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 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.



On 3 April 2007, the General Extraordinary Shareholders' Meeting appointed, upon proposal of the Audit Committee and for a one year term, expiring on the date of the General Shareholders' Meeting approving the 2007 Company's Annual Accounts, Lux-Fiduciaire S.à.r.l., as **Statutory Auditor** (***"Commissaires aux Comptes"***), in compliance with applicable Luxembourg laws and provisions. The Statutory Auditor has unlimited power of supervision and control over all of the operations of the Company and may inspect, but may not remove, the books, correspondence, minutes and, in general, all the records of the Company. The Statutory Auditor may take part in the work of the Audit Committee.

On 23 February 2007, the Board of Directors appointed, upon proposal of the Audit Committee, Moore Stephens S.à.r.l., Luxembourg, as **External Auditor** (***"Réviseur d'entreprises"***) of the Company's consolidated and statutory accounts for a one year term, expiring on the date of the General Shareholders' Meeting approving the Company's Annual Accounts for the 2007 financial year.

STOCK OPTION PLAN

On 6 September 2007, the extraordinary general meeting of shareholders of d'Amico International Shipping, approved a Stock Option Plan as previously accepted by the Board of Directors meeting held on 1 August 2007. The full terms and details of this Stock Option Plan are more specifically described in the "Information Document ", as publicized on the Group'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 d'Amico International Shipping's shares (1.7% of the shares outstanding post-plan). All the options shall be exercised on or before 31 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.

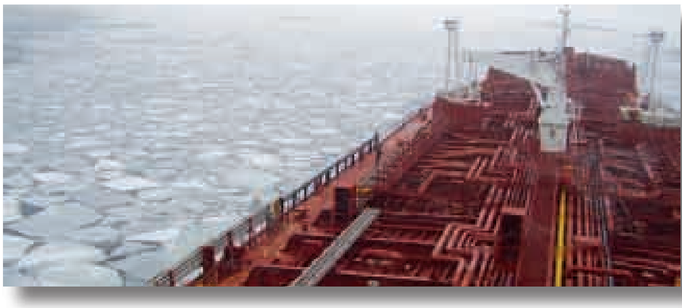
STOCK OPTIONS GRANTED TO MEMBERS OF THE BOARD OF DIRECTORS AND TO SENIOR MANAGERS OF THE COMPANY WITH REFERENCE TO SHARES OF THE COMPANY AND OF ITS SUBSIDIARIES

(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 2007 financial year			N. of options granted during the 2007 financial year (ESM held on 6 September 2007)		
Name	Company	Position	N. of options	Average strike price	Average expiry date	N. of options	Average strike price	Average expiry date
Mr. Marco Fiori	d'Amico Internat. Shipping SA [1]	CEO	-	-	-	1,315,887	Euro 3.50	31/7/2010
Mr. Micheal Valentin	d'Amico Tankers Ltd[2]	COO and Director	-	-	-	1,052,710	Euro 3.50	31/7/2010
Mr. Alberto Mussini	d'Amico Internat. Shipping SA [3]	CFO	-	-	-	263,177	Euro 3.50	31/7/2010

			N. of options exercised during the 2007 financial year			N. of options expired during the 2007 financial year	N. of options owned at the end of the 2007 financial year		
Name	**Company**	**Position**	**N. of options**	**Average strike price**	**Average expiry date**	**N. of options**	**N. of options**	**Average strike price**	**Average expiry date**
Mr. Marco Fiori	d'Amico Internat. Shipping SA (1)	CEO	-	-	-	-	1,315,887	Euro 3.50	31/7/2010
Mr. Micheal Valentin	d'Amico Tankers Ltd (2)	COO and Director	-	-	-	-	1,052,710	Euro 3.50	31/7/2010
Mr. Alberto Mussini	d'Amico Internat. Shipping SA (3)	CFO	-	-	-	-	263,177	Euro 3.50	31/7/2010

Note:
1. In addition to position in d'Amico International Shipping S.A, holds the following positions: Director of d'Amico Tankers Ltd (Ireland), CEO of d'Amico Tankers Monaco, Director of d'Amico Tankers UK Ltd, and Director of 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, and Director of 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).



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HIGH VENTURE
d'AMICO

d'Amico International Shipping Group

Consolidated Financial Statements and Explanatory Notes

Year Ended 31 December 2007

High Venture

CONSOLIDATED INCOME STATEMENT

US$ Thousand	Note	2007	2006
Revenue	(4)	310 260	299 555
Voyage costs	(5)	(58 575)	(56 286)
Time charter equivalent earnings	**(6)**	**251 685**	**243 269**
Time charter hire costs	(7)	(92 352)	(105 929)
Other direct operating costs	(8)	(34 647)	(27 496)
General and administrative costs	(9)	(22 408)	(8 471)
Other operating income	(10)	3 767	2 761
Result on disposal of vessels	(11)	-	29 978
Gross Operating Profit		**106 045**	**134 111**
Depreciation		(29 507)	(22 604)
Operating Profit		**76 539**	**111 508**
Net financial income (charges)	(12)	(10 950)	(17 750)
Profit before tax		**65 589**	**93 758**
Income taxes	(13)	9 492	(8 850)
Net profit		**75 081**	**84 908**
The net profit is entirely attributable to the equity holders of the parent company			
Earnings per share [1]		**0.501**	**0.566**
Diluted Earnings per share [2]		**0.492**	**0.566**

Note:

1. As d'Amico International Shipping SA was only incorporated in 2007, to enable comparability, earnings per share for 2006 was calculated by dividing the profit for the period by d'Amico International Shipping SA's shares outstanding as at 31 December 2007 (149,949,907 shares). See note 1 for the basis of the comparatives.

2. 2007 diluted earnings per share have been calculated assuming the issue of the total number of new shares provided by the share options plan (2,661,774).

CONSOLIDATED BALANCE SHEET

US$ Thousand	Note	2007	2006
ASSETS			
Non current assets			
Tangible assets	(14)	430 605	377 571
Financial fixed assets	(15)	4	50
Total non current assets		**430 609**	**377 621**
Current assets			
Inventories	(16)	9 300	5 213
Receivables and other current assets	(17)	35 863	39 149
Cash and cash equivalents	(18)	24 926	13 932
Total current assets		**70 090**	**58 294**
Total assets		**500 699**	**435 915**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	(19)		
Share capital		149 950	159
Retained earnings		75 081	154 367
Other reserves		57 659	(536)
Total shareholders' equity		**282 689**	**153 990**
Non current liabilities			
Banks and other lenders	(20)	178 482	187 724
Deferred Tax provision	(21)	-	10 169
Total non current liabilities		**178 482**	**197 893**
Current liabilities			
Banks and other lenders	(20)	-	16 000
Other financial current liabilities	(22)	4 355	37 861
Payables and other current liabilities	(23)	35 100	25 827
Current Taxes payable	(24)	73	4 344
Total current liabilities		**39 528**	**84 032**
Total liabilities and shareholders' equity		**500 699**	**435 915**

CONSOLIDATED CASH FLOW STATEMENT

US$ Thousand	2007	2006
Net Profit	**75 081**	**84 908**
Depreciation and amortisation	29 507	22 604
Current and deferred income tax	(9 492)	8 850
Financial charges	10 950	17 750
Profit on disposal of fixed assets	-	(29 978)
Other non-cash items	3	-
Cash flow from operating activities before changes in working capital	**106 048**	**104 134**
Movement in stocks	(4 087)	(751)
Movement in amounts receivables	3 286	(7 118)
Movement in amounts payable	10 159	4 169
Taxes paid	(5 010)	(124)
Interest paid	(12 509)	(11 074)
Net cash flow from operating activities	**97 887**	**89 236**
Acquisition of fixed assets	(84 458)	(109 672)
Proceeds from the disposal of fixed assets	1 914	70 004
Acquisition of investments	(4)	(50)
Net cash flow from investing activities	**(82 548)**	**(39 718)**
Movement in amounts due from parent company	(38 914)	(69 705)
Share capital increase	92 416	-
Other changes in shareholders' equity	1 271	51
Treasury Shares	(11 199)	-
Bank loan repayments	(316 400)	(184 427)
Bank loan draw-downs	293 482	208 000
Dividend paid	(25 000)	-
Net cash flow from financing activities	**(4 344)**	**(46 081)**
Change in cash balance	**10 994**	**3 438**
Net increase/(decrease) in cash and cash equivalents	**10 994**	**3 438**
Cash & cash equivalents at the beginning of the period	13 932	10 494
Cash & cash equivalents at the end of the period	**24 926**	**13 932**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

US$ Thousand	Share Capital	Retained Earnings	Other Reserves	Total
Balance as at 1 January 2007 [1]	**159**	**154 367**	**(536)**	**153 990**
Initial paid in capital	35	-	-	35
Dividend paid	-	(25 000)	-	(25 000)
Share capital increase	149 807	(128 814)	71 389	92 382
Other changes	(51)	(553)	(1 996)	(2 600)
Treasury Shares	-	-	(11 199)	(11 199)
Profit for the period	-	75 081	-	75 081
Balance as at 31 December 2007	**149 950**	**75 081**	**57 658**	**282 689**

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Note:

1. The balance at 1 January 2007 shows, for comparative purposes, the balances in the combined financial statements as at 31 December 2006 (see note 1).

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 financial statements' are expressed in U.S. Dollars, being the functional currency of the Group.

1. ACCOUNTING POLICIES

These financial statements have been prepared applying the accounting principles adopted for the combined financial statements for the year ended 31 December 2006 included in the Prospectus, dated 26 April 2007, prepared for the listing of the shares (Initial Public Offering 'IPO'). It should be noted that the adjustment of US$12.1 million, relating to the accumulated depreciation, made in those combined financial statements and shown in the Prospectus, has been eliminated in these accounts, as that combining adjustment was only included for comparison purposes with respect to prior year results.

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

BASIS OF CONSOLIDATION

The financial statements present the results of the parent company, d'Amico International Shipping SA, and its subsidiaries for the year ended 31 December 2007. d'Amico International Shipping SA was incorporated under Luxembourg law on 9 February 2007 and, following a reorganisation of the entities under d'Amico Group control, it acquired the shares of d'Amico Tankers Limited, comprising the tanker activities of the d'Amico Group. The results therefore include those of the entities forming part of the d'Amico International Shipping Group following the reorganisation and starting from January 2007, which represents the date when control was effectively transferred. The 2006 comparative data is presented on a consistent and combined basis, making reference to the entities in place at that time (see note 30). As d'Amico International Shipping was only formed in 2007 no comparatives are provided with regard to capital and reserves.

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 balance sheet date. All exchange differences have been accounted for in the retained earnings account.

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

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 balance sheet 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 balance sheet 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, while the revenue received from the participation in the Handytankers Pool, whose legal entity is not controlled by d'Amico International Shipping SA, is accounted for on a time charter equivalent basis and is net of voyage costs and fees associated with the pool. The investment in Handytankers K/S is shown at cost.

The chartering commission income received from the other pool participants to cover expenses is calculated as a fixed percentage of the freight income. The commission income is recognized in the income statement under "Other operating income" simultaneously with the recognition of the underlying freight income in the pool.

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.

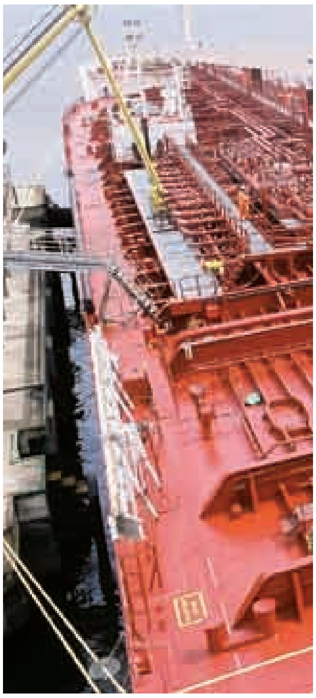
VOYAGE COSTS AND OTHER DIRECT OPERATING COSTS

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.



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FINANCIAL INCOME AND CHARGES

Financial income and charges include interest, realized and unrealized exchange rate gains 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 balance sheet 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 deductible.

The key operating company of the Group, d'Amico Tankers Limited has elected to be taxed starting from 2007 fiscal year 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 balance sheet 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 20%). 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 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 income statement, unless it relates to items charged or credited directly to equity, in which case the deferred tax is also accounted for in equity.

FIXED ASSETS (FLEET)

VESSELS

The owned vessels are shown on the balance sheet 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 on average, 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 first dry dock. The remaining useful economic life is estimated at the date of acquisition or delivery from the shipyard and is reassessed yearly.

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 profits 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 amortised 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.

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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 on board the vessels are shown at cost calculated using the first in first out method, while Luboil inventories represent their estimated replacement cost.

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 considered 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, taking into account the methods of adoption of IAS 32 and IAS 39, respectively established by Regulation (EC) n. 2237 of 29 December 2004 and by Regulation n. 2086 of 19 November 2004, and inherent "carve-outs", 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 measurement value initially recognized, 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. As to instruments for which no expense or income to be capitalized is identified, the amortized cost equals actual cost, as the effective interest rate is represented by the nominal interest rate.

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 recognised in the income statement when there is

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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 scarce significance of the period of time, the measurement at amortized cost is equivalent to the nominal value, less write-downs for impairment.

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 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 commitments. Changes in the fair value of the 'effective' portion of the hedge are recognized to equity 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 balance sheet 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 segment information is needed.

NEW ACCOUNTING PRINCIPLES

Accounting principles adopted from 1st January 2007

On 2 November 2006, *IFRIC issued IFRIC Interpretation 11 – IFRS 2-Group and Treasury Share Transactions* in order to address the accounting treatment of share-based payment arrangements under which an entity chooses or is required to buy treasury stock to satisfy its obligations and those under which the employees of one Group company are granted rights to the shares of another (such as the parent company). IFRIC 11 Group and Treasury Share Transactions clarifies that where an entity issues equity rights in return for service the transaction is considered as equity settled, even if the entity has to acquire shares to satisfy the arrangement. It also clarifies the treatment in the financial statements of group companies where a parent company grants equity rights to an employee of a subsidiary, or where a subsidiary grants equity rights in its parent to its own employees. d'Amico International Shipping SA applied this interpretation to the stock option plan approved by the shareholders' meeting of 6 September 2007.

The International Accounting Standards Board also published *IFRS 7 – Financial Instruments Disclosure Requirements*, applicable to financial statements for periods beginning on or after 1 January 2007. The implementation of IFRS 7, had no impact on reported results, assets and liabilities, however, the consolidated financial statements include additional disclosure on risk and financial position and performance. In particular, additional quantitative data is included concerning risk exposure and sensitivity analysis showing the impact of changes which were reasonably possible at the reporting date.

New accounting principles issued by the IASB

The following is the list of the relevant and applicable standards in issue but not in force at 31 December 2007.

On 29 March 2007 the IASB issued a revised version of *IAS 23 – Borrowing costs*. The standard shall be applied for annual period beginning after 1 January 2009. The main change is that it will be mandatory to capitalise borrowing costs incurred on qualifying assets, removing the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The standard shall be applied to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the 1 January 2009.

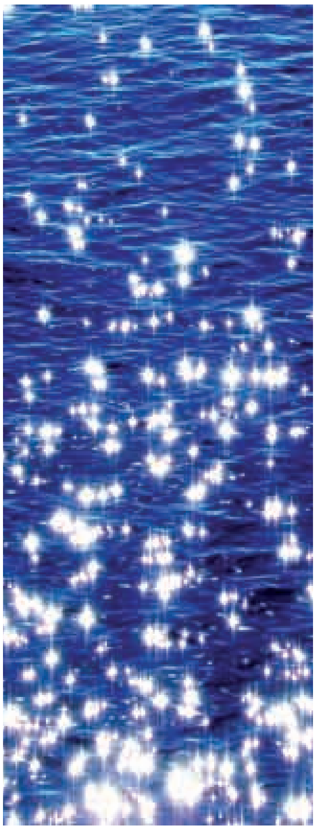
On 6 September 2007 the IASB issued a revised version of *IAS 1 - Presentation of Financial Statements* that will come into effect for the annual periods beginning on or after 1 January 2009. The revision is aimed at improving users' ability to analyse and compare the information given in financial statements. The changes made to the standard are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a 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) separately from 'non-owner' changes (such as transactions with third parties).

2. RISK MANAGEMENT

The Group's 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 group's earnings exposure to cyclical fluctuations.

MARKET RISK

The Group is 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% (approximately 48% over 2007), depending on the market conditions, the trend of rates and expectations; (ii) The vessel trade 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. The Group does not use derivative financial instruments to manage its exposure to vessel spot market rates.



TECHNICAL AND OPERATIONAL RISKS

The group is exposed to operating cost 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 managed with the support of d'Amico Group, to have synergies and economies of scale, making reference to the Group expertise in crewing (training school, company specialised in this kind of service), looking on the opportunities available in different areas 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) The Group, excluding some very limited transactions periodically carried out at Handytankers Pool, does not use derivative financial instruments to manage its exposure to bunker prices (iii) Dry dock contracts – The technical management, which also includes dry-dock, is also managed with 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 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, that 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 the group might incur in such a situation, the fleet is insured against various types of risk. The total insurance program provides a large cover of risk in relation to the operation of vessels and transportation of cargoes, including personal injury, environmental damage and pollution, third-party casualty and liability, hull and engine damage, total loss and war.

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. In particular, the group has 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) 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 e; (ii) Where possible the group transacts in U.S. Dollars; (iii) Dividends are paid in US Dollars. 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 RATE RISK

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 group facility is fixed using Interest rate swap (IRS) agreements. The agreements are classified as a hedge for accounting purposes (IAS39) and the effective portion of the gain or loss on the hedging instrument will be recognised in equity. Management consider that by fixing a proportion of the loan interest will improve the visibility of future interest costs, at a level considered appropriate for the business and allowing d'Amico International Shipping SA 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 on the market to ensure the group facilities are competitive.

CREDIT RISK

The group is exposed to credit risk resulting from the possible non performance of any of its counterparties, primarily customers. 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 is followed by a dedicated team. Historically the Group has not experienced relevant losses on trade receivables.

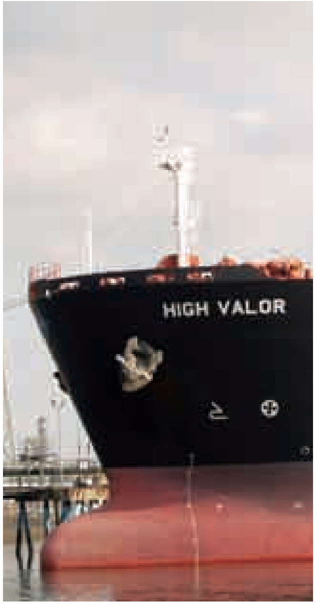
LIQUIDITY RISK

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, the group maintains adequate facilities and standby credit lines to meet forecast expenditure. Management regularly reviews group facilities and cash requirements.

3. CAPITAL DISCLOSURE

The d'Amico International Shipping group objectives in managing capital are:

- To safeguard the Group's ability to continue as a going concern, so it can continue to provide



High Valor

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 initial contribution and the new shares issued as part of the IPO, totalling US$150 million, principally consists of the US$350 million revolving facility. The capital structure is reviewed 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 amount on the revolving facility, over the fair market value of the vessels owned. The vessels are subject to mortgages and pursuant to the facility, the ratio must not be higher than 66.6%. At the end of 2007 the ratio was 23.1%. As the revolving facility negotiated in 2007 to consolidate the previous loan structure, the ratio cannot be compared with 2006. Other than the above mentioned ratio, the Group constantly monitors the debt to equity ratio, as additional measure of the leverage risk. At 31 December 2007 the ratio was of 0.55% (1.47% at 31 December 2006).

4. REVENUE

US$ Thousand	2007	2006
Revenue	310 260	299 555

Revenue represents vessel income comprising time charter hire, freight, demurrage and income from participation in vessel pools.

5. VOYAGE COSTS

US$ Thousand	2007	2006
Bunkers (fuel)	35 117	31 390
Commissions payable	6 159	7 526
Port charges	17 248	17 355
Other	51	15
Total	**58 575**	**56 286**

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	2007	2006
Time charter equivalent earnings	251 685	243 269

Time charter equivalent earnings represent revenue less voyage costs. In 2007 about 52% of the Time Charter Equivalent earnings came from fixed contracts (contracts longer than 12 months) (2006: 48%).

7. TIME CHARTER HIRE COSTS

US$ Thousand	2007	2006
Time charter hire costs	92 352	105 929

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

8. OTHER DIRECT OPERATING COSTS

US$ Thousand	2007	2006
Crew costs	15 761	11 749
Technical expenses	8 682	5 128
Technical and quality management	3 173	6 010
Other direct operating costs	7 031	4 610
Total	**34 647**	**27 496**

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

Personnel

As at 31 December 2007, d'Amico International Shipping SA and its subsidiaries had 424 employees, of which 377 are seagoing personnel and 47 onshore. Average number of employees in 2007 was 400. The average number of employees excludes employees of third party pool participants and crew on board vessels not directly employed by the Group. Onshore personnel costs are included under General and administrative costs.

9. GENERAL AND ADMINISTRATIVE COSTS

US$ Thousand	2007	2006
Personnel	11 679	6 070
Other general and administrative costs	10 729	2 401
Total	**22 408**	**8 471**

Personnel costs relate to on-shore personnel salaries, including US$1.8 million, pertaining to 2007 for share based option plan granted to senior management. The fair value is charged to the income statement on a straight-line basis over the period from the grant date to the vesting date. Further details of the plan are disclosed in note 19. Other than the share options, General and administrative costs include an amount of US$ 0.8 million relating to directors fees and an amount of US$ 3.0 million for Senior Managers with strategic responsibilities.

The other general and administrative costs comprise consultancy, certain costs connected with the Initial Public Offering (IPO) not charged to the equity, office rental fees, and other sundry expenses originating from the operation of d'Amico International Shipping group companies.

10. OTHER OPERATING INCOME

US$ Thousand	2007	2006
Other operating income	3 767	2 761

Other operating income represents chartering commissions earned for services provided by group personnel to the Handytankers pool.

11. RESULT ON DISPOSAL OF VESSELS

US$ Thousand	2007	2006
Profit on disposal of vessels	-	29 978

There were no vessel disposals during 2007. The 2006 figure relates to the sale to a d'Amico Group controlled company for a total consideration of US$70 million of four vessels occurred in the first quarter of that year.

12. NET FINANCIAL INCOME (CHARGES)

US$ Thousand	2007	2006
Loans and receivables:		
Interest Income – Banks	2 013	348
At fair value through income account:		
Forward contracts income	783	-
Total Financial Income	2 796	348
Loans and receivables:		
Interest expense– Related parties	(1 186)	(2 771)
Financial liabilities measured at amortised cost:		
Interest expense	(11 464)	(10 226)
At fair value through income account:		
Forward contracts	-	(2 414)
Other financial charges	*(1 096)*	*(2 687)*
Total financial charges	**(13 746)**	**(18 098)**
Net financial charges	**(10 950)**	**(17 750)**

Financial income comprises interest income on short term bank deposits.

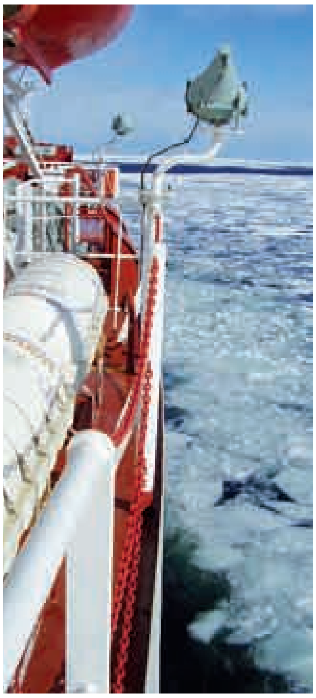
The Forward foreign exchange contracts entered into by the group resulted in a net gain of US$0.8 million in 2007. They relate to the contracts in connection with the purchase options exercised during the year or early in 2008, which were not eligible for hedge accounting. Forward foreign exchange contracts outstanding at 31 December 2006 resulted in a loss of US$0.8 million.

Other financial charges include expenses incurred in connection with interest rate swap arrangements for 2007 and 2006 amounting to US$0.4 million and US$1.0 million, respectively. The item also includes other foreign exchange differences. The swap arrangements contracted in the last quarter of 2007, are considered as hedging instruments and the fair value has been taken directly to equity, see note 25.

13. INCOME TAXES

US$ Thousand	2007	2006
Current Income Taxes	(677)	(4 466)
Deferred Taxes	10 169	(4 384)
Total	**9 492**	**(8 850)**

Taxes for the d'Amico International Shipping Group are attributable almost entirely to profits generated by the main operating subsidiary, d'Amico Tankers Limited, incorporated in Ireland. Taxes for d'Amico Tankers Limited in 2006 were calculated based on the Irish Corporate income tax rate of 12.5% for the profit on ordinary activities as adjusted for tax purposes, while capital gains were subject to a tax rate of 20%.



High Progress on Ice

In June 2007, however, and effective from 1 January 2007, d'Amico Tankers Limited qualified to be taxed under the Tonnage Tax regime in Ireland. 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 2007 tonnage tax provision for d'Amico Tankers Limited amounted to US$0.2 million corresponding to an effective tax rate of lower than 1% (2006: 4.8%). The low current tax rate in 2006 was principally due to the excess of capital allowances over depreciation and the fact there was no tax on the profit on the vessels disposed of in the year to the d'Amico Group company as this was considered an intra-group transaction for tax purposes.

The deferred tax liability arose in respect of capital allowances in excess of depreciation charged relating to d'Amico Tankers Limited. As stated in the previous paragraph that entity became eligible to be taxed under the Irish tonnage tax regime effective January 1, 2007. Entry into the regime resulted in the reversal to the income statement of the 2007 opening balance for deferred tax liabilities. There were no deferred tax liabilities or deferred tax assets at 31 December 2007.

As dividends are not subject to the corporate income tax in Luxembourg, and due to the significant IPO costs incurred, the holding company, d'Amico International Shipping SA had, at the end of 2007, tax losses to be carried forward of approximately Euro 19.3 million (US$28.1 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.

14. TANGIBLE ASSETS

US$ Thousand	Fleet	Dry-Dock	Other Assets	Total Tangible
Cost				
At 1 January 2007	*411 428*	*3 050*	*2 042*	*416 520*
Additions	79 738	3 798	922	84 458
Impairment provision	-	-	2	2
Disposal	-	(717)	(2 044)	(2 761)
Exchange Differences	(4)	-	-	(4)
At 31 December 2007	**491 162**	**6 131**	**922**	**498 215**
Depreciation				
At 1 January 2007	*37 949*	*871*	*129*	*38 949*
Charge for the period	27 628	1 744	135	29 507
Disposal	-	(717)	(129)	(846)
Exchange Differences	-	-	-	-
At 31 December 2007	**65 577**	**1 898**	**135**	**67 610**
Net Book Value				
At 31 December 2007	**425 585**	**4 233**	**787**	**430 605**

The table below shows, for comparison purposes, the changes in the fixed assets in 2006.

US$ Thousand	Fleet	Dry-Dock	Other Assets	Total Tangible
Cost				
At 1 January 2006	*349 450*	*2 688*	*1 923*	*354 061*
Additions	107 220	2 333	-	109 553
Impairment provision	-	-	119	119
Disposal	(45 242)	(1 971)	-	(47 213)
Exchange Differences	-	-	-	-
At 31 December 2006	**411 428**	**3 050**	**2 042**	**416 520**
Depreciation				
At 1 January 2006	*21 928*	*1 580*	*22*	*23 530*
Charge for the period	21 235	1 262	107	22 604
Disposal	(5 214)	(1 971)	-	(7 185)
Exchange Differences	-	-	-	-
At 31 December 2006	**37 949**	**871**	**129**	**38 949**
Net Book Value				
At 31 December 2006	**373 479**	**2 179**	**1 913**	**377 571**

Tangible fixed assets are comprised of the following:

Fleet

Fleet includes the acquisition costs for owned vessels, and payments to yards for vessels under construction. Additions in 2007 principally relate to the exercise of purchase options over two vessels (MT High Trust and MT High Priority) previously chartered-in. The purchases were finalised in October 2007 for US$32.0 million and US$29.2 million respectively. The 2007 capital expenditure also includes the first instalment ('refund guarantee') paid in connection with the Glenda International Shipping Ltd (Joint venture with Glencore) new building program. The group's share of US$16 million was paid in respect of the three MR 'Hyundai shipyard' vessels, announced in December.

Mortgages are secured on 13 of the vessels owned by the Group. For further details see note 20.

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 include fixtures, fittings, office equipment and our software licence. As at 31 December 2006, it included also d'Amico Tankers Limited's fractional share of an aircraft, which was sold in the first quarter of 2007 for the net book value amount to another d'Amico Group company.

15. FINANCIAL FIXED ASSETS

Financial fixed assets, as at 31 December 2007 (US$4 thousand), represent the book value of the investment in Handytankers K/S, (33.3%) the Danish partnership responsible for managing the Handytankers pool. The 2006 comparative of US$50 thousand relates to the investment in d'Amico Tankers UK Limited.

16. INVENTORIES

US$ Thousand	As at 31 December 2007	As at 31 December 2006
Inventories	9 300	5 213

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

17. RECEIVABLES AND OTHER CURRENT ASSETS

US$ Thousand	As at 31 December 2007	As at 31 December 2006
Trade receivables	30 479	28 700
Other debtors	453	2 103
Prepayments and accrued income	4 931	8 346
Total	**35 863**	**39 149**

Receivables, as at 31 December 2007, include trade receivables amounting to US$30.4 million, net of the write down provision of US$0.1 million on certain demurrage receivables. Other current assets mainly consist of prepayments and accrued income amounting to US$4.9 million.

18. CASH AND CASH EQUIVALENTS

US$ Thousand	As at 31 December 2007	As at 31 December 2006
Cash and cash equivalents	24 926	13 932

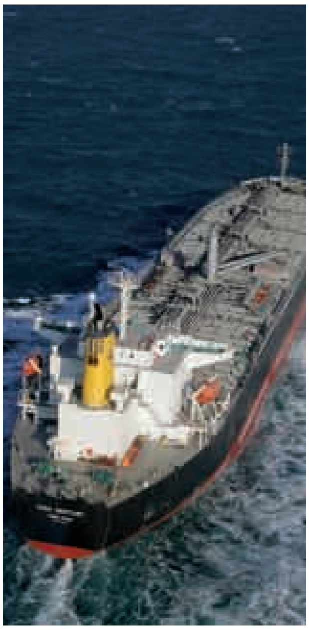
Cash and cash equivalents is mainly represented by short term deposits and includes approximately US$2.5 million of cash held by Pool companies (High Pool Tankers Ltd and Glenda International Management Ltd) which will be distributed to other pool participants.

19. SHAREHOLDERS' EQUITY

Changes in 2007 in shareholders' equity items are detailed in the relevant table.

Share capital

At 31 December 2007 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.



High Century

The initial share capital of the company on incorporation on 2 February 2007 was US$35 thousand.

As part of the group reorganisation prior to the IPO, on 2 March 2007, the share capital was increased from US$35 thousand to US$128,957 thousand by the issuance of 128,921,920 new shares with no nominal value. On the same day, the 128,921,920 new shares were issued to d'Amico International S.A. in consideration for the contribution in kind of the entire issued share capital of d'Amico Tankers Limited (Ireland).

At the beginning of May 2007, d'Amico International Shipping successfully listed on the Milan (Italy) Stock Exchange. The price for the 68,976,957 shares offered was fixed at €3.50. As part of the offer the company issued 20,992,987 new shares at €3.50 raising a total of US$92,381 thousand, after deduction of IPO costs, of which US$20,993 thousand was attributed to the nominal value and US$71,389 thousand to share premium.

Other reserves

The other reserves include the following items:

US$ Thousand	As at 31 December 2007	As at 31 December 2006
Share premium reserve	71 389	-
Treasury shares	(11 199)	-
Share option reserve	1 824	-
Fair value reserve	(4 356)	(536)
Total	**57 658**	**(536)**

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.

Treasury Shares

Treasury shares consist of 2 581 928 ordinary shares for an amount of US$11.2 million, corresponding to 1.72% of the outstanding share capital at the balance sheet date. These shares were acquired during the second half of 2007, following the approval of the Buy-back program. The purposes of the programme have been disclosed in the Report on Operations.

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 balance sheet date no options had yet been exercised.

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	350,903	1,315,886
Chief Operating Officer	210,542	280,723	280,723	280,723	1,052,711
Chief Financial Officer	52,635	70,181	70,181	70,181	263,178
	526,354	**701,807**	**701,807**	**701,807**	**2,631,775**

The 2007 options were initially exercisable for the three months commencing October 1, 2007. From 2008, and thereafter, 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:

	2007
Options granted in the year	2,631,775
Options exercised in the year	-
Options outstanding at December 31	**2,631,775**
Exercisable at the end of the year	**526,354**

The total fair value of the options granted has been estimated 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	2,631,775
Vesting Period	Up to October 31, 2007 in the 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%
Interest free rate	4.50%

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

The portion of the fair value in respect of the share option plan recognized under General and Administrative costs (Personnel) in 2007 was US$ 1.8 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 derivative financial instruments to their fair value of US$3.8 million (liability). Details of the fair value of the derivative financial instruments are set out in note 25.

20. BANKS AND OTHER LENDERS

US$ Thousand	As at 31 December 2007	As at 31 December 2006
Non current liabilities		
Banks and other lenders	178 482	187 724
Current liabilities		
Banks and other lenders	-	16 000
Total	**178 482**	**203 724**

The financial indebtedness existing at the end of 2006 has been fully refinanced in March 2007, following the long term (10 years) revolving facility agreement of US$350.0 million arranged between the operating subsidiary, d'Amico Tankers Limited and Calyon, and which has been syndicated by other primary banking institutions (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 bank debts at the end of 2006 which were fully refinanced in March 2007, related to some long term loans provided by the following banks in connection with vessels acquisition:

US$ Thousand	As at 31 December 2006
Calyon	165 400
Banca Intesa	18 000
Bank of Ireland	18 000
Other – d'Amico Group company	2 324
Total	**203 724**

The debt due to banks and other lenders as at 31 December 2007 relates to the amount outstanding of US$180.0 million (less the unamortized portion of the arrangement fees paid at draw-down, amounting to US$1.5 million), under the US$350.0 million revolving loan facility (of which US$334.5 million is available for draw-down as at 31 December 2007) negotiated with Calyon and other banks. Key terms and conditions of the facility, which have been already disclosed in the Report on Operations section are the following:

The principal amount available through the facility 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. A first reduction of US$15.5 million occurred in September 2007.

The Group may draw down on a revolving basis such that the aggregate outstanding amount due does not exceed the maximum available amount at any given time, subject to the requirements relating to facility reductions. However, the ratio between the amount outstanding at any given time and the fair market value of the vessels (the "asset cover ratio") owned by d'Amico Tankers Limited (the "borrower"), which are subject to mortgages pursuant to the facility, must not be higher than 66.6%. According to Clarksons, the valuation, as at 15 January 2008, of the borrower's vessels on the water as at 31 December 2007, is approximately US$775.3[1] million, resulting in an asset cover ratio of around 23.1%.

Interest on any amount outstanding under the facility 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 will be able to draw-down is also limited by 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 ratio, for the last six months of 2007, was significantly higher than that.

The facility provides certain covenants, calculated on the basis of d'Amico International Shipping's (the "Guarantor") consolidated financial statements, which can be summarised as follows: (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 balance sheet, 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 2007, according to the facility's definitions, cash available amounted to US$148.4 million, net worth amounted to US$282.7 million, and the equity to asset ratio was 56.5%.

The facility is secured through a guarantee by the parent Company, d'Amico International Shipping, and provides (i) as at 31 December 2007 mortgages on thirteen of the Group's owned vessels. On the last two vessel acquired in 2007 (purchase options exercised) no mortgages were provided; (ii) an assignment in favour of the lenders of the time-charter agreements entered into by the Group; and (iii) a pledge over an account opened with Calyon S.A. into which the Group 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 2007.

Note:

1. Includes d'Amico International Shipping share of yard payments for three vessels under construction which are part of the Glenda International Shipping joint venture, and two vessels under construction which are part of the d'Amico Mitsubishi joint venture, for a total of US$18.5 million.

21. DEFERRED TAX PROVISION

US$ Thousand	As at 31 December 2007	As at 31 December 2006
Deferred Tax provision	-	10 169

The deferred tax provision represented capital allowances in excess of depreciation charged. It was reversed in 2007 as a result of d'Amico International Shipping's entry into the Irish tonnage tax regime (see note 13).

22. OTHER FINANCIAL CURRENT LIABILITIES

US$ Thousand	As at 31 December 2007	As at 31 December 2006
Related parties liabilities	-	36 496
Fair value of derivative instruments	4 355	1 365
Total	**4 355**	**37 861**

As at 31 December 2006, other current financial liabilities represented a loan from d'Amico Finance Limited, a d'Amico Group company, amounting to US$36.5 million, which was fully repaid in 2007 before the listing. The loan bore interest based on LIBOR.

The derivative instruments fair values are disclosed in note 25.

23. PAYABLES AND OTHER CURRENT LIABILITIES

US$ Thousand	As at 31 December 2007	As at 31 December 2006
Trade payables	32 572	14 768
Other Creditors	1 593	1 313
Accruals & Deferred Income	935	9 746
Total	**35 100**	**25 827**

Payables and other current liabilities as at 31 December 2007, include mainly trade payables, of which an amount of US$5.8 million relates to the related party, Rudder SAM (bunker). The 2006 trade payables includes US$0.8million due from d'Amico Società di Navigazione S.p.A, and US$4.9million due from d'Amico International S.A. and US$3.6 million due to other d'Amico group companies.

24. CURRENT TAXES LIABILITIES

US$ Thousand	As at 31 December 2007	As at 31 December 2006
Current tax liabilities	73	4 344

The balance at the end of 2007 reflects the entry into the tonnage tax of the key operating subsidiary, d'Amico Tankers Limited, and the subsequent relevant decrease in tax charges.

25. DERIVATIVE INSTRUMENTS

As at 31 December 2007, other than the share options, the following derivative instruments were in place:

US$ Thousand	Fair value at 31 December 2007	Income statement Financial income/(charges)	Equity Hedging Reserves
Hedge accounting			
Interest rate swaps	(3 459)	-	(3 459)
Forward currency contracts	(896)		(896)
Total	**(4 455)**		**(4 355)**

US$ Thousand	Fair value at 31 December 2007	Income statement Financial income/(charges)	Equity Hedging Reserves
Hedge accounting			
Interest rate swaps	(536)	-	(536)
Income statement			
Forward currency contracts	(829)	(829)	-
Total	**(1 365)**	**(829)**	**(537)**

Interest rate swaps

In the last quarter of 2007 the Group, through the operating subsidiary d'Amico Tankers Limited signed three interests swap contracts (IRS), for a total notional amount of US$150 million. The IRS contracts purpose is to hedge the risks relating to interest rates potential increase on the existing bank loans (revolving facility). Other than those contracts, at the end of March 2007 the Group closed the interest rate swap contracts positions open as at 31 December 2006 for a total notional amount of US$42.5 million (whose negative fair value at the end of 2006 was of US$0.5 million).

The negative outstanding IRS fair value at the end of the year is shown under other Current financial liabilities.

Forward currency contracts

In connection with the purchase option exercise process of two additional vessels (announced in January 2008), High Harmony and High Consensus, in December 2007 the Group entered into additional forward currency contracts. At the balance sheet date the amount of the opened contracts notional amount was of ¥5,800 million, whose negative fair value at the end of 2007 corresponds to US$0.9 million.

The fair value of derivative financial instruments is determined by taking into consideration market parameters at the balance sheet date and using valuation techniques widely accepted in the financial business environment. In particular the fair value of forward contracts is determined by taking the prevailing exchange rate; the fair value of interest rate swaps is determined by using the discounted cash flow method.

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 the can not 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 as principally all the Group's revenues and most part of the operating costs are denominated in United States Dollars.

The actual foreign exchange risk is consequently limited to other cash flows that are not denominated in U.S. Dollars, primarily some administrative expenses and operating costs. For 2007, these payments amounted to US$35.5 million (14.1% of total operational, administrative, financial and fiscal expenses), of which 74% related to euro transactions (other significant currencies included Singapore Dollars (10%), and British Pounds (7%)). A 10% fluctuation, in the same direction, of the U.S. Dollar exchange rate against all other currencies would therefore have resulted in a US$3.5 million variation in the profit of the Group for the year.

Interest rate risk

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.

With all other variables remaining constant, an increase in the level of interest rates of 100 basis points would have given rise to a change in the net financial income by US$1.4 million (negative) a reduction in interest rates of 100 basis points would have given an equivalent positive effect.

Credit Risk

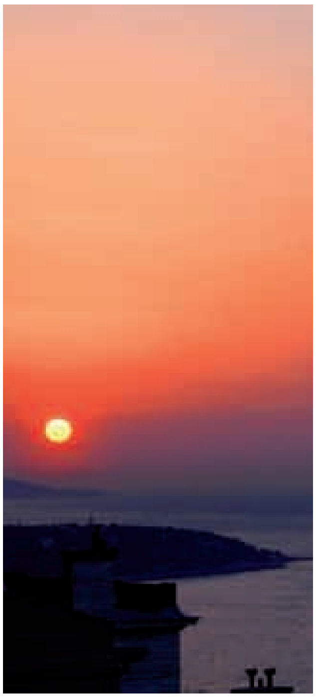
The Group is exposed to credit risk resulting from the possible non performance of any of its counterparties, primarily customers.

Considering the customers, the risk essentially relates to demurrage receivable, which is analysed and written down, if needed, on an individual basis. The total specific provision at 31 December 2007 amounted to US$0.15 million (2006: US$ nil).

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 and under Report on Operation, while details of the commitments are set out in note26. The management believe that the funds and the significant credit lines currently available, together with the additional lines under negotiation in connection with Glenda International Shipping Ltd Joint Venture 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.



27. CLASSIFICATION OF FINANCIAL INSTRUMENTS

US$ Thousand	Loans and receivables	Derivatives used for hedging	Non financial assets	Total
Assets				
Tangible assets	-	-	430 605	430 605
Financial fixed assets	-	-	4	4
Inventories	-	-	9 300	9 300
Receivables and other current assets	35 863	-	-	35 863
Cash and cash equivalents	24 926	-	-	24 926
Liabilities				
Banks and other lenders	(178 482)	-	-	(178 482)
Other financial current liabilities	-	(4 355)	-	(4 355)
Payables and other current liabilities	(35 100)	-	-	(35 100)
Current taxes payable	(73)	-	-	(73)
	(152 866)	**(4 355)**	**439 909**	**282 688**

28. RELATED PARTY TRANSACTIONS

During 2007, 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$3.6 million, in 2007. 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$19.4 million. The related party transactions also include purchases of Intermediate Fuel Oil and Marine Diesel Oil, from Rudder SAM, a d'Amico Group controlled company, amounting to US$35.1million. The Group's Income statement also includes interest expense charged by d'Amico Finance, amounting to US$1.2 million on loans entirely repaid as at 30 June 2007.

On 5 November 2007, d'Amico Società di Navigazione S.p.A. and d'Amico International Shipping S.A entered into an agreement pursuant to which d'Amico Società di Navigazione S.p.A provides consulting services to the Group relating to the assistance in complying with Italian Stock Exchange rules and duties.

The effects of related party transactions on the Group's consolidated income statements for 2007 and 2006 are the following:

US$ Thousand	2007 Total	2007 Of which related parties	2006 Total	2006 Of which related parties
Revenue	310 260	-	299 554	-
Voyage costs	(58 575)	(35 650)	(56 286)	(26 961)
Time charter hire costs	(92 352)	(19 421)	(105 929)	(19 598)
Other direct operating costs	(34 647)	(4 515)	(27 496)	(9 103)
General and administrative costs	(22 408)	(398)	(8 471)	(3 287)
Other operating income	3 766	-	2 761	-
Result on disposal of vessels	-	-	29 978	29 978
Net financial income (charges)	(10 950)	(1 186)	(17 750)	(2 771)

The effects of related party transactions on the Group's consolidated balance sheets as at 31 December 2007 and 31 December 2006 are the following:

US$ Thousand	As at 31 December 2007 Total	As at 31 December 2007 Of which related parties	As at 31 December 2006 Total	As at 31 December 2006 Of which related parties
ASSETS				
Non current assets				
Intangible assets	-	-	-	-
Tangible assets	430 605	-	377 571	-
Financial fixed assets	4	-	50	-
Current assets				
Inventories	9 300	-	5 213	-
Receivables and other current assets	35 863	712	39 149	887
Cash and cash equivalents	24 926	-	13 932	-
LIABILITIES				
Non current liabilities				
Banks and other lenders	178 482	-	187 724	2 324
Other non current liabilities	-	-	10 169	-
Current liabilities				
Banks and other lenders	-	-	16 000	-
Other financial current liabilities	4 355	-	40 279	36 496
Payables and other current liabilities	35 173	6 835	40 246	5 312

The effects, by legal entity, of related party transactions on the Group's consolidated income statement for the 2007 are the following:

US$ Thousand	d'Amico Intern. Shipping Sa	Rudder SAM	d'Amico Shipping Italia SpA	d'Amico Società di Nav. SpA	d'Amico Finance Ltd	Ishima Pte Ltd	d'Amico Ireland Ltd	d'Amico Shipping UK	Cogema Sam	Compagnia Generale Telemar	d'A. Shipping Sing
	(consolidated)										
Voyage Costs	**(58 575)**										
Bunker	(35 125)	(35 125)	-	-	-	-	-	-	-	-	-
Commissions	(525)	-	-	-	-	-	-	(84)	(372)	-	(69)
Time charter In Costs	**(92 352)**										
Vessel Charter agreement	(19 241)	-	(19 421)	-	-	-	-	-	-	-	-
Other Direct Operating Costs	**(34 647)**										
Management Agreements	(3 180)	-	-	(1 397)	-	(62)	(1 721)	-	-	-	-
Sundry vessel expenses	(40)	-	-	-	-	-	-	(40)	-	-	-
Technical Expenses	(1 295)	-	-	-	-	-	-	-	-	(1 295)	-
General and administrative costs	**(22 408)**										
Services agreement	(398)	-	-	(288)	-	-	(110)	-	-	-	-
Consultancy	(276)	-	-	-	-	-	(276)	-	-	-	-
Net financial charges	**(10 950)**										
Interest expense	(1 186)	-	-	-	(1 186)	-	-	-	-	-	-
Total		**(35 125)**	**(19 421)**	**(1 685)**	**(1 186)**	**(62)**	**(2 107)**	**(124)**	**(372)**	**(1 295)**	**(69)**

The table below shows the effects, by legal entity, of related party transactions on the Group's combined income statement for the year 2006:

US$ Thousand	d'Amico Intern. Shipping Sa	Rudder SAM	d'A. Società di Nav. SpA	d'A. Finance Ltd	d'A. Ireland Ltd	d'A. Shipping UK	Cogema Sam	Telemar	d'A. Shipping SG	d'A. Dry Ltd	Paul Maritime Company Ltd	Medbulk Maritime Ltd
	(combined)											
Voyage costs	**(56 286)**											
Bunker	(24 102)	(24 102)	-	-	-	-	-	-	-	-	-	-
Commissions	(2 859)	-	-	-	-	(748)	(1 949)	-	(162)	-	-	-
Time charter In Costs	**(105 929)**											
Vessel Charter agreement	(19 598)	-	(18 204)	-	-	-	-	-	-	-	(1 394)	-
Other Direct Operating Costs	**(27496)**											
Management Agreements	(4 610)	-	-	-	(4 610)	-	-	-	-	-	-	-
Sundry vessel expenses	-	-	-	-	-	-	-	-	-	-	-	
Technical Expenses	(1 206)	-	-	-	-	-	-	(1 206)	-	-	-	-
Generale and administrative costs	**(8471)**											
Services agreement	(3 287)	-	-	-	(3 287)	-	-	-	-	-	-	-
Result on disposal of vessels	**29 978**	-	-	-	-	-	-	-	-	-	29 978	-
Net financial charges	**(17 650)**											
Interest expense	(2 771)	-	-	(1 915)	-	-	-	-	-	(1 082)	-	226
Total		**(24 102)**	**(18 204)**	**(1 915)**	**(7 897)**	**(748)**	**(1 949)**	**(1 206)**	**(162)**	**(1 082)**	**28 584**	**226**

The effect, by legal entity, of related party transactions on the Group's consolidated Balance Sheet as at 31 December 2007 are as follows:

US$ Thousand	d'Amico Intern. Shipping Sa	Rudder SAM	d'A. Shipping Italia SpA	Cogema Sam	d'Amico Società di Nav. SpA	d'Amico Ireland Ltd	d'Amico Shipping Sing	d'Amico Shipping UK	Compagnia GeneraleTelemar	Ishima Pte Ltd
	(consolidated)									
Receivables and Other Current Assets	**35 863**									
of which related party	*712*	*-*	*375*	*-*	*-*	*-*	*-*	*-*	*-*	*337*
Payables and Other Current Liabilities	**35 173**									
of which related party	*6 835*	*5 780*	*63*	*79*	*423*	*140*	*1*	*37*	*197*	*115*
Total		**5 780**	**312**	**79**	**423**	**140**	**1**	**37**	**197**	**222**

The effect, by legal entity, of related party transactions on the Group's combined Balance Sheet as at 31 December 2006 were the following:

US$ Thousand	d'Amico Intern. Shipping Sa	Rudder SAM	d'Amico International SA	d'Amico Finance SA	d'A. Società di Nav. SpA	d'Amico Ireland Ltd
	(combined)					
Receivables and other current assets	**39 149**					
of which related party	*887*	*-*	*887*	*-*	*-*	*-*
Other financial current liabilities	**40 279**					
of which related party	*38 820*	*-*	*2 324*	*36 496*	*-*	*-*
Payables and other current liabilities	**40 246**					
of which related party	*5 312*	*1 164*	*-*	*-*	*793*	*3 356*
Total		**1 164**	**1 437**	**36 496**	**793**	**3 356**

29. COMMITMENTS AND CONTINGENCIES

CAPITAL COMMITMENTS

As at 31 December 2007, the Group's total capital commitments amounted to US$191.5 million, of which payments over the next 12 months amounted to US$86.5 million. The Pro-forma figures include additional capital commitments currently in place, as disclosed below.

US$ Million	As at 31 December 2007	As at 31 December 2007 Pro-forma
Within one year	86.5	195.3
Between 1 – 3 years	100.2	129.5
Between 3 – 5 years	4.8	19.4
More than 5 years	-	-
Total	**191.5**	**344.2**

Following the year end, d'Amico International Shipping exercised purchase options on three time chartered-in vessels in advance with respect to their original exercise periods, namely on High Harmony, High Consensus and High Peace. In addition, on 1 February 2008, GLENDA International Shipping (the joint venture between d'Amico International Shipping and the Glencore Group, owned 50% by each participant) announced that it will take over from ST Shipping & Transport Pte Ltd contracts for the purchase of three additional new vessels currently under construction. Associated capital commitments for the latter six vessels are included in the pro-forma numbers above. Total capital commitments for d'Amico International Shipping are now comprised of:

- Payments for two vessels bought in joint-venture with Mitsubishi, through d'Amico Mitsubishi Shipping, of which our consolidated 51% share of payments amounts to Yen 4.09 billion (US$36.5 million[1]). Of this, our commitments over the next twelve months amount to Yen 0.45 billion (US$4.0 million[1]);
- Payments for ten vessels bought by GLENDA International Shipping Ltd. Our 50% share of these commitments amounts to US$228.3 million, of which commitments over the next 12 months amount to US$111.8 million;
- Payments for three vessels bought by d'Amico International Shipping which were previously on time charter with the Group. The total amount due for these is US$79.5 million, and is all payable during Q1 2008.

OPERATING LEASES – CHARTERED IN VESSELS [2]

As at 31 December 2007, the Group's minimum operating lease rental commitments amounted to US$820.4 million, of which payments over the next 12 months amounted to US$112.9 million. The Pro-forma figures take into consideration the operating leases currently in place and disclosed below

US$ Million	As at 31 December 2007	As at 31 December 2007 Pro-forma
Within one year	112.9	101.0
Between 1 – 3 years	259.9	233.8
Between 3 – 5 years	202.5	176.5
More than 5 years	245.1	244.2
Total	**820.4**	**755.5**

As at 31 December 2007, d'Amico Tankers Limited operated 19.4 vessel equivalents on time charter-

Note:
1. Yen values were converted to US dollars at the 31 December 2007 closing exchange rate of Yen 112.04 to 1 US dollar
2. Does not include optional periods. Includes our proportion of charter expenses of vessels time chartered by the Handytankers Pool. Includes 100% of time charter costs for vessels hired from DM Shipping.

in contracts as lessee. These had an average remaining contract period of 4.0 years at that time (5.2 years including optional periods). In addition, the Company had time charter-in contracts on 8.8 vessel equivalents not yet delivered at 31 December 2007. These have an average contract period of 7.2 years (9.3 years including optional periods). Some of the charter-in contracts include options to purchase vessels in the future, details of which are included below.

Following the year end, d'Amico International Shipping exercised three purchase options in advance with respect to their original exercise periods, on High Harmony, High Consensus and High Peace. Subsequent to this, associated capital commitments reduced by US$64.9 million (as at 31 December 2007), highlighted in the pro-forma numbers above.

OPERATING LEASES – OTHER

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

US$ Million	As at 31 December 2007
Within one year	0.8
Between 1 – 3 years	1.3
Between 3 – 5 years	0.8
More than 5 years	2.0
Total	**4.9**

PURCHASE OPTIONS

Following the early exercise of purchase options of High Consensus, High Harmony and High Peace, d'Amico Tankers Limited. currently has 12 vessel purchase options in place on time chartered vessels (for 9.8 vessel equivalents, since some of the options are on partially controlled vessels), four of which on vessels it currently controls (100%), and the remaining on vessels to be delivered (3.8 vessel equivalents). Exercise of these options is at the discretion of the Group based on the conditions prevailing at the date of the option. It should be noted that the agreed exercise prices of a number of these options are significantly lower than the current market value of the chartered vessels.

The following tables provide details of our purchase options. Yen exercise prices were converted to US dollars at the 31 December 2007 closing exchange rate of Yen 112.04 to 1 US dollar.

Acquisition Options on MR Vessels

Vessel	First Exercise Date	Exercise Price (in millions)(2)	Age at First Exercise Date(2)	Exercise Period
MR 1(1)	March 2008	US$26.3	5.0	NA
MR 2	November 2010	US$23.9	5.0	4 years
MR 3	July 2011	US$23.9	5.0	4 years
MR 4	October 2011	US$23.9	5.0	4 years
MR 5	October 2014	US$33.0	5.0	6 years
MR 6	April 2017	US$26.8	8.0	NA

(1) Represents a 30% interest in the acquisition option of MR 1.
(2) Exercise price and vessel age at first exercise date. When option has an exercise period, exercise price falls throughout such period.

Acquisition Options on Handysize Vessels

Vessel	First Exercise Date	Exercise Price (in millions)(2)	Age at First Exercise Date(2)	Exercise Period
Handy 1	January 2014	US$38.5	6.0	NA
GSI 06130003(1)	March 2014	US$42.5	6.0	NA
GSI 06130004(1)	April 2015	US$42.5	6.0	NA
GSI 06131014(1)	April 2016	US$40.5	8.0	NA

(1) Represents a 25% interest on the acquisition options on these vessels

(2) Exercise price and vessel age at first exercise date. When option has an exercise period, exercise price falls throughout such period.

ONGOING DISPUTES

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 key operating subsidiary of the group (d'Amico Tankers Limited) entered the Irish tonnage tax regime. The regime includes provision whereby a proportion of capital allowances previously claimed may be subject to tax in the event that vessels are sold and not replaced within the specified time limit or the group fails to comply with the ongoing requirements to remain within the regime. The theoretical contingent tax liability as at 31 December 2007 has been estimated at US$5.2 million assuming all vessels on which capital allowances had been formerly claimed were sold for their net book value at that date. This contingent liability decreases over the first five years following entry into tonnage tax to nil. No provision has been made as no liability is reasonably expected to arise.

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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	100 000	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	200	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 2007 does not significantly differ with respect to the 2006 combined accounts shown in the IPO prospectus. During 2007 Glenda International Shipping Ltd interests of 100% has been partially transferred (50%) to Topley Corporation (Glencore Group) to act as vehicle of the related joint venture. VPC Logistic Limited has been incorporated in November 2007 but had not commenced operations as at 31 December 2007.

Interest in jointly controlled entities

The jointly controlled entities, have been proportionately consolidated in the consolidated financial statements based on the following amounts.

Name	Revenue	Net Result	Total Assets	Net Equity
Year ended 31 December 2007				
Glenda International Shipping Ltd	-	(81)	32 251	32 170
DM Shipping Ltd	-	(170)	8 571	(37)
Year ended 31 December 2006				
Glenda International Shipping Ltd	-	-	-	-
DM Shipping Ltd	-	33	4 702	13

The companies have not commenced operations as the delivery of the vessels will not occur until the end of 2008 (Glenda International Shipping Ltd) and 2009 (DM Shipping Ltd).

31 . SUBSEQUENT EVENTS

VESSEL OPTIONS EXERCISE

On 8 January 2008, d'Amico International Shipping announced the exercise of High Harmony's purchase option, in advance with respect to the original exercise period commencing in 2010.. High Harmony, which before its acquisition was on time-charter to the Group, is a double-hulled MR product tanker vessel (45,913 dwt), built in 2005 by the Shin Kurushima shipyard in Japan. The purchase price of the vessel was Yen 2.9 billion (US$26.5 million), significantly lower than the current market value of the vessel, which is higher than US$50.0 million.

On 17 January 2008, the Group agreed to acquire High Consensus. This is a double-hulled MR product tanker vessel (45,896 dwt), and delivery is expected to take place in February 2008. The purchase price was agreed at Yen 2.9 billion (US$26.5 million), significantly lower than the current market value of the vessel which is higher than US$50.0 million. The vessel was originally chartered-in by d'Amico International in 2005 and the charter agreement provided for a purchase option first exercisable in 2010, d'Amico International Shipping was provided with the opportunity to exercise this purchase option in advance and it did so.

The Group agreed to acquire the MR product tanker High Peace. This is a double-hulled vessel of 45,888 dwt, delivery March 2008, after the signing of the Memorandum of Agreement. The purchase price was agreed at Yen 2.9 billion (about US$27 million), significantly lower than the current market value of the vessel, which is higher than US$50.0 million. This vessel was originally chartered by d'Amico Tankers Limited in 2004, and the charter agreement provided for a purchase option first exercisable in 2009. As was the case with High Harmony and High Consensus above, the Group negotiated with owners an early exercise of this option, making this the fourth such advance acquisition.

CHANGES TO CONTROLLED FLEET

Long -term charter-in contract of the Malbec

In January 2008 d'Amico agreed to charter-in for a period of six years the Malbec, a 38,500 dwt Handysize modern double-hull and flexible IMO class product tanker vessel built in 2004 by the Guangzhou shipyard in China. This vessel is now part of d'Amico's operational fleet. The time charter-in contract also includes a purchase option at the contract expiration date.

Sale of the High Trust

On 1 February 2008, the Group agreed to sell to Bien Dong shipping Company, Hanoi (Vietnam), the High Trust, the 45,937 dwt medium range double-hull product tanker built in 2004 by Shin Kurushima shipyard in Japan. The delivery of the vessel to its new owner and the related full cash-in of the proceeds are expected to occur by March 2008. The agreed gross sale price for this vessel is US$55.0 million, compared to a book value of US$31.5 million, thereby allowing the Group to realize a significant gain, of approximately US$22 million on its disposal. Prior to its sale, the vessel had been time chartered in and then owned by the d'Amico Group, which had exercised its purchase option in October last year.

Glenda International Shipping expands its fleet to 10 vessels

As already mentioned in the previous section, on 1 February 2008 the Group announced that Glenda International Shipping Limited, the joint-venture company between d'Amico International Shipping and Glencore Group, will take over from St Shipping & Transport Pte. Ltd. of Singapore, the acquisition contract for three medium ranges IMO classed, 46,000 dwt, product/chemical tankers. The vessels, which are under construction at the Hyundai-Mipo Dockyard Co. Ltd (Hyundai-Mipo), have a purchase price of approximately US$49.0 million each. The vessels are expected to be delivered in December 2009, January 2011 and March 2011.

The acquisition of these three additional vessels, increase the number of vessels currently on order by the Group at the Hyundai-Mipo shipyard to six, and Glenda International Shipping's fleet to a total of ten vessels.


O SMOKING

d'Amico International Shipping S.A.

Management Report And Statutory Financial Statements

Period Ended 31 December 2007

RCS Luxembourg B 124 790

High Century

Management Report 2007

Contents

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 the first financial period of the Company amounted to US$16.7 million. The company's reclassified Income statement is summarized in the following table. As the company has been incorporated in 2007, no comparative figures are shown.

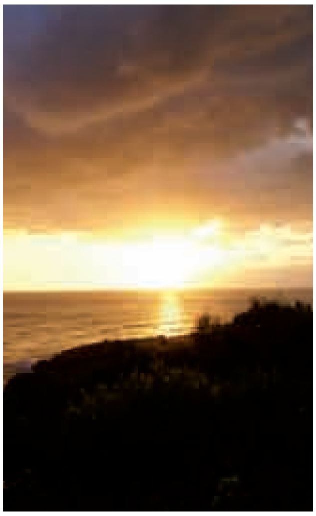
US$ Thousand	31 December 2007	31 December 2006
Investment income (dividends)	28 572	-
Personnel costs	(1 993)	-
Other General and administrative costs	(10 423)	-
Financial income (charges)	605	-
Net Profit	**16 761**	**-**

The investment income relates to the US$25 million dividend received prior to the listing on the Italian stock exchange market from the subsidiary d'Amico Tankers Limited (DTL - Ireland), and to US$3.5 million of interest on a loan to d'Amico Tankers Limited.

Costs are essentially made up of General and administrative expenses. Other than personnel, the costs mainly refer to expenses incurred in connection with the Initial public offering (IPO) of the company, including the recurring listing support fees.

BALANCE SHEET

US$ Thousand	As at 31 December 2007	As at 31 December 2006
Investments	178 955	-
Current assets	68 910	-
Total assets	**247 865**	**-**
Shareholders' Equity	247 445	-
Current Liabilities	420	-
Total liabilities and shareholders' equity	**247 865**	**-**

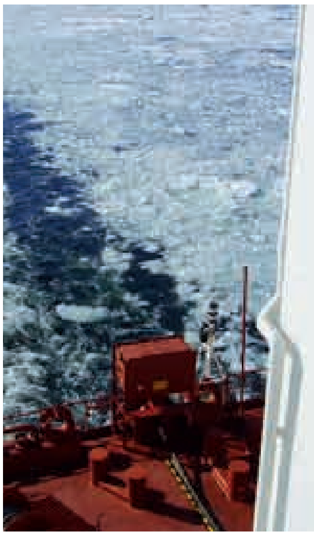


The Company's Total Assets mainly include the investment of US$178.9 million in the subsidiaries d'Amico Tankers Limited with a book value of US$178.9 million, the key operating subsidiaries of the Group, and GLENDA International Shipping Ltd, (book value of US$100), the Joint Venture company with Glencore Group. In November 2007, through a partnership agreement with Glencore Group, the subsidiary Glenda International Shipping Limited became operational and a shareholders' loan was advanced for payment of the first tranche on the first three Hyundai vessels.

On 24 December the Company increased its share capital in d'Amico Tankers Limited, wholly owned subsidiary, by US$50 million. The settlement has been done through the reduction of a portion of the existing financial receivables.

Current assets are principally made up of receivables due from subsidiaries and investment in own shares (treasury shares) for an amount of US$11.2 million, held by the company in accordance with the share buy back plan approved in the second half of 2007.

SIGNIFICANT EVENTS OF THE PERIOD



High Progress on Ice

INITIAL PUBLIC OFFERING (IPO)

At the beginning of May 2007, d'Amico International Shipping was successfully listed on the Milan (Italy) Stock Exchange. The price for d'Amico International Shipping S.A.'s 68,976,957 shares offered (including 8,996,994 Greenshoe shares) was fixed at €3.5. The Italian Retail Offering, representing 5,998,500 shares, was five times oversubscribed, and at the offer price, the Institutional Placement, representing the remaining 62,978,457 shares, was over two times oversubscribed. The Retail Offering was reserved for the Italian public and the Institutional Offer, distributed to Institutional Investors in Italy and abroad, including a placement in the US to 144A investors. Dealings on the Mercato Telematico Azionario (MTA) – Star segment – organized and managed by Borsa Italiana S.p.A. started on 3 May 2007.

GLENDA INTERNATIONAL SHIPPING – THE JOINT-VENTURE WITH GLENCORE GROUP

On 5 November 2007, d'Amico International Shipping S.A. and the Glencore Group signed the joint venture agreement establishing Glenda International Shipping Ltd (Ireland).

The joint venture agreement originally involved the acquisition of four new 51,000 dwt product/chemical tankers (the SLS vessels) to be delivered between the end of 2008 and the beginning of 2009 this was amended on 19 December 2007 to include three additional product tankers. Following a further transaction announced on 1 February 2008, Glenda International Shipping's fleet new building programme expanded from seven to a total of ten MR double-hull product/chemical tankers under construction with deliveries scheduled between the end of 2008 and March 2011.

TONNAGE TAX

d'Amico International Shipping's key operating subsidiary, d'Amico Tankers Limited (Ireland), successfully entered the Irish Tonnage Tax regime, effective from 1 January 2007 (i.e. accounting period 1 January 2007 to 31 December 2007), for a period of 10 years. In the tonnage tax regime, tax is charged on income calculated on a notional basis rather than on the accounting profit. This notional income is calculated by reference to the ship's size. Some minor activities, which do not fall within the tonnage tax regime, are taxed at 12.5%.

CHANGES TO CONTROLLED FLEET

As planned and disclosed in the IPO prospectus, the single hull MR vessels, High Seas and High Tide, both time chartered by d'Amico Tankers Limited, were redelivered to owners on 22 June 2007 and on 5 July 2007, respectively. Following these redeliveries, d'Amico International Shipping's fleet comprises only double hull vessels.

On 10 August 2007, Handytankers Spirit, a handysize chartered-in vessel, in which the Group has a 50% interest, was delivered to d'Amico Tankers Limited.

The time charter-in contract for High Nefeli, which would have expired on March 2008, was extended for another three years to March 2011.

VESSEL OPTIONS EXERCISE

d'Amico Tankers Limited (the operating subsidiary of d'Amico International Shipping) exercised purchase options on High Trust and High Priority, two MR vessels previously time chartered-in by the company, for US$32.1 million (Yen 3.69 billion) on 5 October 2007, and US$29.2 million (Yen 3.35 billion) on 12 October 2007, respectively. The purchase price of both vessels was substantially below their current market value estimated at US$50 million. The purchase option on High Priority was originally exercisable starting in 2010, but d'Amico Tankers Limited managed to negotiate with the former owner an anticipation of such exercise date.

BUY BACK PROGRAMME

On 3 July 2007, the shareholders' extraordinary general meeting of d'Amico International Shipping, duly convened and regularly held pursuant to applicable provisions, approved a resolution authorizing the Board of Directors of d'Amico International Shipping to effect on one or several occasions repurchases of d'Amico International Shipping's shares on the regulated market on which its shares are admitted for trading during a period of eighteen (18) months from the date of the shareholder's meeting, for a maximum of 14,994,990 ordinary shares, corresponding to 10% of the subscribed capital of d'Amico International Shipping, within a price ranging from one euro (€1) per share to five euros (€5) per share. The maximum potential outlay on purchases for the operation is therefore equal to €75.0 million.

Repurchases of d'Amico International Shipping shares were approved to:

- enable d'Amico International Shipping to use its own shares for sale and/or swaps which might be pursued in the ordinary course of business;
- to pursue transactions in line with d'Amico International Shipping's strategy, involving an exchange, transfer, contribution, pledge, allocation, or assignment, of own shares.
- to allocate own shares for the implementation of stock option plans.

As at 31 December 2007, d'Amico International had repurchased 2,581,928 shares (1.72% of the outstanding share capital), for US$11.2 million (€7.8 million).

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK

VESSEL OPTIONS EXERCISE

On 8 January 2008, d'Amico International Shipping announced the exercise, through d'Amico Tankers Limited, of High Harmony's purchase option, in advance with respect to the original exercise period commencing in 2010. This is the second option exercised in advance, following that of High Priority in September 2007. High Harmony, which before its acquisition was on time-charter to the Group, is a double-hulled MR product tanker vessel (45,913 dwt), built in 2005 by the Shin Kurushima shipyard in Japan. The purchase price of the vessel was Yen 2.9 billion (US$26.5 million), significantly lower than the current market value of the vessel of approximately US$50.0 million.

On 17 January 2008, the Group agreed to acquire High Consensus. This is a double-hulled MR product tanker vessel (45,896 dwt), and delivery is expected to take place in February 2008. The purchase price was agreed at Yen 2.9 billion (US$26.5 million), significantly lower than the current market value of the vessel of approximately US$50.0 million. The vessel was originally chartered-in by d'Amico International in 2005 and the charter agreement provided for a purchase option first exercisable in 2010, d'Amico International Shipping was provided with the opportunity to exercise this purchase option in advance and it did so.

The Group agreed to acquire the MR product tanker High Peace. This is a double-hulled vessel of 45,888 dwt, and delivery is expected to take place in March 2008, after the signing of the Memorandum of Agreement. The purchase price was agreed at Yen 2.9 billion (about US$27 million), significantly lower than the current market value of the vessel, of approximately US$50.0 million. This vessel was originally chartered by d'Amico Tankers Limited in 2004, and the charter agreement provided for a purchase option first exercisable in 2009. As was the case with High Harmony and High Consensus above, the Group negotiated with owners an early exercise of this option, making this the fourth such advance acquisition.

CHANGES TO CONTROLLED FLEET

Long -term charter-in contract of the Malbec

In January 2008 d'Amico Tankers Limited agreed to charter-in for a period of six years the Malbec, a 38,500 dwt Handysize modern double-hull and flexible IMO class product tanker vessel built in 2004 by the Guangzhou shipyard in China. This vessel is now part of d'Amico's operational fleet. The time charter-in contract also includes a purchase option at the contract expiration date.

Sale of the High Trust

On 1 February 2008, d'Amico Tankers Limited agreed to sell to Bien Dong shipping Company, Hanoi (Vietnam), the High Trust, the 45,937 dwt medium range double-hull product tanker built in 2004 by Shin Kurushima shipyard in Japan. The delivery of the vessel to its new owner and the related receipt of the proceeds are expected to occur by March 2008. The agreed gross sale price for this vessel is US$55.0 million, compared to a book value of US$31.5 million, thereby allowing the Group to realize a significant gain, of approximately US$22 million on its disposal. Prior to its sale, the vessel had been time chartered in and then owned by the Group, which had exercised its purchase option in October last year.

Glenda International Shipping expands its fleet to 10 vessels

As already mentioned in the previous section, on 1 February 2008 the Group announced that Glenda International Shipping Limited, the joint-venture company between d'Amico International Shipping and Glencore Group, will take over from St Shipping & Transport Pte. Ltd. of Singapore, the acquisition contract of three medium range IMO classed, 46,000 dwt, product/chemical tankers. The vessels, which are under construction at the Hyundai-Mipo Dockyard Co. Ltd (Hyundai-Mipo), have a purchase price of approximately US$49.0 million each. The vessels are expected to be delivered in December 2009, January 2011 and March 2011.

The acquisition of these three additional vessels, increase the number of vessels currently on order by the Group at the Hyundai-Mipo shipyard to six, and Glenda International Shipping's new building fleet to a total of ten vessels.

BUSINESS OUTLOOK

From 2003 to 2005, freight rates for Medium Range product tankers have risen rapidly driven mainly by the strong economic growth rates experienced world-wide, an increase in the distances over which refined petroleum products have to be transported, volatility induced opportunities for arbitrage trades, and bottlenecks in the logistics for the transportation of such products.

Over the last two years, despite the substantial number of vessels delivered (9% of existing fleet in 2006 and just over 10% in 2007; source: Clarksons' Research Services), strong growth in demand has sustained freight rates at historically high levels, with average rates for 3 and 5 years time charters, which give an indication of future market expectations, rising.

In 2008, we expect an even larger influx of new buildings (12% of existing fleet; source: Clarksons' Research Services), and a potential slow-down in economic and oil demand growth as result of the difficulties currently experienced by financial institutions, and high oil prices. Nevertheless, a number of mitigating factors, some of which were present over the last two years, as well as some new ones, should sustain freight markets, namely:

Cielo di Roma

- Continued discharge port delays in major consuming areas such as United States East Coast and West Africa, absorbing available tonnage.
- Continued tight availability of yards for dry dock and repairs resulting in long delays.
- Rising demand for IMO classed vessels to cover the strong and growing market for the carriage of vegetable, palm oil and chemical products.
- Multidirectional refined products trade, driven by arbitrage opportunities.
- 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. In this respect, some large Asian refineries are reducing the use of single-hull tankers before their complete ban in 2010.
- An additional acceleration of scrapping of older single-hull vessels. According to Clarkson's research, there is still 8.20 million tons of deadweight expected to be scrapped in the 25-55.000 metric ton deadweight segment by the 2010 IMO phase out.
- A substantial increase in forecasted product refining capacity, of 2.9 million barrels per day (bpd) in 2008 (07 estimated increase was of 1.4 million bpd) (source: International Energy Agency July 2007 mid-term oil market report).

- An increase in request for long-haul voyages, driven by a growing dislocation between refining capacity and demand – the majority of the new refining capacity is being added in South East Asia and the Middle East, far away from the key consuming areas of Europe and North America.

- Ability of modern refineries, often located far from the consuming regions to:

  • Meet increasing demand for specialised products arising from new US and European environmental regulations.

  • Process sour crude, which should represent most of the future growth in crude production (smaller capacity to scale-up production of sweet crude).

- Low petroleum products inventories, which have on aggregate recently reached a 4 year low in the United States, Japan and China (source: Cleaves Shipbroking), among the largest importers of such products.

- China's worst fuel shortage in four years, with 2008 imports expected to grow by between 12 to 15 percent (source: Cleaves Shipbroking).

On behalf of the Board

Paolo d'Amico
Chairman

Marco Fiori
Chief Executive Officer

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 2 FEBRUARY 2007 TO 31 DECEMBER 2007

US$	Notes	31 December 2007	31 December 2006
CHARGES			
3. Staff costs			
a) Wages and benefits	(2)	*1,982,215*	-
b) Social security		*10,337*	-
4. Value adjustments in respect of fixed assets		**7,415**	**-**
5. Other operating charges	(3)	10,416,222	-
7. Interest payable and similar charges			
b) Other interest payable and charges	(4)	*105,792*	-
13. Profit for the financial period		16,760,529	-
Total charges		**29,282,510**	**-**
INCOME			
5. Income from participating interest			
a) derived from affiliated undertakings	(5)	*25,000,000*	-
7. Other interest receivable and similar income			
a) derived from affiliated undertakings	(6)	*3,571,726*	-
b) other interest receivable and similar income		*710,784*	-
Total income		**29,282,510**	**-**

BALANCE SHEET

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US$	Notes	As at 31 December 2007	As at 31 December 2006
C. Fixed assets			
II. Tangible assets			
3. other fixtures and fittings, tools and equipment	*(7)*	*32,655*	-
III. Financial assets			
1. shares in group undertakings	*(8)*	*178,922,020*	-
2. Loans to affiliated undertakings	*(9)*	*16,129,510*	
7. own shares	*(10)*	*11,199,123*	-
D. Current assets			
II. Debtors			
a) due and payable within one year	*(11)*	*41,027,678*	-
IV. Cash at bank		512,934	-
E. Prepayments and accruals	**(12)**	**40,879**	-
Total assets		**247,864,799**	-
A. Capital and reserves			
I. Subscribed capital	(13)	149,949,907	-
II. Share premium account	(13)	67,734,509	-
IV. Reserves			
2. reserve for own shares		*11,199,123*	-
3. other reserves		*1,800,000*	-
VI. Profit for the financial period		16,760, 529	-
C. Creditors			-
4. Trade creditors on purchase and provision of services			
a) due and payable within one year	*(15)*	*304,416*	-
D. Accruals and deferred income		**116,315**	-
Total liabilities and shareholders' equity		**247,864,799**	-

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)

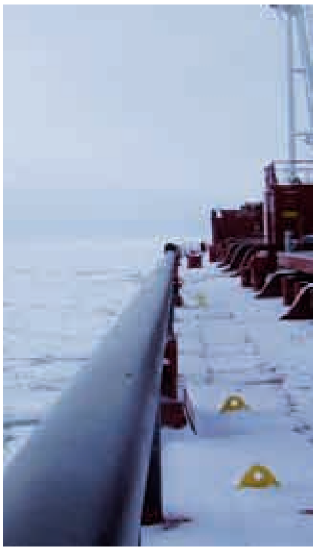
Payables are measured at the nominal value.

Derivatives 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.



High Progress on Ice

Formation expenses

The formation expenses incurred in the financial period are Company registration fees and mainly include costs relating to its capital increase of 3rd May; they have been directly charged to the profit and loss account.

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:

a) Treasury Shares (Own shares)

Under Luxembourg GAAP, Treasury Shares are shown under Current Assets as "Transferable Securities" 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.

b) IPO costs

During the first half of 2007 DIS incurred Initial Public Offer costs that under Luxembourg GAAP are classified as Administrative Costs. Under IFRS, IPO costs directly associated with the litsting were directly charged and deducted from Shareholders' Equity (Other reserves)

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, 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 listing process and functional to its current presence on the stock market. Expenses incurred to run the office do not reach materiality level.

Fees were paid to the Company directors for services rendered to the Company and attending the Board's meetings. A total amount of US$1,111,864 was paid, including net fees for US$889,491 and 20% witholding tax.

4. INTEREST PAYABLE AND SIMILAR CHARGES

Financial expenses mainly comprise 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. INCOME FROM PARTICIPATING INTEREST

A dividend of US$25 million was received from d'Amico Tankers Limited before the listing on the Italian stock market.

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

The balance of US$3.6 million mainly refers to the interest income on a loan to d'Amico Tankers Limited, while US$0.7 million arises from financial interest received on bank deposits and exchange gains.

7. TANGIBLE ASSETS

Tangible assets principally represents IT equipment for the Luxembourg office.

8. FINANCIAL ASSETS – SHARES IN GROUP UNDERTAKINGS

Company	Country	Ownership	Ccy	Increase US$	Decreases US$	Book value at 31 December 2007
d'Amico Tankers Ltd.	IRL	100%	USD	178,921,920	-	**178,921,920**
Glenda International Shipping Ltd.	IRL	50%	USD	200	(100)	**100**
Shares in subsidiaries			**USD**	**178,922,120**	**(100)**	**178,922,020**

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. It is the intention of the Company to hold the undertakings purchased during the financial period for more than 12 months, they therefore qualify as financial long-term investment.

d'Amico Tankers Limited

On 2 March 2007, the share capital of d'Amico International Shipping SA was increased from US$35,000 to US$128,956,920 by the issuance of 128,921,920 new shares with no nominal value as a results of the direct controlling shareholder d'Amico International SA (Lux) contribution in kind of the entire issued share capital of d'Amico Tankers Limited consisting of 100,000 shares of 1 Euro each at net asset value.

On 24 December 2007 US$50 million of the existing financial receivable due from d'Amico Tankers Limited to d'Amico International Shipping SA was converted into share capital.

At its Annual General Meeting on 22 February 2007, the shareholders of d'Amico Tankers Limited approved the payment of a dividend of US$25 million.

Glenda International Shipping SA

On 22 June 2007 d'Amico Tankers Limited transferred to d'Amico International Shipping SA at its book value, amounting to US$200, the investment in the fully owned subsidiary Glenda International Shippping Ltd (IRL). At that time the company was not yet operational.

Following the signing of the letter of Intent, dated 9 June 2007, d'Amico International Shipping SA and the Glencore Group signed the Joint Venture Agreement for Glenda International Shipping Ltd on 5 November 2007. As a result of this agreement, the Company sold to Topley Corporation (Glencore Group) the 50% of the interests in Glenda International Shipping Ltd for the value of US$100.

The Joint Venture originally related to the contracts for the purchase of four new 51,000 DWT product / chemical tankers to be delivered between the end of 2008 and the beginning of 2009 and was amended on 19 December 2007 to include three additional product tankers. Following a further transaction which occurred on 1 February 2008 Glenda's fleet expanded from seven to a total of ten MR double-hull product / chemical tankers under construction with deliveries scheduled between the end of 2008 and August 2011.

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
HandyTankers K/S	33%	Denmark	Pool company

9. FINANCIAL ASSETS – LOANS TO AFFILIATED UNDERTAKINGS

Company	31 December 2007
Glenda International Shipping Ltd.	16 129 510

As provided by the shareholders' agreement an interest free shareholders' loan (equity fund) amounting to US$16.1 million was granted in December 2007 to Glenda International Shipping Ltd to pay the first instalment related to three of the vessels under construction.

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10. FINANCIAL ASSETS – OWN SHARES

Securities are represented by own shares, which were purchased during the second half of the year following the EGM of 3 July 2007. Repurchases of Company shares over regulated market is allowed for 18 months up to 10% of share capital amount.

The repurchase of Company shares has been based on the following purposes:

(1) to make it possible to use own shares for any disposal and/or exchange within the framework of transactions linked to the Company's operation and of any projects such as agreements with strategic partners;

(2) to make available an effective opportunity of investment in line with the strategic policy of the Company also by means of exchange, transfer, contribution, pledge or assignment or other action of disposal of own shares for the acquisition of shareholdings or share packages or other transactions of extraordinary finance implying allocation or assignment of own shares;

(3) to allocate own shares for the implementation of the stock option plans in favour of directors or senior management in the Company or in its controlled subsidiaries.

2,581,928 own shares, for an equivalent amount of US$11,199,123 were purchased until 31 December 2007, corresponding to 1.72% of the share capital. Own shares are recorded at purchase value.

11. DEBTORS

Company	31 December 2007
d'Amico Tankers Limited.	41 021 726
Loans to subsidiaries	**41 021 726**

The Company has in place a financial receivable due from d'Amico Tankers Limited (DTL). The loan bears interest at the US$ LIBOR 3 months. On 31 December 2007 the amount due was US$41.0 million. The initial loan of US$105.0 million was partially reimbursed during the year and on 24 December 2007 US$50 million of the receivable was contributed as part of d'Amico Tankers Limited share capital.

12. PREPAYMENTS AND ACCRUALS

All professional expenses have been accrued.

13. 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.

On 2 March 2007 it was resolved to increase the subscribed capital within the limit of the authorised capital for amounts respectively of US$128,921,920 and US$20,992,987, represented by 128,921,920 and 20,992,987 shares without par 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 for own shares

During the second half of the year the company purchased own shares, and a reserve of equivalent amount has been established.

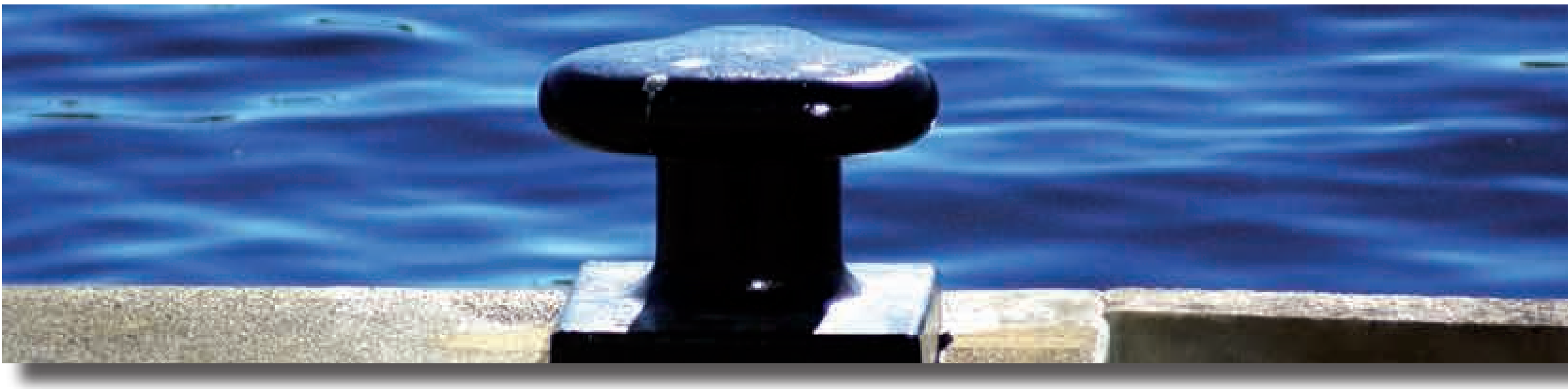
14. CREDITORS

Creditors represent amounts payable to suppliers of goods and services.

15. TAXATION

Due to the fact that dividends are not subject to the corporate income tax in Luxembourg, and that in 2007 the IPO costs occurred, d'Amico International Shipping's reports at the end of 2007 tax losses to be carried forward for an estimated amount of about US$19.1 million. No income taxes have been therefore charged to the income statement. The Luxembourg corporate income theoretical tax rate is of 30%.

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$ thousands)*

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	Other fees (2)
Mr. Paolo d'Amico	Chairman	2007	2008	350	-	-	236
Mr. Marco Fiori	Chief Executive Officer	2007	2008	200	-	-	633
Mr. Cesare d'Amico	Executive Director	2007	2008	50	-	-	-
Mr. Massimo Castrogiovanni	Non-Executive Director	2007	2008	50	-	-	7
Mr. Stas Jozwiak	Non-Executive Director	2007	2008	50	-	-	-
Mr. Gianni Nunziante	Non-Executive Director	2007	2008	50	-	-	-
Senior Managers with strategic responsibilities (3)		2007		70	-	-	2 135

(1). Date of the General Shareholders' Meeting approving the Company's Annual Accounts for 2007 Financial Year

(2). It includes the compensation as Board members and the salaries received from other Group companies

(3). It includes 5 Managers of d'Amico International Shipping Group

PARTECIPATIONS 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, 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. holds 100% of the share capital of d'Amico International S.A. and the latter holds 56.4% of the Company's share capital. As a result, Mr. Paolo d'Amico and Mr. Cesare d'Amico indirectly beneficially own 56.4% of the Shares of the Company and its Subsidiaries.

PROPOSAL FOR APPROVAL OF THE CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS AND ALLOCATION OF THE 2007 NET PROFIT AND DIVIDEND DISTRIBUTION

Dear Shareholders,

We submit for your approval the Consolidated and Statutory financial statement for the fiscal year ended December 31, 2007 the first prepared since the incorporation and the listing of the Company's shares in the Italian Stock Exchange Market, STAR segment.

In view of the next Annual General Shareholder's Meeting of the Company, to be held on April 29, 2008 the board of directors proposes to allocate the net profit income of the Company amounting to US$16,760,529.00 as follows, subject to shareholder's approval:

- *US$838,026.45 to the Legal Reserve required by applicable Law and in compliance with Article 29 of the Articles of Association of the Company;*
- *Proposal of a dividend distribution of US$15,000,000.00;*
- *to retained earnings the residual amount equal to approximately US$922,502.55.*

In addition to the above, the Board of Directors further proposes a further dividend distribution of US$20,000,000 out of the premium account of the Company.

The Board of Directors noted that the proposed dividend distribution is in line with the dividend policy as adopted by the Company and initially announced, close to 47% of the consolidated annual profit of the group.

Subject to the approval by the Company's Annual General Shareholder's Meeting, the payment of the above mentioned dividend will be made on 22 of May 2008, with a coupon (n.1) detachment date as of 19 of May 2008.

Luxembourg, 12 of February 2008

On behalf of the Board of Directors

Paolo d'Amico

Chairman

On behalf of the Board

Paolo d'Amico
Chairman

Marco Fiori
Chief Executive Officer

The undersigned, Mr Alberto Mussini, in my capacity of Chief Financial Officer of the Company, confirms that to the best of my knowledge the consolidated and statutory financial statements published in this report have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and income statement of the company and the companies included in the consolidation as a whole. The undersigned further declares that the report on operations and the management report present an accurate view of the evolution and performance of the d'Amico International Shipping Group and of the Company, of the situation the company and the companies included in the consolidation as a whole and of the description of the principal risks and uncertainties the company faces.

Alberto Mussini

Chief Financial Officer

High Endurance

MOORE STEPHENS
SOCIETE A RESPONSABILITE LIMITEE

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

We have audited the accompanying consolidated balance sheet of d'Amico International Shipping S.A. as at December 31, 2007 and the related statements of 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.

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 present fairly, in all material respects, the financial position of the company as at December 31, 2007 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.

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

MOORE STEPHENS
SOCIETE A RESPONSABILITE LIMITEE

Due to the fact that d'Amico International Shipping S.A. was incorporated in 2007, comparative information has been presented based on a combination of results and balances of the underlying entities forming the new group. We issued an unqualified audit report on the combined accounts for the year ended December 31, 2006 of the entities forming the new group.

MOORE STEPHENS S.à.r.l.

Allee Marconi, 16
L-2120 Luxembourg

March 27, 2008

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

MOORE STEPHENS
SOCIETE A RESPONSABILITE LIMITEE

Allée Marconi, 16
L – 2120 LUXEMBOURG

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Fax : 00352 45 31 47
Email : mail@moore-stephens.lu
Internet : www.moorestephens.com

Luxembourg, March 27, 2008

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, 2007 and the profit and loss account for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Board of managers' responsibility for the annual accounts

The board of managers 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

MOORE STEPHENS
SOCIETE A RESPONSABILITE LIMITEE

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 managers, 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 d'AMICO INTERNATIONAL SHIPPING S.A. as of December 31, 2007, and of the results of its operations for the period 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

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

LUX-FIDUCIAIRE
EXPERTS COMPTABLES ET FISCAUX

12, rue Ste Zithe • L-2763 Luxembourg
Tél.: 49 69 60-1 Fax: 49 31 19

To the Shareholders of
DAMICO INTERNATIONAL SHIPPING S.A.
with registered office
25c, Boulevard Royal
L-2449 Luxembourg

REPORT OF THE "COMMISSAIRE AUX COMPTES"

Following our appointment by the General Meeting of the Shareholders dated April 3, 2007, and with Luxembourg legal and regulatory requirements, we hereby inform you that we have carried out our statutory audit of D'AMICO INTERNATIONAL SHIPPING S.A. for the year ended **December 31, 2007**.

We have carried out our mandate on the basis of Article 62 of the amended Law of August 10, 1915 and have noted that the annual accounts as at **December 31, 2007** are in accordance with the accounting records and related documents which have been submitted to us.

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxemburg legal and regulatory requirements relating to the preparation of the annual accounts.

We have examined the Balance Sheet of your company as at **December 31, 2007** reporting a total of USD 247.864.799,00 as well as the Profit and Loss account for the year ended **December 31, 2007**, reporting a profit of USD 16.760.529,00.

The elements relative to the accounts mentioned in the Report of the Board of Directors are in conformity with the annual accounts.

Luxembourg, on March 31, 2008

LUX-FIDUCIAIRE

Monique MALLER

Rita HARNACK

IR Top
Investor Relations Consulting
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Photos in pages
7, 9, 25, 30, 36, 45, 63, 76, 79, 82, 93, 109
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