# d'Amico International Shipping S.A.
# Interim Management Statements – First Quarter 2015

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d'Amico International Shipping S.A.
Registered office at 25C Boulevard Royal, Luxembourg
Share capital US$ 42,284,239.80 as at 31 March 2015

## 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
Massimo Castrogiovanni[1]
Stas Andrzej Jozwiak[2]
Giovanni Battista Nunziante
John Joseph Danilovich[1]
Heinz Peter Barandun[1]
Giovanni Barberis

*(1)* *Independent Director*
*(2)* *Lead Independent Director*

## INDEPENDENT AUDITORS

PricewaterhouseCoopers, societé coopérative

## KEY FIGURES

### FINANCIALS

| *US$ Thousand* | **Q1 2015** | **Q1 2014** |
|---|---|---|
| Time charter equivalent (TCE) earnings | 76 968 | 46 450 |
| EBITDA | 21 649 | 3 807 |
| *as % of margin on TCE* | *28.13%* | *8.20%* |
| EBIT | 12 021 | (4 420) |
| *as % of margin on TCE* | *15.62%* | *(9.13%)* |
| Net profit/(loss) | 11 360 | (6 836) |
| *as % of margin on TCE* | *14.76%* | *(14.72%)* |
| Earnings/ (loss) per share | US$ 0.027 | US$ (0.016) |
| Operating cash flow | 11 081 | 1 931 |
| Gross CAPEX | (28 021) | (92 720) |
| | **As at 31 March 2015** | **As at 31 March 2014** |
| Total assets | 818 203 | 706 124 |
| Net financial indebtedness | 353 720 | 245 080 |
| Shareholders' equity | 345 173 | 348 362 |

### OTHER OPERATING MEASURES

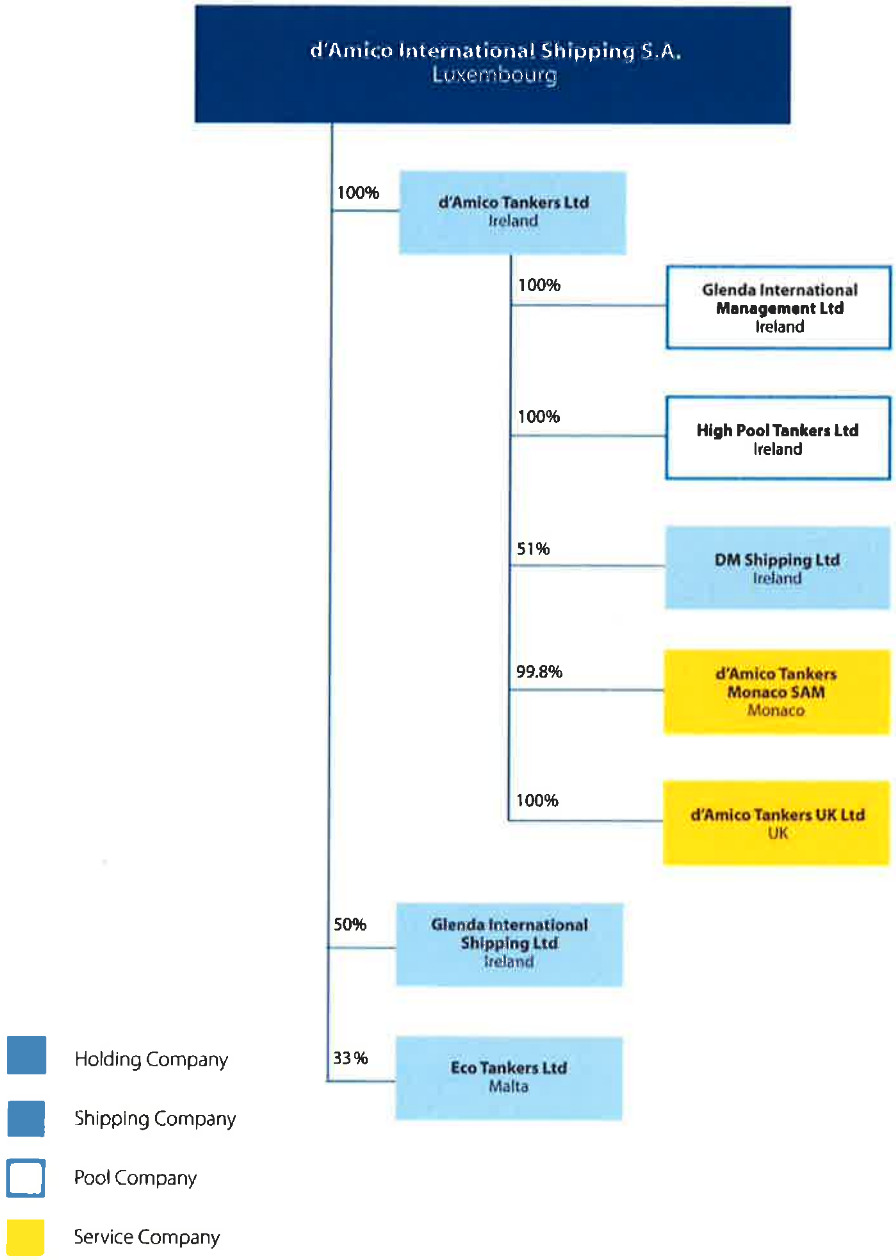
| | **Q1 2015** | **Q1 2014** |
|---|---|---|
| **Daily operating measures** - TCE earnings per employment day (US$)[1] | 16 939 | 13 637 |
| **Fleet development** - Total vessel equivalent | 52.1 | 39.6 |
| - Owned | 22.6 | 19.6 |
| - Chartered | 29.5 | 20.1 |
| Off-hire days/ available vessel days[2] (%) | 3.1% | 3.4% |
| Fixed rate contract/ available vessel days[3] (coverage %) | 44.8% | 56.1% |

[1] This figure represents time charter ("TC") equivalent earnings for vessels employed on the spot market and time charter contracts net of commissions. Calculations exclude vessels chartered through the pools..
[2] This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.
[3] Fixed rate contract days/available vessel days (coverage ratio): this figure represents how many vessel days were employed on time charter contracts, inclusive of off-hire days.

**REPORT ON OPERATIONS**

## Group Structure

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




Note: DM Shipping Ltd.(Ireland) and Eco Tankers Ltd (Malta) are consolidated with the equity method, following the application of new IFRS 10 and IFRS 11.

## D'AMICO INTERNATIONAL SHIPPING GROUP

d'Amico International Shipping S.A. (DIS, the Group or d'Amico International Shipping) is an international marine transportation company, part of the d'Amico Group that traces its origins to 1936. d'Amico International Shipping operates, mainly through its fully owned subsidiary d'Amico Tankers Limited (Ireland), a fleet with an average age of approximately 7.3 years, compared to an average in the product tankers industry of 9.7 years (source: Clarkson). All DIS vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to major oil companies and trading houses. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), with the requirements of oil-majors and energy-related companies and other relevant international standards. Based on MARPOL/IMO rules, cargoes such as palm oil, vegetable oil and other chemicals can only be transported by vessels that meet certain requirements (IMO Classed). As at March 31, 2015, 65.5% of the DIS fleet was IMO Classed, allowing the Group to transport a large range of products.

### Fleet

The following tables set forth information about the DIS fleet as at March 31 2015, which consists of **52.8** vessels (March 31 2014: 39.5)

**MR fleet**

| Name of vessel | Dwt | Year built | Builder, Country | IMO classed |
|---|---|---|---|---|
| **Owned** | | | | |
| High Loyalty | 49,990 | 2015 | Hyundai Mipo, South Korea | IMO II/III |
| High Voyager | 45,999 | 2014 | Hyundai Mipo, South Korea | IMO II/III |
| High Fidelity | 49,990 | 2014 | Hyundai Mipo, South Korea | IMO II/III |
| High Sun[1] | 49,990 | 2014 | Hyundai Mipo, South Korea | IMO II/III |
| High Discovery | 50,036 | 2014 | Hyundai Mipo, South Korea | IMO II/III |
| High Freedom | 49,990 | 2014 | Hyundai Mipo, South Korea | IMO II/III |
| High Tide | 51,768 | 2012 | Hyundai Mipo, South Korea | IMO II/III |
| High Seas | 51,678 | 2012 | Hyundai Mipo, South Korea | IMO II/III |
| GLENDA Melissa[2] | 47,203 | 2011 | Hyundai Mipo, South Korea | IMO II/III |
| GLENDA Meryl[3] | 47,251 | 2011 | Hyundai Mipo, South Korea | IMO II/III |
| GLENDA Melody[2] | 47,238 | 2011 | Hyundai Mipo, South Korea | IMO II/III |
| GLENDA Melanie[3] | 47,162 | 2010 | Hyundai Mipo, South Korea | IMO II/III |
| GLENDA Meredith[3] | 46,147 | 2010 | Hyundai Mipo, South Korea | IMO II/III |
| GLENDA Megan[2] | 47,147 | 2009 | Hyundai Mipo, South Korea | IMO II/III |
| High Prosperity | 48,711 | 2006 | Imabari, Japan | - |
| High Venture | 51,087 | 2006 | STX, South Korea | IMO II/III |
| High Presence | 48,700 | 2005 | Imabari, Japan | - |
| High Performance | 51,303 | 2005 | STX, South Korea | IMO II/III |
| High Progress | 51,303 | 2005 | STX, South Korea | IMO II/III |
| High Valor | 46,975 | 2005 | STX, South Korea | IMO II/III |
| High Courage | 46,975 | 2005 | STX, South Korea | IMO II/III |
| High Priority | 46,847 | 2005 | Nakai Zosen, Japan | - |
| High Endeavour | 46,992 | 2004 | STX, South Korea | IMO II/III |
| High Endurance | 46,992 | 2004 | STX, South Korea | IMO II/III |

[1] Vessel owned by Eco Tankers Limited (in which DIS has 33% interest)
[2] Vessels owned by GLENDA International Shipping Limited (in which DIS has 50% interest) and time chartered to d'Amico Tankers Limited
[3] Vessels owned by GLENDA International Shipping Limited (in which DIS has 50% interest)

| Name of vessel | Dwt | Year built | Builder, Country | IMO classed |
|---|---|---|---|---|
| **Time chartered with purchase option** | | | | |
| High Pearl | 48,023 | 2009 | Imabari, Japan | - |
| High Enterprise | 45,800 | 2009 | Shin Kurushima, Japan | - |
| **Time chartered without purchase option** | | | | |
| Carina | 47,962 | 2010 | Iwagi Zosen, Japan | - |
| Future Prosperity | 47,990 | 2010 | Iwagi Zosen, Japan | - |
| High Strength[1] | 46,800 | 2009 | Nakai Zosen, Japan | - |
| High Force | 53,603 | 2009 | Shin Kurushima, Japan | - |
| High Efficiency[1] | 46,547 | 2009 | Nakai Zosen, Japan | - |
| High Current | 46,590 | 2009 | Nakai Zosen, Japan | - |
| High Beam | 46,646 | 2009 | Nakai Zosen, Japan | - |
| High Jupiter | 51,149 | 2008 | STX, South Korea | IMO II/III |
| High Mercury | 51,149 | 2008 | STX, South Korea | IMO II/III |
| High Mars | 51,149 | 2008 | STX, South Korea | IMO II/III |
| High Saturn | 51,149 | 2008 | STX, South Korea | IMO II/III |
| Freja Baltic | 47,548 | 2008 | Onimichi Dockyard, Japan | - |
| High Glow | 46,846 | 2006 | Nakai Zosen, Japan | - |
| Citrus Express | 53,688 | 2006 | Shin Kurushima, Japan | - |
| Freja Hafnia | 53,700 | 2006 | Shin Kurushima, Japan | - |
| Baizo | 44,997 | 2004 | Onimichi Dockyard, Japan | - |
| Port Said | 45,999 | 2003 | STX, South Korea | IMO II/III |
| Port Stanley | 45,996 | 2003 | STX, South Korea | IMO II/III |
| Port Union | 46,256 | 2003 | STX, South Korea | IMO II/III |
| Port Moody | 44,999 | 2002 | STX, South Korea | IMO II/III |

## Handysize fleet

| Name of vessel | Dwt | Year built | Builder, Country | IMO classed |
|---|---|---|---|---|
| **Owned** | | | | |
| Cielo di New York | 39,990 | 2014 | Hyundai Mipo, South Korea | IMO II/III |
| Cielo di Gaeta | 39,990 | 2014 | Hyundai Mipo, South Korea | IMO II/III |
| Cielo di Salerno | 36,032 | 2002 | STX, South Korea | IMO II/III |
| **Time chartered without purchase option** | | | | |
| Cielo di Guangzhou[2] | 38,877 | 2006 | Guangzhou, China | IMO II |
| Cielo di Milano | 40,081 | 2003 | Shina Shipbuilding Co., South Korea | IMO II/III |
| Port Stewart | 38,877 | 2003 | Guanzhou, China | - |
| Cielo di Roma | 40,096 | 2003 | Shina Shipbuilding Co., South Korea | IMO II/III |
| Port Russel | 37,808 | 2002 | Guanzhou, China | IMO II/III |
| Port Louis | 37,791 | 2002 | Guanzhou, China | - |

[1] Vessels owned by DM Shipping Limited (in which DIS has 51% interest) and time chartered to d'Amico Tankers Limited
[2] Bare-boat charter contract

### *Fleet Employment and Partnership*

| | *DIS' No. of Vessels* |
|---|---|
| Direct employment | 42.8 |
| High Pool (MR vessels) | 10.0 |
| **Total** | **52.8** |

As at March 31 2015, d'Amico International Shipping directly employed 42.8 Vessels: 19.8 MRs ('Medium Range') and 2 Handy-size vessels on fixed term contract, whilst 14 MRs and 7 Handy-size vessels are currently employed on the spot market. In addition to this, the Group employs a portion of its controlled vessels through partnership arrangements.

*High Pool Tankers Limited* – a Pool with JX Ocean Co. Limited, Japan and Mitsubishi Corporation. It operated 11 MR product tankers as at March 31, 2015. d'Amico International Shipping, through d'Amico Tankers Limited, is exclusively responsible for the Pool's commercial management, in particular chartering, vessel operations and administration.

*GLENDA International Shipping Limited*, a 50/50 joint venture with the Glencore Group. The JV Company owns 6 MR vessels built between August 2009 and February 2011. Following a reorganization process in 2013, the activity previously carried out by GLENDA International Management Limited (a Pool with the Glencore Group) has been concentrated on the aforesaid joint venture. As a result of this process, Glenda International Shipping has currently three vessels time-chartered to d'Amico Tankers and three vessels to the Glencore Group.

*DM Shipping Limited*, a 51/49 joint venture with the Mitsubishi Group. The JV Company owns 2 MR vessels, built respectively in July and October 2009.

*Eco Tankers Limited*, a joint venture with Venice Shipping Logistics S.p.A., in which d'Amico International Shipping SA has 33% shareholding. The JV Company signed a contract with Hyundai Mipo Dockyard Co., Ltd for the construction of an eco-design MR product tanker of 50,000 dwt, at their Vietnamese facility, Hyundai-Vinashin Shipyard Co., Ltd and delivered in May 2014. The d'Amico Group is responsible for the commercial, technical and administrative management of the vessel.

d'Amico International Shipping is part of the d'Amico Group, one of the world's leading privately-owned marine transportation companies with over 70 years of experience in the shipping business, whose ultimate parent company is d'Amico Società di Navigazione S.p.A. (Italy). Today, the entire d'Amico Group controls 95.3 owned and chartered-in vessels, of which 52.8 are part of the DIS fleet, operating in the product tanker market, while the remaining 42.5 vessels are mainly dry-bulk carriers controlled by other companies of the d'Amico Group. d'Amico International Shipping benefits from a strong brand name and a well-established reputation in the international markets due to the long operating history of the d'Amico Group. In addition, it benefits from the expertise of the d'Amico Group, which provides support for technical management services, as well as safety, quality and technical products and services to DIS' vessels, including crewing and insurance arrangements.

d'Amico International Shipping operates from Luxembourg, Ireland, UK, Monaco, Singapore and the USA. As at March 31 2015, the Group employed 602 seagoing personnel and 36 onshore personnel.

## Financial Review of the Group

### Summary of the results in the first quarter of 2015

The IMF in their latest World Economic Outlook (WEO) stated that Global growth remains moderate, with uneven prospects across the main countries and regions. They projected growth to be 3.5 percent in 2015, in line with their forecasts in the January 2015 (WEO) Update. Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. Global growth will receive a boost from lower oil prices, which reflect to an important extent higher supply. However this boost is projected to be more than offset by negative factors, including investment weakness as adjustment to diminished expectations about medium-term growth continues in many advanced and emerging market economies.

The International Energy Agency (IEA) raised their forecast for global oil demand for 2015 in their latest monthly Oil Market Report. The agency upgraded their forecast by 90,000 b/d to an overall expectation for global oil demand of 93.6 million b/d for 2015; this forecasted level is 1.1 million b/d greater than in 2014. However, the IEA caution that the global oil supply and demand balance remains "murky" as colder temperatures may have distorted the greater than expected gains made in global oil demand during the first quarter of this year.

Oil prices remain low, the price of Brent traded between about US$ 48 and US$ 62 per barrel throughout the quarter.

Product tanker markets remained strong throughout the quarter. Low oil prices added a certain amount of volatility and stimulated trade to an extent helped by an improvement in demand. In the Atlantic basin planned and unplanned refinery outages in North and South America increased trade flows in the region. Very cold weather in North America combined with the biggest refinery strike in 35 years drew imports of distillates across the Atlantic. In Brazil, several unplanned refinery outages curbed runs by 240,000 b/d early in the quarter and raised import requirements. European refiners took some profits from strong refinery margins over the quarter and pushed refinery runs up 900,000 b/d higher since October compared to 2013, and runs reached 90% of capacity for the first time in six years. About 7.3 million tons of refined products have been fixed for delivery into West Africa so far this year, compared to 4.6 million tons for Q1 2014. Price differentials between various import / export regions opened up some arbitrage trade structurally supporting an improved tonne mile demand. In Asia the Far East was supported by continued healthy demand for imports into Australia. The Refinery fire in the United States West Coast disrupted product supply and prompted demand for imports into region and West Coast South America from Asia. The Middle Eastern market improved throughout the quarter with healthy demand into Sub-Saharan Africa.

General sentiment remained strong with increased activity and healthy market returns. However the perceived rate assessment for a one year Charter for an MR Product tanker remained flat at $15,250. The total number of time charter contracts declined from 60 deals in Q1 2014 to just 45 in the same period this year.

On the back of a very strong product tanker market, DIS realized a **Net Profit of US$ 11.4 million in Q1 2015,** compared to a Net Loss of US$ 6.8 million recorded in the same period last year. Following the good trend started at the end of last year, the product tanker spot market has improved significantly in the first quarter of 2015, reaching its highest levels since the financial crisis. In this scenario, DIS generated a **Daily Average Spot Rate of US$ 18,503**, marking a **52% improvement** compared to the same quarter of 2014 (US$ 12,191). At the same time, 45% of DIS total employment days in Q1 were 'covered' through Time-Charter contracts at an average daily rate of US$ 15,010. Therefore DIS total Daily Average Rate (which includes both the spot and the time charter activity) was US$ 16,939 in the first three months of the current year compared to US$ 13,637 in Q1 2014.

Thanks to the very positive TCE performance and partially to a positive cost trend, **DIS achieved an EBITDA of US$ 21.6 million in Q1 2015**, compared to US$ 3.8 million of Q1 2014. This level is equal to **more than 80% of the total EBITDA generated in the whole of 2014** (excluding the 'Result on disposal of vessels' generated last year). Consequently, **DIS EBITDA Margin was 28.1% in Q1 2015** compared to 8.2% in the same period last year.

In line with its prudent risk management policy, DIS hedged its bunker costs in 2014, through Bunker derivatives. Since such hedging procedure cannot cover the single bunker supply for each individual voyage, these instruments are not classified as 'hedge' in the frame of IFRS principles, and the variance of their fair value is accounted for in the Income Statement. All these contracts are due to expire by the end of the year without any further impact on the Income Statement. In addition to this, DIS has prudentially pre-hedged the bank loan interest rates on all its newbuilding vessels, through Interest Rate Swaps (IRS) agreements. Therefore, the total Net Result of the period benefited also from US$ 3.6 million positive 'mark to market' result, mainly in relation said Bunker and Interest Rate hedging.

In Q1 2015, DIS had **US$ 28.0 million 'capital expenditures'**, mainly in relation to its newbuilding plan. DIS has ordered a total of 16 'Eco design' product tankers[1] (10 MR and 6 Handysize vessels), of which 8[1] vessels have been already delivered as at the end of March 2015. This corresponds to an overall **investment plan** of approximately **US$ 490.7 million** and reaffirms the Company's strategy to modernize its fleet through newbuildings with eco-innovative design. Such strategy is also in line with the clear objective of the 2012 share capital increase of maintaining DIS strong financial structure while implementing a significant growth plan. Further, DIS has already fixed 12 of its newbuilding vessels on long-term Time Charter contracts with three Oil-majors and a leading refining company, all at profitable levels.

## Operating Performance

| *US$ Thousand* | Q1 2015 | Q1 2014 |
|---|---|---|
| Revenue | 102 002 | 68 873 |
| Voyage costs | (25 034) | (22 423) |
| **Time charter equivalent earnings** | **76 968** | **46 450** |
| Time charter hire costs | (34 779) | (24 122) |
| Other direct operating costs | (17 241) | (14 348) |
| General and administrative costs | (3 434) | (4 369) |
| Other operating Income | 135 | 196 |
| **Gross operating result / EBITDA** | **21 649** | **3 807** |
| Depreciation | (9 628) | (8 048) |
| **Operating result / EBIT** | **12,021** | **(4 240)** |
| Net financial income (charges) | (47) | (2 457) |
| Share of profit of associate | 85 | (3) |
| **Profit / (loss) before tax** | **12 059** | **(6 700)** |
| Income taxes | (699) | (136) |
| **Net profit / (loss)** | 11 360 | **(6 836)** |

***Revenue*** was US$ 102.0 million in Q1 2015 compared to US$ 68.9 million realized in Q1 2014. The 48% increase in gross revenues compared to the first quarter of last year was mainly consequence of the strong market momentum in product tanker industry. In addition to this, the Company operated a larger number of vessels in Q1 2015 compared to the previous year (Q1 2015: 52.1 vs. Q1 2014: 39.6). The off-hire days percentage in Q1 2015 (3.1%) was slightly lower than the same period of the previous year (3.4%), mainly due to the timing of dry-docks.

[1] Including M/T High Sun, an MR vessel ordered at Hyundai Mipo Dockyard Co. Ltd. and owned by Eco Tankers Limited (in which DIS has 33% interest, in JV with Venice Shipping and Logistics S.p.A.)

***Voyage costs*** reflected the vessel employment mix, in the form of spot and time charter contracts. These costs, which occur only for the vessel employed on the spot market, amounted to US$ 25.0 million in Q1 2015 vs. US$ 22.4 million in Q1 2014.

***Time charter equivalent earnings*** were US$ 77.0 million in Q1 2015 vs. US$ 46.5 million in the same period last year, thanks to the very strong product tanker market which characterized the first quarter of 2015.

In this scenario, DIS realized a **Daily Average Spot Rate of US$ 18,503 in Q1 2015**, a level which is **52% higher** than the one of Q1 2014 (US$ 12,191) and improved by US$ 3,400/day even compared to the good fourth quarter of last year.

At the same time and according to its strategy, DIS maintained a high level of 'coverage' (fixed contracts) throughout Q1 2015, securing an average of 44.8% (Q1 2014: 56%) of its revenue at an Average Daily Fixed Rate of US$ 15,010 (Q1 2014: US$ 14,770). Other than securing revenue and supporting the operating cash flow generation, these contracts pursue the objective of strengthening DIS historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

| *DIS TCE daily rates* | ***Q1 2014*** | *Q2 2014* | *Q3 2014* | *Q4 2014* | ***Q1 2015*** |
|---|---|---|---|---|---|
| *(US Dollars)* | | | | | |
| Spot | 12,191 | 13,144 | 13,867 | 15,076 | 18,503 |
| Fixed | 14,770 | 14,645 | 14,762 | 14,879 | 15,010 |
| **Average** | **13,637** | 13,972 | 14,296 | 14,985 | **16,939** |

***Time charter hire costs*** relate to the chartered-in vessels and amounted to US$ 34.8 million in Q1 2015 vs. US$ 24.1 million in Q1 2014. The increase compared to the same period last year is due to the higher average number of chartered-in vessels in the first quarter of 2015 (Q1 2015: 29.5 vs. Q1 2014: 20.1). The number of chartered-in vessels increased substantially in the second part of 2014, following the 13 vessels delivered to DIS in the period. All these contracts have been made at historically attractive levels, reducing the average daily cost of DIS TC-In fleet and boosting the Company's margins in both Q4 2014 and Q1 2015.

***Other direct operating costs*** mainly consist of crew, technical, luboil and insurance expenses relating to the operation of owned vessels. These costs were US$ 17.2 million in Q1 2015 compared to US$ 14.3 million registered in the same period last year. The increase in absolute values compared to the previous year, is mainly due to the larger number of owned vessels in Q1 2015, following the delivery of 7[1] 'eco-design' newbuilding tankers between 2014 and the first quarter of the current year. The operating costs are constantly monitored, while focusing on crew with appropriate skills, high SQE (Safety, Quality & Environment) standards and remaining in full compliance with very stringent market regulations. Maintaining a 'high quality' profile of the fleet represents an essential part of the d'Amico vision and strategy.

The ***General and administrative costs*** were US$ 3.4 million in Q1 2015 vs. US$ 4.4 million in Q1 2014. These costs mainly relate to on-shore personnel, together with premises costs, consultancies, travel expenses and others.

***Other operating income*** amounted to US$ 0.1 million in Q1 2015 vs. US$ 0.2 million in Q1 2014. This amount refers to chartering commissions from third parties vessels operated through pools, which has decreased in terms of number of ships.

***EBITDA*** was **US$ 21.6 million in Q1 2015** vs. US$ 3.8 million in Q1 2014. This level is equal to **more than 80% of the total EBITDA generated in the whole of 2014** (excluding US$ 6.5 million 'Result on disposal of vessels' generated last year). Such result was mainly driven by the substantial increase in TCE Earnings on the back of

[1] Excluding M/T High Sun, an MR vessel ordered at Hyundai Mipo Dockyard Co. Ltd. and owned by Eco Tankers Limited (in which DIS has 33% interest, in JV with Venice Shipping and Logistics S.p.A.), consolidated with the equity method.

the very strong product tanker market experienced in the first months of the current year, and partially by a positive cost trend achieved in the period. Consequently, **DIS EBITDA Margin was 28.1% in Q1 2015** compared to 8.2% in the same period last year.

***Depreciation*** amounted to US$ 9.6 million in Q1 2015 vs. US$ 8.0 million in Q1 2014. Such increase compared to the previous year is due to the higher number of owned vessels in Q1 2015, following the delivery of 7[1] 'eco-design' newbuilding tankers between 2014 and the first quarter of the current year

***EBIT*** for the first three months of the year was **positive for US$ 12.0 million**, compared to the operating loss of US$ 4.2 million booked in the same period of last year.

***Net financial charges*** were negative for only US$ 0.05 million in Q1 2015 vs. US$ 2.5 million in Q1 2014. The total amount includes US$ 0.1 million positive 'commercial exchange difference' together with US$ 3.6 million positive 'mark to market' result, mainly in relation some Bunker and Interest Rate hedging. In fact, DIS has prudentially hedged its bunker costs in 2014, through derivative instruments and pre-hedged the bank loan interest rates on all its newbuilding vessels, through Interest Rate Swaps (IRS) agreements.

The Company's ***Profit before tax*** for Q1 2015 was US$ 12.1 million compared to a Loss of US$ 6.7 million posted in Q1 2014.

***Income taxes*** were US$ 0.7 million in Q1 2015 compared to US$ 0.1 million in the same quarter of last year. The increase in Q1 2015 compared to the same period of last year is due to the taxation of some financial incomes which are subject to the standard corporate tax rate of 12.5% and not included in the tonnage tax scheme.

DIS ***Net Profit*** was **US$ 11.4 million in Q1 2015** compared to a Net Loss of US$ 6.8 million recorded in Q1 2014.

## Consolidated Statement of Financial Position

| *(US$ Thousand)* | **As at 31 March 2015** | **As at 31 December 2014** |
|---|---|---|
| **ASSETS** | | |
| Non current assets | 691 751 | 672 172 |
| Current assets | 126 452 | 132 346 |
| **Total assets** | **818 203** | **804 518** |
| | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Shareholders' equity | 345 173 | 334 905 |
| Non-current liabilities | 368 928 | 354 611 |
| Current liabilities | 104 102 | 115 002 |
| **Total liabilities and shareholders' equity** | **818 203** | **804 518** |

***Non-current assets*** mainly relate to the DIS owned vessels net book value and it includes also the portion relating to the newbuildings under construction. The balance at the end of Q1 2015 is higher than the previous year, mainly due to the delivery of one of DIS newbuilding vessels in February 2015. According to the valuation report provided by a primary broker, the estimated market value of DIS owned fleet as at March 31, 2015 was of US$ 650.7 million.

***Gross Capital expenditures*** were US$ 28.0 million in Q1 2015. This amount mainly comprises the

[1] Excluding M/T High Sun, an MR vessel ordered at Hyundai Mipo Dockyard Co. Ltd. and owned by Eco Tankers Limited (in which DIS has 33% interest, in JV with Venice Shipping and Logistics S.p.A.), consolidated with the equity method.

instalments paid on the newbuiding vessels under construction at Hyundai-Mipo. Dry-dock costs pertaining to owned vessels are also included in capitalized costs.

***Current assets*** as at March 31 2015 were US$ 126.5 million. Other than the working capital items (inventories and trade receivables amounting to US$ 12.0 million and US$ 59.0 million respectively), current assets include cash on hand of US$ 48.9 million and current financial receivables of US$ 6.5 million.

***Non-current liabilities*** were US$ 368.9 million at the end of Q1 2015 and mainly consist of the long-term portion of debt due to banks, disclosed under the following section (Net Indebtedness).

The balance of ***Current liabilities***, other than the debt due to banks and other lenders (see the following section), includes the working capital items amounting to US$ 41.4 million (essentially relating to trade and other payables) and US$ 19.4 million of financial instruments valuation.

The **Shareholders' equity** balance as at March 31, 2015 was of US$ 345.2 million (US$ 334.9 million as at December 31, 2014). The variance with the previous year is primarily due to the Net Profit generated in the current year and the cash flow hedge valuation.

## Net Indebtedness

DIS' Net debt as at March 31, 2015 amounted to US$ 353.7 million vs. US$ 340.9 at the end of 2014. The increase compared to the previous year is mainly due to the implementation of DIS' US$ 490.7 million newbuilding plan, with total investments of US$ 28.0 million made in Q1 2015.

| *US$ Thousand* | **As at 31 March 2015** | **As at 31 December 2014** |
|---|---|---|
| Liquidity - *Cash and cash equivalents* | 48 912 | 68 383 |
| Current financial receivables | 6 544 | 2 741 |
| ***Total current financial assets*** | **55 456** | **71 124** |
| Bank loans – current | 42 724 | 58 978 |
| Other current financial liabilities – 3rd p.ties | 19 422 | 19 141 |
| ***Total current financial debt*** | **62 146** | **78 119** |
| **Net current financial debt** | **6 690** | **6 995** |
| Other non-current financial assets | 21 898 | 20 657 |
| ***Total non-current financial assets*** | **21 898** | **20 657** |
| Bank loans non-current | 364 670 | 351 430 |
| Other non-current financial liabilities – 3rd p.ties | 4 258 | 3 181 |
| ***Total non-current financial debt*** | **368 928** | **354 611** |
| **Net non-current financial debt** | **347 030** | **333 953** |
| **Net financial indebtedness** | **353 720** | **340 949** |

The balance of *Total Current Financial Assets* (*Cash and cash equivalents* together with some short-term financial receivables) was of US$ 55.5 million at the end of Q1 2015.

*Total Non-Current Financial Assets* mainly shows DIS (through d'Amico Tankers Limited) shareholder loan to DM Shipping Limited, a 51/49 joint venture company with the Mitsubishi Group. The Company owns 2 MR vessels, built and delivered respectively in July and October 2009.

The total outstanding bank debt (*Bank loans*) as at March 31, 2015 amounted to US$ 407.4 million, of which US$ 42.7 million are due within one year. Other than some short term credit lines, DIS debt structure is mainly based on the following long-term facilities granted to d'Amico Tankers Limited (Ireland), the key operating company of the Group: (i) Crédit Agricole 10 years revolving facility (syndicated by other banking institutions) of US$ 77.7 million; (ii) Intesa US$ 74 million loan facility; (iii) Crédit Agricole and DnB NOR Bank 7 years term loan facility to finance two MR vessels built and delivered in H1 2012 for total US$ 37.0 million; (iv) Danish Ship Finance 6 years term loan facility to finance the purchase of the second-hand vessel M/T High Prosperity in 2012, for US$ 9.3 million; (v) ING Bank 6 year term loan facility to finance two MR vessels built in 2005 for total US$ 18.5 million. In addition to this, DIS debt comprises also: (i) loan facilities and bank fees due on some financed newbuilding vessels (of which 7[1] vessels were delivered as at March 31, 2015) for a total outstanding debt of US$ 130.7 million at the end of Q1 2015; and (ii) the portion of the bank loans of its joint venture 'GLENDA International Shipping Limited' with Commerzbank AG Global Shipping and Credit Suisse for US$ 60.2 million, to finance the 6 Glenda International Shipping Limited vessels, delivered between 2009 and 2011.

*Other current financial liabilities* includes the negative valuation of derivatives hedging instruments (mainly interest rate swap agreements and bunker swap agreements) and some deferred incomes on option premiums, for total US$ 4.3 million.

## Cash Flow

DIS net cash flow for Q1 2015 was negative for US$ 19.5 million, mainly due to US$ 28.0 million gross capital expenditures, partially compensated by US$ 11.1 million positive operating cash flow and US$ 38.2 million bank loans drawdown (shown under *Cash Flow from financing activities*).

| *US$ Thousand* | **Q1 2015** | **Q1 2014** |
|---|---|---|
| Cash flow from operating activities | 11 081 | 1 931 |
| Cash flow from investing activities | (28 021) | (92 984) |
| Cash flow from financing activities | (2 531) | 106 686 |
| **Net decrease in cash and cash equivalents** | **(19 471)** | **15 633** |
| Cash and cash equivalents at the beginning of the period | 68 383 | 33 170 |
| Exchange gain/(loss) on cash and cash equivalents | - | 179 |
| **Cash and cash equivalents at the end of the period** | **48 912** | **48 982** |

DIS ***Cash flow from operating activities*** was **positive for US$ 11.1 million** in the first three months of the current year, compared to US$ 1.9 million realized in Q1 2014. Such significant variance compared to 2014, is directly related to the **substantial improvement in the EBITDA performance** occurred in the current year. Q1 2015 operating cash flow was also affected by a negative 'timing effect' on working capital, which is now totally reversing going into the second quarter of the year, generating a positive cash effect.

The net ***Cash flow from investing activities*** was US$ 28.0 million (outflow) in Q1 2015 and it was made up of the capital expenditures in connection with the installments paid on the newbuiding vessels under construction at Hyundai-Mipo, as well as dry-dock expenses.

***Cash flow from financing activities*** was negative for US$ 2.5 million in Q1 2015. This figure mainly includes: (i) US$ 0.4 million arising from the Second Exercise Period of the 'd'Amico International Shipping Warrants 2012 – 2016' (ISIN code LU0849020044) ended on January 31 2015, in which 2,661,273 Warrants were exercised at a price of Euro 0.40 per ordinary share newly issued by DIS; (ii) US$ 38.2 million bank loan drawdown mainly in relation to one newbuilding vessel delivered in February 2014 and to the financing of two 2005-built ships; (iii) US$ 41.1 million bank debt repayments.

[1] Excluding M/T High Sun, an MR vessel ordered at Hyundai Mipo Dockyard Co. Ltd. and owned by Eco Tankers Limited (in which DIS has 33% interest, in JV with Venice Shipping and Logistics S.p.A.), consolidated with the equity method.

## Significant Events of the First Quarter

In Q1 2015 the following main events occurred in the activity of d'Amico International Shipping Group:

### d'Amico International Shipping:

**Results of d'Amico International Shipping Warrants 2012-2016 – Second Exercise Period ended in January 2015:** In February 2015, d'Amico International Shipping S.A. ("DIS") announced that the Second Exercise Period of the "d'Amico International Shipping Warrants 2012 – 2016" (ISIN code LU0849020044) has ended on January 30$^{th}$ 2015. During this Second Exercise Period 2,661,273 Warrants were exercised at a price of Euro 0.40 per ordinary share without nominal value issued by DIS and admitted to trading on the MTA market of Borsa Italiana SpA each as a "Warrant Share". In accordance with the terms and conditions of the Warrant Regulations, DIS issued on February 6th 2015, based on the Warrants Ratio of one (1) Warrant Share for every three (3) Warrants exercised, 887.091 Warrant Shares with same rights (including that to dividends) and features of DIS ordinary outstanding shares at the issue date - to those Warrant holders who validly exercised their Warrants during the Second Exercise Period. The ISIN code of the Warrant Shares will coincide with the ISIN Code of DIS's outstanding shares being LU0290697514. After the capital increase occurred at the end of the Second Exercise period DIS' share capital now amounts to US$ 42,284,239.80 divided into 422,842,398 ordinary shares without unit value.

### d'Amico Tankers Limited:

**Newbuilding Vessels:** In February 2015, one 'Eco' newbuilding product tanker built at Hyundai Mipo Dockyard Co. Ltd. – South Korea, M/T High Loyalty (Medium Range - 50,000 dwt), was delivered to d'Amico Tankers Limited. In the course of the second quarter of 2015, the Vessels will begin her Time charter with a main Oil-Major, for a period of 5 years at a profitable daily rate.

## Significant events since the end of the Period and business outlook

### d'Amico Tankers Limited:

- **'Time Charter-Out' Fleet:** In April 2015, d'Amico Tankers Limited fixed three of its 'Eco' MR newbuilding vessels with one of the main Oil Majors, for 3 year Time charter contracts at profitable rates. The three vessels, Hull S410, Hull S411 and Hull S424, are expected to be delivered in Q4'15, Q1'16 and Q4'16 respectively.

  In April 2015, d'Amico Tankers Limited fixed one of its 'Eco' Handy newbuilding vessels with one of the main Oil Majors, for 24/30 month Time charter contract at a profitable rate. The vessel, Hull S420, is expected to be delivered in Q4 2015.

  Following these last deals, d'Amico has already secured Time charter coverage on 12 of its total 16 Newbuilding vessels (of which 8 vessels already delivered). All these contracts were made with Oil Majors and leading refining companies at very profitable rates.

- **Newbuilding Vessels:** In April 2015, d'Amico International Shipping S.A. announced that its operating subsidiary d'Amico Tankers Limited, entered into an agreement for the construction and sale of two new Long Range (LR1 – 75,000 DWT) modern product tanker vessels with Hyundai MIPO Dockyard Co. Ltd – South Korea. These vessels will be built by Vinashin Shipyard Co. Ltd – Vietnam and are expected to be delivered in mid-2017, for a total consideration of about US$ 44.0 million each. The above two double-hull newbuildings are the latest ECO design vessels with the highest fuel efficiency. The vessels will have an attained Energy Design Index (EEDI) falling already well within the IMO phase-in 2 requirements due for vessels to be built before 31$^{st}$ December 2024, being of 25% lower than the current IMO reference line.

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

| | As at 31 March 2015 | | | As at 6 May 2015 | | |
|---|---|---|---|---|---|---|
| | MR | Handysize | Total | MR | Handysize | Total |
| Owned | 20.3 | 3.0 | 23.3 | 20.3 | 3.0 | 23.3 |
| Time chartered | 23.5 | 6.0 | 29.5 | 23.5 | 6.0 | 29.5 |
| Total | 43.8 | 9.0 | 52.8 | 43.8 | 9.0 | 52.8 |

## Business Outlook

Oil demand has been revised positively on the back of Q1 2015 data and is expected to pick-up throughout the year. The increase in demand in Q1 2015 can be attributed to unseasonably cold weather. However all Tanker markets are currently experiencing relatively robust demand at the beginning of the second quarter which is not historically normal for this part of the year. The United States has now come out of its refinery maintenance season. US refineries processed an average of 16.212 million b/d in April compared with an average of just 14.767 million at the corresponding point over the previous ten years. The US currently is exporting around 2.5 million b/d of products which is 16% higher year on year. The product demand in the US is also strengthening at currently around 15 million b/d which is 9% higher year on year. The Asian refineries are now entering their refinery planned maintenance season. However, this does not necessarily mean the Product Tanker demand will suffer. On the contrary, lower refining activity in one region (either planned or unplanned) could result in higher import demand just as we have seen in Q1.

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

***Product Tanker Demand***

- Growth in refined product demand continues to exceed expectations, with the IEA revising up its forecast for global oil demand growth in 2015 by 75,000 b/d 990,000 b/d (1.1%). Global gasoline demand growth was revised up by 60,000 b/d to 384,000 b/d (1.6%), while middle distillate demand growth was adjusted marginally down by 25,000 b/d to 575,000 b/d (1.7%). The latest available data certainly confirms that demand is getting stronger;
- FSU Product shipments have posted a large 500,000 b/d increase to reach a record of 3.7 million b/d. This increase resulted from a relaxing of the export duty which is intended to stimulate refinery upgrades by making it more profitable to export valuable light and middle distillates at the expense of fuel oil;
- In the Middle East two projects will add an additional 770,000 b/d capacity to an already expanding region. The Yasref refinery (400,000 bpd) now is scheduled to reach its full capacity during second-quarter 2015. Exports of products from the region reached a record 1.05 million b/d raising overall Saudi oil exports to 7.98 million b/d;
- Product supply balances between regions will increase in importance to the product tanker market over the next five years. Europe's deficit in distillates is set to increase to 1.6 million b/d by 2019;
- In contrast, USA exports of Gasoline and naphtha are expected to rise to 1.3 million b/d and Distillates to 1.37 million b/d by 2019;
- Australia's product imports are set to grow at the fastest pace in seven years in 2015, following the closure of a number of the Country's ageing refineries as they face stiff competition from new complex and more efficient refineries in Asia;
- Energy Consultants estimate that Australia will import about 30%-42% more oil products this year, implying an additional supply of 110,000-157,000 b/d compared to 2014 levels;
- Overall, Australia is expected to become Asia's second largest gasoline importer by 2020, it is already the region's top importer of diesel on which it heavily depends for the Country's extensive mining operations;

- Declining middle distillate demand will be offset by a seasonal increase in gasoline demand. The IEA estimates global middle distillate demand to fall seasonally by about 900,000 bpd by May, driven by a 1.5 million bpd drop in the OECD. This should be offset to an extent global gasoline demand, strengthening by a total of 1.2 million b/d, led by a 800.000 b/d gain in the OECD.

***Product Tanker supply***

- The order book for MR tankers this year is at its highest since the large delivery years of 2008-2010. According to various reports there are between 140 and 200 are to be delivered in 2015;
- Slippage, cancelations and order changes have reduced deliveries by at around 32% over the last five years;
- 27 MR tankers were delivered in the first quarter of 2015, and 6 ships were permanently removed ;
- There has been very strong ordering of MR tankers over the last couple of years. This has now slowed down considerably with 204 ships ordered in 2013, 33 in 2014 and 2 orders by the end of the first quarter of this year;
- The global refinery map is constantly changing and bringing about product supply imbalances between regions. This should fundamentally lead to longer haul voyages effectively reducing the supply of tonnage. Currently there is close to 780,000 b/d of refinery capacity in Europe that is scheduled for closure this year. This could be delayed as current Oil prices have resulted in attractive margins. In the long term as closures happen, product will have to be imported from further afield, supporting ton mile demand and reducing Product tanker supply.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| *US$ Thousand* | Q1 2015 | Q1 2014 |
|---|---|---|
| Revenue | 102 002 | 68 873 |
| Voyage costs | (25 034) | (22 423) |
| **Time charter equivalent earnings** | **76 968** | **46 450** |
| Time charter hire costs | (34 779) | (24 122) |
| Other direct operating costs | (17 241) | (14 348) |
| General and administrative costs | (3 434) | (4 369) |
| Other operating income | 135 | 196 |
| **EBITDA** | **21 649** | **3 807** |
| Depreciation | (9 628) | (8 048) |
| **EBIT** | **12,021** | **(4 240)** |
| Net financial income (charges) | (47) | (2 457) |
| Share of profit of associate | 85 | (3) |
| **Profit / (loss) before tax** | **12 059** | **(6 700)** |
| Income taxes | (699) | (136) |
| **Net profit / (loss)** | **11 360** | **(6 836)** |
| *The net result is entirely attributable to the equity holders of the Company* | | |
| **Earnings / (loss) per share ([1])** | **US$ 0.027** | **US$ (0.016)** |

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| *US$ Thousand* | Q1 2015 | Q1 2014 |
|---|---|---|
| Profit / (loss) for the period | 11 360 | (6 836) |
| *Items that can subsequently be reclassified into Profit or Loss* | | |
| Cash flow hedges | (1 370) | 1 708 |
| Total comprehensive income for the period | 9 990 | (5 128) |
| *The net result is entirely attributable to the equity holders of the Company* | | |
| Earnings / (loss) per share | US$ 0.024 | US$ (0.012) |

[1] In the first quarter of 2015 the earnings per share have been calculated on a number of shares equal to 422.842.398, while in the first three months of 2014 it was calculated on a number of shares of 421.955.327.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| *US$ Thousand* | **As at 31 March 2014** | **As at 31 December 2014** |
|---|---|---|
| **ASSETS** | | |
| Tangible assets | 665 586 | 647 167 |
| Investments and other Non-current financial assets | 4 267 | 4 348 |
| Other Non-current financial assets | 21 898 | 20 657 |
| **Total non-current assets** | **691 751** | **672 172** |
| Inventories | 11 990 | 12 422 |
| Receivables and other current assets | 59 006 | 48 800 |
| Other current financial assets | 6 544 | 2 741 |
| Cash and cash equivalents | 48 912 | 68 383 |
| **Total current assets** | **126 452** | **132 346** |
| **TOTAL ASSETS** | **818 203** | **804 518** |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | |
| Share capital | 42 284 | 42 196 |
| Retained earnings | 34,253 | 22 837 |
| Other reserves | 268,636 | 269 872 |
| **Total shareholders' equity** | **345 173** | **334 905** |
| Banks and other lenders | 364 670 | 351 430 |
| Other non-current financial liabilities | 4 258 | 3 181 |
| **Total non-current liabilities** | **368 928** | **354 611** |
| Banks and other lenders | 42 724 | 58 978 |
| Payables and other current liabilities | 41 390 | 36 348 |
| Other current financial liabilities | 19 422 | 19 141 |
| Current tax payable | 566 | 535 |
| **Total current liabilities** | **104 102** | **115 002** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **818 203** | **804 518** |

6 May 2015

On behalf of the Board

*Paolo d'Amico*
Chairman

*Marco Fiori*
Chief Executive Officer

## CONSOLIDATED STATEMENT OF CASH FLOWS

| *US$ Thousand* | Q1 2015 | Q1 2014 |
|---|---|---|
| **Profit / (loss) for the period** | **11 360** | **(6 836)** |
| Depreciation and amortisation | 9 628 | 8 048 |
| Current and deferred income tax | 699 | 136 |
| Financial charges | 115 | 2 563 |
| Fair value on foreign currency retranslation | (43) | (52) |
| Share of profit of associate | (85) | 3 |
| Other non-cash items | (20) | (58) |
| **Cash flow from operating activities before changes in working capital** | **21 654** | **3 804** |
| Movement in inventories | 431 | 1 573 |
| Movement in amounts receivable | (11 698) | (6 999) |
| Movement in amounts payable | 4 480 | 4 377 |
| Taxes paid | (12) | (398) |
| Net financial charges paid | (3 774) | (426) |
| **Net cash flow from operating activities** | **11 081** | **1 931** |
| Acquisition of fixed assets | (28 021) | (92 720) |
| Net acquisition of subsidiaries | - | (264) |
| **Net cash flow from investing activities** | **(28 021)** | **(92 984)** |
| Share Capital increase | 405 | 30 477 |
| Bank loan repayments | (41 136) | (4 791) |
| Bank loan draw-downs | 38 200 | 81 000 |
| **Net cash flow from financing activities** | **(2 531)** | **106 686** |
| **Net increase/ (decrease) in cash and cash equivalents** | **(19 471)** | **15 633** |
| Cash and cash equivalents at the beginning of the period | 68 383 | 33 170 |
| Exchange gain (loss) on cash and cash equivalents | - | 179 |
| **Cash and cash equivalents at the end of the period** | **48 912** | **48 982** |

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

| *US$ Thousand* | Share capital | Retained earnings | Other Reserves *Other* | Other Reserves *Cash-Flow hedge* | Total |
|---|---|---|---|---|---|
| **Balance as at 1 January 2015** | **42 196** | **22 837** | **269 289** | **583** | **334 905** |
| Capital increase | 89 | - | 316 | - | 405 |
| Other changes | - | 55 | (182) | | (127) |
| Total comprehensive income | - | 11 360 | - | (1 370) | 9 990 |
| **Balance as at 31 March 2015** | **42 285** | **34 253** | **269 423** | **(787)** | **345 173** |

| *US$ Thousand* | Share capital | Retained earnings | Other Reserves *Other* | Other Reserves *Cash-Flow hedge* | Total |
|---|---|---|---|---|---|
| **Balance as at 1 January 2014 as reported** | **35 988** | **31 292** | **252 354** | **(2 937)** | **316 697** |
| Adjustment for retrospective application of new IFRS standards | - | (5 692) | - | 4 151 | (1 541) |
| Reclassification of cash-flow hedge ineffectiveness | - | 7 532 | (91) | - | 7 441 |
| Reclassification | - | 7 137 | (7 137) | - | - |
| **Balance as at 1 January 2014 Adjusted (1)** | **35 988** | **40 269** | **245 126** | **1 214** | **322 597** |
| Capital increase | 6 208 | - | 24 269 | - | 30 477 |
| Other changes | - | - | 64 | - | 64 |
| Total comprehensive income | - | (6 836) | - | 355 | (6 481) |
| **Balance as at 31 March 2014** | **42 196** | **33 433** | **269 459** | **1 569** | **346 657** |

(1) Adjusted for the effects of the first-time retrospective application of new IFRSs, the reclassification within equity of the ineffective part of the cash-flow and the reclassification within equity related to a different presentation of previous years' results.

# NOTES

d'Amico International Shipping S.A. (the "Company", DIS) a Sociéte Anonyme, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The financial statements have been prepared in accordance with provisions of Art. 5 of the Luxembourg Law dated 11 January 2008, which transposed Directive 2004/109/EC of the European Parliament and of Council of 15 December 2004 in the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

The d'Amico International Shipping Group has adopted International Financial Reporting Standards (IFRS – International Financial Reporting Standards and IAS – International Accounting Standards) as issued by the 'IASB' (International Accounting Standards Board) and adopted by the European Union. The designation 'IFRS' also includes all 'IAS', as well as all interpretations of the International Financial Reporting Interpretations Committee 'IFRIC', formerly the Standing Interpretations Committee SIC as adopted by the European Union. The consolidated financial statements are prepared on the basis of historic cost convention, with the exception of certain financial assets and liabilities, which are stated at fair value through profit or loss.

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

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

## 1. ACCOUNTING POLICIES

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

### Basis of Consolidation

The financial statements present the consolidated results of the parent company, d'Amico International Shipping S.A., and its subsidiaries for the year ended 31 March 2015.

### Critical Accounting Judgments and Key Estimates

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

### 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.

### Accounting principles

***Accounting principles adopted from 1st of January 2015***
No new accounting principles have been applied with respect to the 2014 consolidated financial statements.

***Accounting principles, amendments and interpretations not yet effective***
At the financial position date the following significant Standards and Interpretations, which are applicable to the Group, were in issue but not yet effective:

IFRS 15 – *Revenue from contract with customers*, was issued in May 2014 by the IASB, with the aim of bringing together the rules actually existing in various standards and to set-up a frame of basic principles to be applied to all categories of transactions including revenues, basically requiring a company to recognize revenue upon the transfer of *control* of goods or services to a customer at an amount reflecting the consideration expected to be received, in *five steps.* The guidance requires as well additional disclosure about the nature, amount, timing and certainty of revenues and cash-flows arising from contracts with customers. The standard will be effective from January 2017, although early adoption is permitted. IFRS 15 is not expected to have a significant impact on the net assets, financial position and results of operations of DIS Group, but will have a significant impact on the disclosures to be presented in the financial statements.

IFRS 9 – *Financial Instruments* was issued in July 2014 and should be applied retrospectively in financial years from 1 January 2018; the enhancements introduced will replace the rules for the recognition and measurement of financial instruments as set out in IAS 39. In more detail, financial assets will be divided in two categories: the ones measured at amortised cost and those measured at fair value, the first group comprising those financial assets for which the contractual terms give rise on specific dates to cash-flows that are solely payment of principal and interest and for which the business model is to hold them for collecting the contractual cash-flows; the second group will entail all other financial assets (fair value measurement). While the rules applied to financial liabilities are mostly the same as set out in IAS 39, amended guidance is introduced on the classification through other comprehensive income of modification in the fair value of certain debt instruments, depending on the own credit risk, that is the changes in the amount of fair values of the liability will be split into the amount of the change that is attributable to the changes in the credit risk of the liability – to be presented in other comprehensive income – and the remaining amount of the change in the fair value of the liability, which shall be presented in the statement of profit or loss.

## 2. COMMITMENTS AND CONTINGENCIES

### Capital commitments

As at March 31 2015, the Group's capital commitments amounted to US$ 184.7 million, of which payments over the next 12 months amounted to US$ 79.8 million.

| *US$ Million* | **As at 31 March 2015** | **As at 31 December 2014** |
|---|---|---|
| Within one year | 79.8 | 78.3 |
| Between 1 – 3 years | 104.8 | 131.9 |
| Between 3 – 5 years | - | - |
| More than 5 years | - | - |
| | 184.6 | 210.2 |

Capital commitments relate to the payment for: 4 Hyundai-Mipo dockyard 40,000 dwt Product/chemical tanker newbuilding vessels, 4 Hyundai-Mipo dockyard 50,000 dwt Product/chemical tanker newbuilding vessels. All DIS newbuilding vessels are expected to be delivered between 2015 and January 2017.

6 May 2015

On behalf of the Board

*Paolo d'Amico*
Chairman

*Marco Fiori*
Chief Executive Officer

The manager responsible for preparing the company's financial reports, Giovanni Barberis, in his capacity of Chief Financial Officer of the Company, declares that the accounting information contained in this document corresponds to the results documented in the books, accounting and other records of the Company.

*Giovanni Barberis*
Chief Financial Officer