



## **d'Amico International Shipping S.A. Half-Yearly / Second Quarter 2017 Financial Report**

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d'Amico International Shipping S.A.

Registered office at 25C Boulevard Royal, Luxembourg

Share capital US\$ 56,876,046.50 as at 30 June 2017

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## BOARD OF DIRECTORS AND CONTROL BODIES

### BOARD OF DIRECTORS

#### *Chairman*

Paolo d'Amico

#### *Chief Executive Officer*

Marco Fiori

#### *Directors*

Carlos Balestra di Mottola *Chief Financial Officer*

Cesare d'Amico

Massimo Castrogiovanni

Stas Andrzej Jozwiak

Giovanni Battista Nunziante

John Joseph Danilovich

Heinz Peter Barandun

### INDEPENDENT AUDITORS

Moore Stephens Audit S.A.

## KEY FIGURES

### FINANCIALS

Q2 2017 UNREVIEWED	Q2 2016 UNREVIEWED	US\$ Thousand	H1 2017	H1 2016
62 098	69 399	Time charter equivalent (TCE) earnings	128 664	144 479
8 197	18 570	EBITDA	24 705	40 156
13.20%	26.76%	as % of margin on TCE	19.20%	27.79%
(1 159)	9 222	EBIT	6 126	21 945
(1.87)%	13.29%	as % of margin on TCE	4.76%	15.19%
(8 032)	6 400	Net profit / (loss)	(6 200)	13 591
(12.93)%	9.22%	as % of margin on TCE	(4.82)%	9.41%
(0.016)	0.015	Earnings / (loss) per share	(0.014)	0.032
310	14 533	Operating cash flow	(1 086)	40 035
(35 664)	(25 156)	Gross CAPEX	(62 848)	(63 744)
			As at 30 June 2017	As at 31 December 2016
Total assets			1 001 020	989 204
Net financial indebtedness			500 476	527 793
Shareholders' Equity			395 144	363 366

### OTHER OPERATING MEASURES

Q2 2017 UNREVIEWED	Q2 2016 UNREVIEWED		H1 2017 UNREVIEWED	H1 2016 UNREVIEWED
12 851	15 803	<b>Daily operating measures</b> - TCE earnings per employment day (US\$) <sup>1</sup>	13 614	16 389
54.1	49.0	<b>Fleet development</b> - Total vessel equivalent	53.7	49.3
30.0	26.5	- Owned	30.6	26.1
24.1	22.5	- Chartered	23.1	23.2
1.9%	1.5%	Off-hire days/ available vessel days <sup>2</sup> (%)	2.8%	1.7%
32.8%	48.7%	Fixed rate contract/ available vessel days <sup>3</sup> (coverage %)	36.9%	47.7%

<sup>1</sup>This figure represents time charter ("TC") equivalent earnings for vessels employed on the spot market and time charter contracts net of commissions.

<sup>2</sup> 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.

<sup>3</sup>Fixed rate contract days/available vessel days (coverage ratio): this figure represents the proportion of available vessel days employed on time charter contracts, inclusive of off-hire days.

## ALTERNATIVE PERFORMANCE MEASUREMENTS (APM)

APM are financial and non-financial measures of historical or future financial performance, financial position or cash-flows, other than a financial measure defined or specified in the Company's applicable financial reporting framework; DIS management is using these financial measures, along with the mostly directly comparable IFRS measures, as they provide helpful additional information for users of the financial statements, indicating how the business has performed over the period, filling the gaps left by the reporting standards: in-fact, certain discussions and analyses set out in this Annual Report and Accounts include measures which are not defined by IFRS. In the following section are set out the Company's definitions of used APM:

### FINANCIAL APMs (They are based on or derived from figures of the financial statements)

<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortization. It is equivalent to the gross operating profit, which indicates the Company's revenues from sales less its cost of the services (transport) sold.
<b>EBIT</b>	Earnings before interest and tax. It is equivalent to the net operating profit.
<b>Gross Capital expenditure</b>	Means the expenditure for the acquisition of fixed assets as well as expenditures capitalised as a result of the intermediate or special surveys of our vessels, or of investments for the improvement of our vessels; it gives an indication about the strategic planning (expansion) of the Company (capital intensive industry).
<b>Net Indebtedness</b>	Comprises total borrowing arrangements and financial liabilities, less cash and cash equivalents and liquid financial assets or short-term investments available to service those debt items. It is a metric indicating the overall debt situation of a company.
<b>Time charter equivalent earnings</b>	Is equal to voyage revenues less voyage expenses. It allow a period-to-period comparison of revenues, which is not influenced by whether the vessels were employed on Spot charters, Voyage charters or Contracts of affreightment (please see Non-Financial APM definitions below).

### NON-FINANCIAL APMs (not derived from figures of the financial statements)

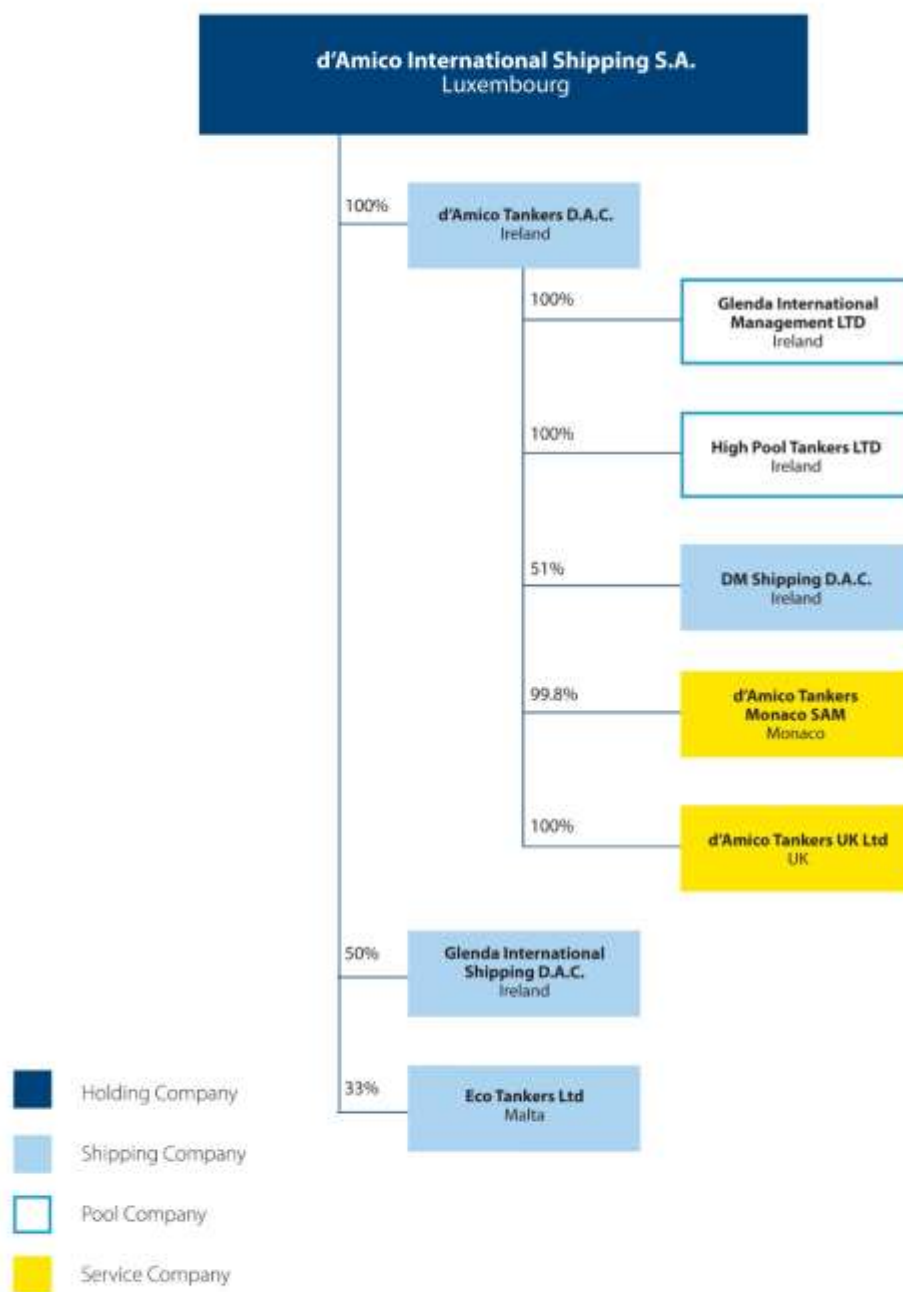
<b>Available vessel days</b>	Total theoretical number of days a vessel is available for sailing during a period It provides an indication of the Company's fleet earnings potential during a period, which takes into account the date of delivery to and redelivery from the Company of the vessels in its fleet.
<b>Bareboat charter</b>	Means a charter of a vessel under which the ship owner is usually paid a fixed amount of charter hire for a certain period of time during which the charterer is responsible for the vessel operating expenses and voyage expenses of the vessel and for the management of the vessel, including crewing. A bareboat charter is also known as a "demise charter" or a "time charter by demise".
<b>Charter</b>	Means the hire of a vessel for a specified period of time or to carry a cargo from a loading port to a discharging port. The contract for a charter is commonly called a charter party.
<b>Contract of affreightment (COA)</b>	Means an agreement between an owner and a charterer which obliges the owner to provide a vessel to the charterer to move specific quantities of cargo, at a fixed rate, over a stated time period but without designating specific vessels or voyage schedules, thereby providing the owner with greater operating flexibility than with voyage charters alone.

<b>Coverage</b>	Ratio indicating how many available vessel days are already covered by fixed rate contracts (time charter contracts or contracts of affreightment). It provides an indication of how exposed the Company is to changes in the freight market during a certain period.
<b>Fixed-rate contracts</b>	Time Charter Contracts or Contracts of Affreightment. Please see respective definitions of these Non-Financial APMs in this section.
<b>Off-hire</b>	Means the period in which a vessel is unable to perform the services for which it is immediately required under a time charter. Off-hire periods can include days spent on repairs, dry-docking and surveys, whether or not scheduled. It can help to explain changes in Time-charter equivalent earnings between different periods.
<b>Spot charter or Voyage charter</b>	Means the hiring of a vessel for a voyage between a load port and a discharge port. The charterer pays the vessel owner on a per-ton or lump-sum basis. The payment for the use of the vessel is known as freight.
<b>Time charter</b>	Means a charter under which the ship owner is paid charter hire on a per-day basis for a specified period of time (a fixed rate contract). Typically, the ship owner is responsible for providing the crew and paying vessel operating expenses while the charterer is responsible for paying the voyage expenses and additional voyage insurance.
<b>Time charter equivalent earnings per day</b>	Is a measure of the average daily revenue performance of a vessel on a per voyage basis. The DIS Group's method of calculating time charter equivalent earnings per day is consistent with industry standards and is determined by dividing voyage revenues (net of voyage expenses) by voyage days for the relevant time period. Time charter equivalent earnings per day is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance despite changes in the mix of charter types ( <i>i.e.</i> spot charters, time charters and contracts of affreightment) under which the vessels may be employed during specific periods. It allows comparison of the Company's performance with industry peers and market benchmarks.
<b>Vessels equivalent</b>	The number of vessels equivalent in a period is equal to the sum of the products of all vessels controlled by the Company by the total available vessel days over that period and the participation of the Company (direct or indirect) in that vessel, divided by the number of calendar days in that period. It provides an indication of the Company's fleet size and earnings potential over a period.
<b>Voyage charter</b>	Means a charter under which a ship owner is paid freight on the basis of moving cargo from a loading port to a discharging port. The ship owner is responsible for paying both vessel operating expenses and voyage expenses. Typically, the charterer is responsible for any delay at the loading or discharging ports.

## INTERIM MANAGEMENT REPORT

### GROUP STRUCTURE

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



## D'AMICO INTERNATIONAL SHIPPING GROUP

d'Amico International Shipping S.A. (DIS, the Group or d'Amico International Shipping) is an international marine transportation 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 d.a.c. (Ireland), a fleet with an average age of approximately 7.8 years, compared to an average in the product tankers industry of 10 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 June 30 2017, 68.4% 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 June 30, 2017, which consists of **55.5** vessels (June 30, 2016: 49.8).

<b>MR fleet</b>				
<b>Name of vessel</b>	<b>Dwt</b>	<b>Year built</b>	<b>Builder, Country</b>	<b>IMO classed</b>
<b>Owned</b>				
High Challenge	50,000	2017	Hyundai Mipo, South Korea	IMO II/III
High Wind	50,000	2016	Hyundai Mipo, South Korea	IMO II/III
High Trust	49,990	2016	Hyundai Mipo, South Korea	IMO II/III
High Trader	49,990	2015	Hyundai Mipo, South Korea	IMO II/III
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 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
GLENDIA Melissa <sup>1</sup>	47,203	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDIA Meryl <sup>2</sup>	47,251	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDIA Melody <sup>2</sup>	47,238	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDIA Melanie <sup>1</sup>	47,162	2010	Hyundai Mipo, South Korea	IMO II/III
GLENDIA Meredith <sup>1</sup>	46,147	2010	Hyundai Mipo, South Korea	IMO II/III
GLENDIA Megan <sup>2</sup>	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	-
<b>Bare-Boat with purchase obligation</b>				
High Fidelity	49,990	2014	Hyundai Mipo, South Korea	IMO II/III

<sup>1</sup> Vessels owned by GLENDIA International Shipping d.a.c. (in which DIS has 50% interest) and time chartered to d'Amico Tankers d.a.c.

<sup>2</sup> Vessels owned by GLENDIA International Shipping d.a.c. (in which DIS has 50% interest)



Name of vessel	Dwt	Year built	Builder, Country	IMO classed
<b>TC-IN Long Term with purchase obligation</b>				
Crimson Jade	50,000	2017	Minaminippon Shipbuilding,	IMO II/III
High Sun <sup>1</sup>	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
<b>TC-IN Long Term without purchase obligation</b>				
Carina	47,962	2010	Iwagi Zosen, Japan	-
High Efficiency <sup>2</sup>	46,547	2009	Nakai Zosen, Japan	-
High Strength <sup>2</sup>	46,800	2009	Nakai Zosen, Japan	-
High Pearl	48,023	2009	Imabari, Japan	-
High Glow	46,846	2006	Nakai Zosen, Japan	-
Freja Hafnia	53,700	2006	Shin Kurushima, Japan	-
Citrus Express	53,688	2006	Shin Kurushima, Japan	-
SW Southport <sup>3</sup>	46,992	2004	STX, South Korea	IMO II/III
SW Tropez <sup>4</sup>	46,992	2004	STX, South Korea	IMO II/III
<b>TC-IN Short Term</b>				
High Force	53,603	2009	Shin Kurushima, Japan	-
Silver Express	44,935	2009	Onomichi, Japan	-
High Current	46,590	2009	Nakai Zosen, Japan	-
High Enterprise	45,800	2009	Shin Kurushima, Japan	-
High Beam	46,646	2009	Nakai Zosen, Japan	-
Freja Baltic	47,548	2008	Onimichi Dockyard, Japan	-
High Power	46,874	2004	Nakai Zosen, 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
<b>Handy-size fleet</b>				
Name of vessel	Dwt	Year built	Builder, Country	IMO classed
<b>Owned</b>				
Cielo di Salerno	39,043	2016	Hyundai Mipo, South Korea	IMO II/III
Cielo di Hanoi	39,043	2016	Hyundai Mipo, South Korea	IMO II/III
Cielo di Capri	39,043	2016	Hyundai Mipo, South Korea	IMO II/III
Cielo di Ulsan	39,060	2015	Hyundai Mipo, South Korea	IMO II/III
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 Guangzhou <sup>5</sup>	38,877	2006	Guangzhou, China	IMO II
Cielo di Milano	40,081	2003	Shina Shipbuilding Co., South	IMO II
<b>TC-IN Long Term without purchase obligation</b>				
SW Cap Ferrat I <sup>6</sup>	36,032	2002	STX, South Korea	IMO II/III
<b>TC-IN Short Term</b>				
Port Stewart	38,877	2003	Guangzhou, China	-

<sup>1</sup> Vessel owned by Eco Tankers Limited (in which DIS has 33% interest)

<sup>2</sup> Vessels owned by the joint venture DM Shipping d.a.c. (in which DIS has 51% interest) and time chartered to d'Amico Tankers d.a.c.

<sup>3</sup> Former High Endurance sold by d'Amico Tankers in Feb'17 and taken back in time charter for 4 years

<sup>4</sup> Former High Endeavour sold by d'Amico Tankers in Mar'17 and taken back in time charter for 4 years

<sup>5</sup> Vessel previously in bare-boat charter contract to d'Amico Tankers and then purchased in December 2015.

<sup>6</sup> Former Cielo di Salerno sold by d'Amico Tankers in December 2015 and taken back in time charter

## ***Fleet Employment and Partnership***

As at June 30 2017, d'Amico International Shipping directly employed 55.5 Vessels: 13.5 MRs ('Medium Range') and 4 Handy-size vessels on fixed term contracts, whilst 32 MRs and 6 Handy-size vessels are currently employed on the spot market. In addition, the Group employs a portion of its controlled vessels through some joint ventures.

*GLENDIA International Shipping d.a.c.*, a 50/50 jointly controlled entity with the Glencore Group. The JV company owns 6 MR vessels built between August 2009 and February 2011. Glenda International Shipping has currently three vessels time-chartered to d'Amico Tankers, two vessels to the Glencore Group and one vessel employed on the spot market.

*DM Shipping d.a.c.*, a 51/49 jointly controlled entity 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 a 33% shareholding. The JV company owns an eco-design MR product tanker of 50,000 dwt built at Hyundai-Vinashin Shipyard Co., Ltd and delivered in May 2014. The vessel is currently time-chartered to d'Amico Tankers d.a.c. 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 (d'Amico), 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). At the closing of the period, the entire d'Amico Group controls a wide fleet of owned and chartered-in vessels, of which 55.5 are part of the DIS fleet, operating in the product tanker market. 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 June 30 2017, the Group employed 708 seagoing personnel and 35 onshore personnel.

## Financial review

The IMF said in their April update that world growth is expected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018. As far as global oil demand is concerned the IEA stated in their most recent report that after lacklustre 1.0 million b/d growth in Q1 2017, there was a dramatic acceleration in Q2 2017 to 1.5 million b/d. For 2017 as a whole, demand is forecast to reach 98.0 million b/d, with growth revised up by 0.1 million b/d compared to the June Report to 1.4 million b/d. Further growth of 1.4 million b/d is foreseen for 2018, with global demand reaching 99.4 million b/d.

OECD refined product stocks, rose from a low of 1.33 billion barrels in December 2013 to a peak in August 2016 of 1.58 billion barrels. Since then, however, products stocks fell by around 100 million barrels (-6.3%) to a low of 1.48 billion barrels in March 2017, before rising to 1.52 billion barrels by the end of May 2017. Draws were especially strong in Europe and Asia Pacific due to the combined effect of falling product and crude imports. In the OECD Americas, higher refinery output brought crude stocks down, but this was offset by builds in oil product stocks despite steady exports to Latin America. US Crude refinery throughput averaged just below 20 million b/d in Q2.

The one-year time-charter rate is always the best indicator of spot market expectations. As markets failed to show any substantial signs of improvement in the short term, the rates for a convention non-eco MR2 remained flat at between US\$ 12,500 and US\$ 13,500 per day.

In **H1 2017, DIS recorded a Net Loss of US\$ 6.2 million** vs. a Net Profit of US\$ 13.6 million posted in the same period of last year. The variance compared with the first semester of 2016 is mainly due to a weaker product tanker market especially in the second quarter of the current year. In detail, **in H1 2017 DIS' daily spot rate was US\$ 12,492** compared with US\$ 16,848 achieved in the first half of last year. At the same time, 36.9% of DIS' total employment days in H1 2017, were covered through 'time-charter' contracts at an average daily rate of US\$ 15,908 (H1 2016: 47.7% coverage at an average daily rate of US\$ 15,885). Such good level of time charter coverage is one of the pillars of DIS' commercial strategy and allows it to mitigate the effects of spot market volatility, securing a certain level of earnings and cash generation. DIS' total daily average rate (which includes both spot and time-charter contracts) was US\$ 13,614 in H1 2017 compared with US\$ 16,389 achieved in the previous year.

Thanks to a prudent commercial strategy and to a cost efficient operating platform, DIS achieved an **EBITDA of US\$ 24.7 million in H1 2017** and an **EBITDA margin of 19.2%** even in a relatively weak scenario (H1 2016: EBITDA of US\$ 40.2 million and EBITDA margin of 27.8%)

In H1 2017, DIS had **US\$ 62.8 million in 'capital expenditures'**. This figure is mainly in relation to DIS' newbuilding plan and includes the acquisition of a leased asset for US\$ 26.7 million in the period, following a sale and lease back contract which generated a positive net cash effect of US\$ 11.2 million in Q2. Since 2012, DIS has ordered a total of **22 'Eco design' product tankers<sup>1</sup>** (10 MR, 6 Handy-size and 6 LR1 vessels), of which 16<sup>1</sup> vessels have been already delivered as at the end of Q1 2017. This corresponds to an overall **investment plan** of approximately **US\$ 755.0 million** and is in line with the Company's strategy to modernize its fleet through new-buildings with an eco-design. In addition, DIS has already fixed 14 of its new-building vessels on long-term time-charter contracts with three oil-majors and a leading refining company, all at profitable levels.

In Q2 2017, DIS launched a share capital increase issuing preferential subscription rights of for up to 140,250,109 new shares with up to 140,250,109 warrants issued simultaneously at an issuance price of EUR 0.249 per new share. The offering was fully subscribed and generated proceeds of US\$ 37.9 million in May 2017, strengthening the Company's balance sheet and liquidity position.

<sup>1</sup> 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.)

## OPERATING PERFORMANCE

Q2 2017 UNREVIEWED	Q2 2016 UNREVIEWED	US\$ Thousand	H1 2017	H1 2016
96 164	86 517	Revenue	188 102	179 891
(34 066)	(17 118)	Voyage costs	(59 438)	(35 412)
<b>62 098</b>	<b>69 399</b>	<b>Time charter equivalent earnings</b>	<b>128 664</b>	<b>144 479</b>
(30 687)	(29 417)	Time charter hire costs	(59 615)	(60 852)
(19 784)	(17 147)	Other direct operating costs	(39 689)	(35 275)
(3 391)	(4 217)	General and administrative costs	(7 293)	(8 196)
-	(48)	Other operating income	-	-
(39)	-	Profit on disposal of fixed assets	2 638	-
<b>8 197</b>	<b>18 570</b>	<b>EBITDA</b>	<b>24 705</b>	<b>40 156</b>
(9 356)	(9 348)	Depreciation	(18 579)	(18 211)
<b>(1 159)</b>	<b>9 222</b>	<b>EBIT</b>	<b>6 126</b>	<b>21 945</b>
138	2 742	Net financial income	1 651	3 334
(6 814)	(5 415)	Net financial (charges)	(13 684)	(11 401)
9	85	Share of profit of associate	90	65
<b>(7 826)</b>	<b>6 634</b>	<b>Profit / (loss) before tax</b>	<b>(5 817)</b>	<b>13 942</b>
(206)	(234)	Income taxes	(383)	(351)
<b>(8 032)</b>	<b>6 400</b>	<b>Net profit / (loss)</b>	<b>(6 200)</b>	<b>13 591</b>

**Revenue** was US\$ 188.1 million in H1 2017 (US\$ 179.9 million in H1 2016) and US\$ 96.2 million in Q2 2017 (US\$ 86.5 million in Q2 2016). The increase in gross revenues compared with the previous year was mainly a consequence of the higher number of vessels operated on average by DIS in the first six months of 2017 (H1 2017: 53.7 vs. H1 2016: 49.3). The off-hire days percentage in H1 2017 of 2.8% was higher than for the same period of the previous year (1.7%), due to commercial off-hires and the timing of dry-docks.

**Voyage costs** reflect the mix of spot and time charter employment contracts. These costs, which occur only for vessels employed on the spot market, amounted to US\$ 59.4 million in H1 2017, higher than US\$34.1 million in Q2 2017, due to DIS' fleet growth and its larger portion of vessels employed on the spot market (US\$ 35.4 million and US\$ 17.1 million respectively in the same periods of 2016).

**Time charter equivalent earnings** were US\$ 128.7 million in H1 2017 vs. US\$ 144.5 million in H1 2016 and US\$ 62.1 million vs. US\$ 69.4 million in Q2 2016. Such variance is due to the weaker spot market experienced in H1 2017 relative to the first half of last year.

In particular, DIS realized a **Daily Average Spot Rate of US\$ 12,492 in H1 2017** compared with US\$ 16,848 in H1 2016. This result was particularly affected by the soft spot market of Q2, in which DIS achieved a Daily average Spot Rate of US\$ 11,763 vs. US\$ 15,560 for the same quarter of last year.

Following its strategy, in H1 2017 DIS maintained a **high level of 'coverage'** (fixed contracts), securing an average of **36.9%** (H1 2016: 47.7%) of its available vessel days at a **Daily Average Fixed Rate of US\$ 15,530** (H1 2016: US\$ 15,885). In addition to securing revenue and supporting the operating cash flow generation, these contracts enabled DIS to strengthen its historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

**DIS' Total Daily Average TCE (Spot and Time Charter) was US\$ 13,614 in H1 2017 vs. US\$ 16,389 in H1 2016.**

DIS TCE daily rates (US dollars)	2016 UNREVIEWED					2017 UNREVIEWED		
	Q1	Q2	H1	Q3	Q4	Q1	Q2	H1
Spot	18 076	15 560	<b>16 848</b>	10 101	10 120	13 363	11 763	<b>12 492</b>
Fixed	15 706	16 059	<b>15 885</b>	16 106	16 085	15 908	15 078	<b>15 530</b>
Average	16 970	15 803	<b>16 389</b>	12 904	12 601	14 412	12 851	<b>13 614</b>

**Time charter hire costs** relate to the chartered-in vessels and amounted to US\$ 59.6 million in H1 2017 and US\$ 30.7 million in Q2 2017 (US\$ 60.9 million in H1 2016 and US\$ 29.4 million in Q2 2016). In the first six months of 2017, DIS operated the same number of chartered-in vessels as last year (H1 2017: 23.1 vessels vs. H1 2016 23.2 vessels) but at a lower daily average cost relative to H1 2016.

**Other direct operating costs** mainly consist of crew, technical and luboil relating to the operation of owned vessels together with insurance expenses for both owned and chartered-in vessels. These costs amounted to US\$ 39.7 million in H1 2017 (US\$ 35.3 million in H1 2016) and US\$ 19.8 million in Q2 2017 (US\$ 17.1 million in Q2 2016). The increase in absolute values compared with the previous year, is only due to the larger number of owned vessels in H1 2017, following the delivery of 6 'eco-design' new-building tankers from January 2016 to June 2017. DIS constantly monitors its operating costs, 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' fleet represents an essential part of d'Amico's vision and strategy.

**General and administrative costs** amounted to US\$ 7.3 million in H1 2017 (US\$ 8.2 million in H1 2016) and US\$ 3.4 million in Q2 2017 (US\$ 4.2 million in Q2 2016). The decrease compared with the first half of last year, is the result of DIS' constant focus on cost control and the appreciation of the US Dollar. These costs relate mainly to onshore personnel, together with office costs, consultancies, travel expenses and others.

**Result on disposal of vessel.** In H1 2017, DIS sold the M/T High Endurance and the M/T High Endeavour (two 2004-built MR vessels), and sold and leased back M/T High Fidelity generating a total net gain on disposal of US\$ 2.6 million.

**EBITDA** was US\$ 24.7 million in the first half of the current year and US\$ 8.2 million in Q2 2017, compared with US\$ 40.2 million in H1 2016 and US\$ 18.6 million in Q2 2016. The reduction relative to last year, is mainly due to lower 'TCE Earnings' achieved in the period. **DIS' EBITDA Margin was 19.2% in H1 2017** compared with 27.8% in H1 2016.

**Depreciation and Impairment** amounted to US\$ 18.6 million in H1 2017 vs. US\$ 18.2 million in H1 2016 and to US\$ 9.4 million in Q2 2017 vs. US\$ 9.3 million in Q2 2016. Such slight increase compared with the previous year is attributable to the higher number of owned vessels in H1 2017, due to the 6 new-building tankers delivered since January 2016.

**EBIT** for the first-half of 2017 **amounted to US\$ 6.1 million** compared to US\$ 21.9 million for the same period of last year. Q2 2017 EBIT was negative for US\$ 1.2 million vs. a US\$ 9.2 million positive result achieved in the same quarter last year.

**Net financial income** was positive for US\$ 1.7 million in H1 2017 vs. US\$ 3.3 million in H1 2016 (Q2 2017: US\$ 0.1 million vs. Q2 2016 US\$ 2.7 million). The 2017 amount comprises a US\$ 1.0 million positive exchange difference (primarily on the USD/JPY rate) and a US\$ 0.4 million unrealized gain in relation to the ineffective part of DIS' interest rate swap agreements. The variance relative to the same period of last year is due to the lower positive exchange difference on the USD/JPY rate posted in H1 2017.

**Net financial charges** were US\$ 13.7 million in H1 2017 vs. US\$ 11.4 million in H1 2016. The amount comprises the interest due on DIS' loan facilities.

DIS recorded a **Loss before tax** of US\$ 5.8 million in H1 2017 (H1 2016 profit of US\$ 13.9 million) and loss of US\$ 7.8 million in Q2 2017 (Q2 2016: profit of US\$ 6.6 million).

**Income taxes** were US\$ 0.4 million in H1 2017 and US\$ 0.2 million in Q2 2017, in line with the same periods of last year.

DIS' **Net Result** was **negative** for **US\$ 6.2 million** in H1 2017 compared with a US\$ 13.6 million Net Profit posted in the same period of 2016, whilst Q2 2017 Net Result was negative for US\$ 8.0 million vs. US\$ 6.4 million Net Profit generated in Q2 2016. The variance compared to the previous year is almost entirely due to the much weaker spot market experienced in the first half of 2017.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	<b>As at 30 June 2017</b>	<b>As at 31 December 2016</b>
<b>ASSETS</b>		
Non current assets	858 935	837 055
Current assets	142 085	152 149
<b>Total assets</b>	<b>1 001 020</b>	<b>989 204</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Shareholders' equity	395 144	363 366
Non-current liabilities	450 767	435 724
Current liabilities	155 109	190 114
<b>Total liabilities and shareholders' equity</b>	<b>1 001 020</b>	<b>989 204</b>

**Non-current assets** mainly relate to DIS' owned vessels net book value and it includes also the portion relating to its new-buildings under construction. The balance at the end of H1 2017 is higher than the previous year, mainly due to the yard instalments paid on DIS' new-building program during the semester (including the last instalments due in connection with the delivery of one new-building vessel in Q1 2017). According to the valuation report provided by a primary broker, the estimated market value of DIS' owned fleet as at June 30 2017 was of US\$ 740.5 million.

**Gross Capital expenditures (Capex)** were US\$ 62.8 million in H1 2017. This amount mainly comprises the instalments paid on the newbuilding vessels under construction at Hyundai-Mipo and the US\$ 27.0 million acquisition of the M/T High Fidelity, as the result of a sale and lease-back transaction. Dry-dock costs pertaining to owned vessels are also capitalized.

**Current assets** as at June 30 2017 amounted to US\$ 142.1 million. Other than the working capital items (inventories and trade receivables amounting to US\$ 16.1 million and US\$ 43.1 million respectively), current assets include 'Cash and cash equivalent' of US\$ 40.8 million, and assets held for sale of US\$ 42.0 million, comprising the book value of 3 MR vessels (M/T High Priority, M/T High Presence, M/T High Prosperity), which are currently under sale negotiations.

**Non-current liabilities** were US\$ 450.8 million as at June 30 2017 and mainly consist of the long-term portion of debt due to banks (disclosed under the Net Indebtedness section of the report) together with US\$ 25.6 million in liabilities for financial leases.

The balance of **Current liabilities**, other than the debt due to banks and other lenders (disclosed under the Net Indebtedness section of the report), includes working capital items amounting to US\$ 37.3 million (essentially relating to trade and other payables), US\$ 1.1 million in liabilities from financial leases and US\$ 9.9 million in other current financial liabilities. The total balance of Current liabilities includes also US\$ 22.8 million of outstanding debt on the 3 vessels classified as 'assets held for sale'.

The **Shareholders' equity** balance as at June 30 2017 was of US\$ 395.1 million (US\$ 365.8 million as at March 31 2017 and US\$ 363.4 million as at December 31 2016). The variance with the previous year and quarter is primarily due to the US\$ 37.9 million share capital increase in Q2 2017, to the Net Result generated in the current year and to the valuation of cash-flow hedges.

## NET INDEBTEDNESS

**DIS' Net debt as at June 30, 2017** amounted to **US\$ 500.5 million** compared to US\$ 528.2 million at the end of Q1 2017 and to US\$ 527.8 million at the end of 2016. The net debt/fleet market value ratio was of 67.6% as at June 30, 2017 and of 71.2% as at March 31, 2017.

<i>US\$ Thousand</i>	<b>As at 30 June 2017</b>	<b>As at 31 December 2016</b>
Liquidity - <i>Cash and cash equivalents</i>	40 803	31 632
Current financial receivables	24	95
<b>Total current financial assets</b>	<b>40 827</b>	<b>31 727</b>
Bank loans – current	106 796	124 975
Liabilities from financial leases - current	1 099	-
Shareholders' loan	-	10 001
Other current financial liabilities – 3 <sup>rd</sup> p.ties	9 901	11 885
<b>Total current financial debt</b>	<b>117 796</b>	<b>146 861</b>
<b>Net current financial debt</b>	<b>76 969</b>	<b>115 134</b>
Other non-current financial assets – third parties	5 453	2 213
Other non-current financial assets – related party DMS	21 807	20 853
<b>Total non-current financial assets</b>	<b>27 260</b>	<b>23 066</b>
Bank loans - non-current	416 562	427 304
Liabilities from financial leases – non-current	25 648	-
Other non-current financial liabilities – 3 <sup>rd</sup> p.ties	8 557	8 420
<b>Total non-current financial debt</b>	<b>450 767</b>	<b>435 724</b>
<b>Net non-current financial debt</b>	<b>423 507</b>	<b>412 658</b>
<b>Net financial indebtedness</b>	<b>500 476</b>	<b>527 792</b>

The balance of *Total Current Financial Assets (Cash and cash equivalents* together with some short-term financial receivables) was of US\$ 40.8 million as at the end of Q2 2017.

*Total Non-Current Financial Assets* includes mainly DIS' (through d'Amico Tankers d.a.c.) shareholder loan to DM Shipping d.a.c., 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 June 30, 2017 amounted to US\$ 523.4 million, of which US\$ 106.8 million is due within one year (including also US\$ 22.8 million outstanding debt on the 3 vessels classified as 'assets held for sale'). Other than some short term credit lines, DIS' debt as at June 30 2017 comprises mainly the following long-term facilities granted to d'Amico Tankers d.a.c. (Ireland), the key operating company of the Group: (i) US\$ 250 million Term Loan facility granted by a pool of nine primary financial institutions (Crédit Agricole Corporate and Investment Bank, Nordea Bank, ING Bank, Banca IMI, Commonwealth Bank of Australia, Skandinaviska Enskilda Banken (SEB), The Governor and Company of the Bank of Ireland, Credit Industriel et Commercial, DnB), to refinance 8 existing vessels and provide financing for 6 new-building vessels, with an outstanding debt of US\$ 97.0 million; (ii) Intesa medium-term facility with an outstanding debt of US\$ 37.5 million; (iii) Crédit Agricole-CIB and DnB NOR Bank 7 years term loan facility to finance 2 MR vessels built and delivered in 2012 for a total outstanding debt of US\$ 30.1 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 and for an MR vessel built and delivered in January 2016, for an outstanding debt of US\$ 26.1 million; (v) ING Bank 6 years term loan facility to finance 2 MR vessels built in 2005 for a total outstanding debt of US\$ 14.0 million; (vi) Crédit Agricole-CIB 6 years term loan facility to finance 2 MR vessels built in 2014 for total outstanding debt of US\$ 17.0 million; (vii) Danish Ship Finance 7 years term loan facility to finance 2 MR vessels built in 2014 and 2015 for a total outstanding debt of US\$ 32.5 million; (viii) DnB NOR Bank 5 years term loan facility to



finance 1 MR vessel built in 2014 for a total outstanding debt of US\$ 18.4 million; (ix) ABN Amro 6 years term loan facility to finance 1 Handysize vessel built in 2014 for a total outstanding debt of US\$ 17.8 million; (x) Banca IMI (Intesa Group) 7 years term loan facility to finance 2 Handy-size vessels built respectively in 2015 and 2016 for a total outstanding debt of US\$ 41.3 million; (xi) Skandinaviska Enskilda Banken (SEB) 6 years term loan facility to finance 1 MR vessel built in 2015 for a total outstanding debt of US\$ 20.2 million; (xii) Crédit Agricole CIB 4 years term loan facility to finance 1 Handy-size vessel built in 2006 and purchased in 2015 for a total outstanding debt of US\$ 8.3 million; (xiii) Monte dei Paschi di Siena 5 year term loan facility to finance 2 LR1 vessels under construction at Hyundai-Mipo and expected to be delivered in 2017, with an outstanding debt of US\$ 23.1 million; (xiv) Century Tokyo Leasing 6 years term loan facility to finance 2 Handy-size vessel delivered respectively in July and October 2016 and 1 MR vessel delivered in January 2017, with an outstanding debt of US\$ 70.8 million; (xv) ING 12 months facility to finance 1 Handy-size vessel built in 2003 and purchased in July 2016 for a total outstanding debt of US\$ 8.6 million. In addition, DIS' debt comprises also: its portion of the bank loans of its joint venture 'Glenda International Shipping d.a.c.' with Commerzbank AG Global Shipping and Credit Suisse amounting to US\$ 48.1 million, to finance the 6 Glenda International Shipping d.a.c. vessels, delivered between 2009 and 2011.

*Liabilities for financial leases* include the financial lease on the M/T High Fidelity which was sold and leased back during the second quarter of the year

*Other Non-current financial liabilities* includes the negative fair value of derivatives hedging instruments (interest rate swap agreements), accrued interest and financial fees.

## CASH FLOW

DIS' Net Cash Flow for H1 2017 was positive for US\$ 9.0 million vs. negative US\$ 13.3 million in H1 2016.

Q2 2017 UNREVIEWED	Q2 2016 UNREVIEWED	US\$ Thousand	H1 2017	H1 2016
310	14 533	Cash flow from operating activities	(1 086)	40 035
(9 144)	(25 156)	Cash flow from investing activities	(12 367)	(63 744)
19 495	(4 005)	Cash flow from financing activities	22 423	10 397
<b>10 661</b>	<b>(14 628)</b>	<b>Change in cash balance</b>	<b>8 970</b>	<b>(13 312)</b>
18 473	41 603	Cash and cash equivalents net of bank overdrafts at the beginning of the period	20 164	40 287
<b>29 134</b>	<b>26 975</b>	<b>Cash and cash equivalents net of bank overdrafts at the end of the period</b>	<b>29 134</b>	<b>26 975</b>
40 803	32 513	Cash and cash equivalents at the end of the period	40 803	32 513
(11 669)	(5 538)	Bank overdrafts at the end of the period	(11 669)	(5 538)

**Cash flow from operating activities** was negative for US\$ 1.1 million in the first six months of the current year (positive for US\$ 0.3 million in Q2 2017), compared with US\$ 40.0 million realized in H1 2016. The lower result achieved in H1 2017 was due to the weaker freight markets relative to H1 2016.

The net **Cash flow from investing activities** was negative for US\$ 12.4 million in H1 2017 (negative for US\$ 9.1 million in Q2 2017) and it comprises US\$ 35.8 million capital expenditures in connection with the installments paid on the new-building vessels under construction at Hyundai-Mipo, as well as dry-dock expenses and the US\$ 26.7 million acquisition of a right of use for the leased asset (M/T High Fidelity). The net investing cash flow includes US\$ 50.3 million 'proceeds from the disposal of fixed assets' in relation to the sale of M/T High Endurance and M/T High Endeavour in Q1 2017 and the sale of M/T High Fidelity in Q2 2017.

**Cash flow from financing activities** was positive for US\$ 22.4 million in H1 2017 (positive for US\$ 19.5 million in Q2 2017). This figure comprises mainly: (i) US\$ 37.9 million arising from DIS' share capital increase; (ii) US\$ 64.7 million in bank debt repayments (including US\$ 34 million repayments on the three vessels sold in the semester); (iii) US\$ 34.2 million bank loan drawdown in relation to the financing of the newbuilding vessels delivered during the quarter; (iv) US\$ 26.7 million inception and amortization of the financial lease; (v) US\$ 10.0 million repayment



of a shareholder loan granted by DIS' majority shareholder (d'Amico International S.A.) in Q1 2017.

## SIGNIFICANT EVENTS OF THE FIRST SEMESTER

In H1 2017 the following main events occurred in the activity of d'Amico International Shipping Group:

**Amendments to the bylaws of the Company and increase in the authorized share capital:** In January 2017 – d'Amico International Shipping S.A. announced that further to recent, important changes to the Luxembourg law of 10 August 1915 on commercial companies by the law of 10 August 2016 (the “Company Law”), governing law of d'Amico International Shipping S.A., the board of directors of the Company (the “Board of Directors”) resolved to convene an extraordinary general meeting of shareholders to be held on 3 March 2017 (the “EGM”) to modify the articles of association of the Company in order to align its provisions with the amended Luxembourg Company Law, and at the same time take the opportunity to set the authorised share capital, including the existing issued share capital of the Company at a total amount of one hundred million US dollars (US\$ 100,000,000) enabling the Board of Directors to increase the share capital of the Company within the next five years with a view to strengthen the Company's share capital and financial flexibility.

**On March 3 2017 the Extraordinary General Meeting of Shareholders of d'Amico International Shipping S.A. (the “Company” or the “Group”) resolved to:**

- To approve the proposed amendment to the articles of association of the Company as proposed by the Board of Directors in the explanatory report published on 30 January 2017 and available to the Shareholders on the Company's website (<https://en.damicointernationalshipping.com/>);
- To set the authorised corporate capital, including the issued share capital, at a total amount of USD 100 million, divided into one billion shares with no nominal value and to renew, for a period of five years, the authorisation of the Board of Directors to increase the capital in one or several tranches within the limits of the amended authorised capital, as well as the authorisation of the Board of Directors to limit or cancel, in full or partially, the preferential subscription right of existing shareholders.

**On March 3 2017, the Board of Directors of the Company – exercising the powers delegated by the Extraordinary General Meeting of Shareholders as described above – has on the basis of this authorization resolved:**

- To prepare the launch of a public rights offering, in Luxembourg and Italy, addressed to the shareholders of the Company that would result in an increase of the share capital of the Company, through the issuance of new shares with no par value and with the same rights (including, but not limited to the right of dividend) as the shares existing at the time of the issuance, up to a USD equivalent of a maximum of Euro 35 million (including share premium); the new shares would be offered to the Company's existing shareholders as holders of preferential subscription rights (the “Preferential Subscription Rights”) for the subscription to new shares of the Company (the “New Shares”) together with free warrants – exercisable over a five years' time horizon – to be issued simultaneously (the “Warrants”). The Warrants would give right to warrants holders to subscribe to additional shares with no nominal value and with the same rights (including, but not limited to the right to dividends) attached thereto as to the existing shares (the “Warrant Shares”) (the “Rights Offering”). New Shares that would not be subscribed during the preferential subscription right period would be expected to be offered by the Company through a subsequent private placement (the “Private Placement” and together with the Rights Offering, the “Offering”);
- the Warrants, if duly exercised according to their terms and conditions, result in an increase in the share capital of the Company, within the limits of the authorized capital, up to a USD equivalent of a maximum of Euro 60 million (including share premium), through the issuance of Warrant Shares with no par value and regular dividend and incorporating the same rights of the shares existing at the time of the issuance;

**‘DIS controlling shareholder will guarantee 100% of the capital increase’:** On April 10 2017, d'Amico International S.A. (“DAM”) the controlling shareholder of d'Amico International Shipping S.A. (the “Company”, “DIS” or the “Group”), confirmed its unconditional and irrevocable undertaking to exercise all the preferential subscription rights which it is entitled to receive under the offering and to subscribe for and to fully and timely pay up the corresponding number of new shares with warrants issued simultaneously, as set out in the undertaking letter dated on 30 January 2017. Following the press release issued by DIS on March 3, 2017 and the relevant DIS Board of Directors resolution of the same day, DAM further irrevocably undertook and committed to subscribe to any

share that will not be subscribed in the private placement and on the same terms, notably as to pricing, as will be proposed in the rights offering and the private placement.

**The Board of d'Amico International Shipping S.A. approves the rights issue terms and conditions.** Transaction scheduled to launch 24 April 2017 and close 18 May 2017. On April 18 2017 the Board of Directors of d'Amico International Shipping S.A. (the "Company" or the "Group"), exercising the powers delegated by the Extraordinary General Meeting of Shareholders of 3 March 2017, has resolved:

- to approve a rights issue addressed to the shareholders of the Company which consists of (i) an offering by the Company with preferential subscription rights (the "Preferential Subscription Rights") of new shares of the Company (the "New Shares") with warrants issued simultaneously (the "Warrants") to be exercised into shares (the "Warrant Shares"), (the "Rights Offering") and (ii) in case the Preferential Subscription Rights are only partially exercised during the Rights Offering, a private placement whereby the Board of Directors will place any New Shares that were not subscribed in the Rights Offering and with cancellation in this second round of offering of any preferential subscription right (the "Private Placement", together with the Rights Offering, the "Offering");
  - to approve an increase of the share capital of the Company, within the limits of the authorised capital, of up to a maximum of the USD equivalent of Euro 34,922,277 (including share premium), through the issuance of up to 140,250,109 New Shares, that will generally in all respects rank pari passu with the existing shares, at an issuance price per New Share of Euro 0.249 (the "Issuance Price"), in the ratio of 1 New Share for every 3 Preferential Subscription Rights exercised (the "Ratio") and with attached up to 140,250,109 free Warrants issued simultaneously in the ratio of 1 Warrant for every 3 Preferential Subscription Rights exercised;
  - to approve a further increase of the share capital of the Company, within the limits of the authorised capital, of up to a maximum of the USD equivalent of Euro 59,606,296 (including share premium), through the issuance – in one or more tranches – of up to 140,250,109 Warrant Shares upon exercise of the Warrants, that will generally in all respects rank pari-passu with the shares in issue on the relevant exercise date.

The Board of Directors has decided to proceed with the Offering to strengthen the Company's balance sheet. The Offering has been structured to reward shareholders with a medium to long-term investment horizon, with the long maturity of the Warrants, providing to the investors the possibility of benefiting from an expected recovery in the highly cyclical product tankers market.

The Warrants confer certain rights and can be exercised under the Warrant terms and conditions. Based on the Warrant Terms and Conditions, the holders of Warrants will have the right to subscribe to Warrant Shares in the ratio of 1 Warrant Share for every 1 Warrant exercised based on the following exercise prices and exercised during the following periods:

- Euro 0.315, for the Warrants exercised in all the banking days in June 2018;
- Euro 0.340, for the Warrants exercised in all the banking days in June 2019;
- Euro 0.367, for the Warrants exercised in all the banking days in June 2020;
- Euro 0.395, for the Warrants exercised in all the banking days in June 2021;
- Euro 0.425, for the Warrants exercised in all the banking days in June 2022.

**d'Amico International S.A. announced the results of the right issue - approximately 99.2% take up during the rights subscription period – gross proceeds of the USD equivalent of approximately EUR 34.7 million**

On 18 May 2017 – d'Amico International Shipping S.A. announced that, in connection with its offering with preferential subscription rights (the "Preferential Subscription Rights") of up to 140,250,109 new shares (the "New Shares") with up to 140,250,109 warrants issued simultaneously (the "Warrants", which will be named "d'Amico International Shipping Warrants 2017 – 2022") at an issuance price of EUR 0.249 per New Share (the "Issuance Price"), it has received subscriptions, through the exercise of Preferential Subscription Rights, for 139,156,784 New Shares with 139,156,784 Warrants issued simultaneously through the exercise of Preferential Subscription Rights. This represents a take up of approximately 99.2%.

### Results of Rights Subscription Period

A total of 417,470,352 Preferential Subscription Rights representing approximately 99.2% of the total number of Preferential Subscription Rights were exercised during the exercise period for the Preferential Subscription Rights which started on 24 April 2017 and ended on 18 May 2017 (the "Rights Subscription Period"). Given the ratio of 1 New Shares with 1 Warrant issued simultaneously for 3 Preferential Subscription Rights the Company will issue 139,156,784 New Shares with 139,156,784 free Warrants issued simultaneously, to be exercised into shares (the "Warrant Shares"), to the subscribers who subscribed the New Shares during the Rights Subscription Period. The New Shares are negotiated on Mercato Telematico Azionario under ISIN code LU0290697514, which is the ISIN code for the DIS shares.

### Warrants

Trading on the Mercato Telematico Azionario of Borsa Italiana of the related Warrants commenced by the end of May under ISIN code LU1588548724.

**The Board of Directors of d'Amico International Shipping S.A. announced the results of private placement and final results of right issue. Capital Increase 100% subscribed and gross proceeds of the offering equal to the USD equivalent of Eur 34.9 million.**

On 23 May 2017, In connection with its offering with preferential subscription rights (the "Preferential Subscription Rights") of up to 140,250,109 new shares (the "New Shares") with up to 140,250,109 free warrants issued simultaneously (the "Warrants") at an issuance price of EUR 0.249 per New Share (the "Issuance Price"), d'Amico International Shipping S.A. (the "Company") announced that, following the private placement of the unsubscribed New Shares (the "Private Placement"), all the remaining 1,093,325 New Shares have been subscribed (representing an additional capital increase - including share premium - of the USD equivalent of approximately EUR 272,238) with 1,093,325 Warrants issued simultaneously. The take up at the Private Placement, together with the take up of approximately 99.2% during the rights subscription period which started on 24 April 2017 and ended on 18 May 2017 (the "Rights Subscription Period"), represents a total take up of 100% for the rights issue offering as a whole. The Company's capital will amount to USD 56,876,046.50 divided into 568,760,465 shares with no nominal value.

### d'Amico Tankers d.a.c.:

- **'Second-Hand Owned Vessels':** in January 2017, d'Amico Tankers d.a.c. sold MT High Endurance and MT High Endeavour, two 46,992 dwt medium-range product tanker vessels, built in 2004 by STX, South Korea (the "Vessels"), to Sea World Tankers a client of Sea World Management SAM (the "Buyer"), for a consideration of US\$ 13.5 million each. At the same time, d'Amico Tankers will maintain the commercial employment of the Vessels having also concluded with the Buyer a 4 years' time-charter agreement at an attractive rate.
- In May 2017, d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the MT High Fidelity, a 49,990 dwt medium-range product tanker vessel, built in 2014 by Hyundai-Vinashin Shipyard Co. Ltd. for a consideration of US\$ 27.0 million. This transaction allowed d'Amico Tankers to generate around US\$ 11.2 million in cash, net of commissions and reimbursement of the Vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program and allowing the Company to benefit from the anticipated market recovery. In addition, through this transaction d'Amico Tankers will maintain full control of the Vessel, since a 10-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the 10<sup>th</sup> year of the charter period. Furthermore, d'Amico Tankers has the option to repurchase the Vessel, starting from the third anniversary of her sale at a competitive cost of funds.
- **'Time Charter-Out' Fleet:** In February 2017, d'Amico Tankers d.a.c. extended a time charter contract with an oil major due to expire in Q1 for another year, at a profitable rate.
- **'Time Charter-In' Fleet:** In February 2017, the contract on M/T High Enterprise, an MR vessel built in 2009 and time-chartered-in by d'Amico Tankers d.a.c. since then, was extended for a further 1 year period at a reduced rate.

In March 2017, d'Amico Tankers d.a.c. agreed to take in time-charter-in the M/T High Sun, an MR vessel built in 2014 and owned by Eco Tankers Limited (in which DIS has 33% interest) for an 18 month period and delivered in May 2017.

In May 2017, the contract on M/T Freja Baltic, an MR vessel built in 2008, was extended for a further 1 year period at a reduced rate.

In June 2017, d'Amico Tankers d.a.c. took in time-charter-in the M/T Silver Express, an MR vessel built in 2009 for a 12 month period.

In June 2017, d'Amico Tankers d.a.c. took in time-charter-in the M/T Crimson Jade, a newbuilding MR vessel built in Minaminippon Shipbuilding (Japan), for a 7 year period with options to further extend the contract.

In June 2017, the time-charter-in contract on M/T Port Russel, a Handy vessel built in 2002, with d'Amico Tankers ended and the vessel was redelivered to her Owners.

- **Newbuilding vessels:** In January 2017, M/T High Challenge, an 'Eco' new-building MR product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to the Company.  
In February 2017, d'Amico Tankers agreed with Hyundai Mipo Dockyard Co. Ltd. – South Korea to postpone the delivery of its first newbuilding LR1 from April 2017 to October 2017. This agreement follows a specific request of an oil major and a key customer of the Company, which will take the vessel on a 18 month TC contract upon her delivery from Hyundai Vinashin Shipyard Co. Ltd. – Vietnam. At the same time, the estimated delivery dates of the remaining 5 LR1s under construction at Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, have also been slightly delayed by approximately 2 months compared to the original schedule.

#### GLENDIA International Shipping d.a.c.:

- **'Time Charter-Out' Fleet:** In February 2017, GLENDIA International Shipping d.a.c. reduced the time charter out rates on its 6 owned MR vessels for 12 month period effective from the end of Q1 2017. Three of these vessels are currently time-chartered to d'Amico Tankers d.a.c. and three vessels to the Glencore Group.

#### SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK

##### d'Amico International Shipping:

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

	As at 30 June 2017 UNREVIEWED			As at 28 July 2017 UNREVIEWED		
	MR	Handysize	Total	MR	Handysize	Total
Owned	21.0	8.0	29.0	21.0	8.0	29.0
Bareboat chartered*	1.0	0.0	1.0	1.0	0.0	1.0
Long-term time chartered**	12.5	1.0	13.5	12.5	1.0	13.5
Short-term time chartered	11.0	1.0	12.0	11.0	1.0	12.0
Total	45.5	10.0	55.5	45.5	10.0	55.5

\* with purchase obligation

\*\* of which 2 with purchase obligation

#### Business Outlook

The supply-demand balance is expected to improve in the second half of the year. Prolonged refinery outage in Asia and subdued demand are keeping freight levels flat. In Brazil with better economic performance, diesel demand has strengthened this year, sending net imports 70% higher year-on-year. Gasoline imports from Brazil have almost tripled to 90,000 b/d. In the first semester of 2017, US exports of refined products are on average 1

million b/d higher than in the same 6 month period of last year. The IEA lowered the refinery throughput forecast for Q3 by 0.3 million b/d to around 81 million b/d, on continued problems in Latin America and a less optimistic outlook for China. Refinery throughput is, however, about 0.8 million b/d above both the year earlier and 2Q17 levels. With unplanned refinery shutdowns in Europe and Mexico in July, the seasonal peak throughput month has shifted to August. OECD refined products stocks are still high but within the five year average and therefore still need to be drawn-down. Notwithstanding the product overhang, increased refinery activity should support rates in Q3. Product tanker supply growing at a slower rate. In the first half of the year according to Clarksons 43 MRs were delivered and 9 were removed resulting in a net fleet growth of less than 2 percent over the period.

The key drivers that should affect the product tanker freight markets and d'Amico International Shipping's performance are (i) global oil supply (ii) the crude oil price and refinery margins (iii) demand for refined products and (iv) the product tankers fleet growth rate. Some of the factors that could drive a recovery in the product tanker market in the medium-term are detailed below:

### **Product Tanker Demand**

- The International Energy Agency stated in their most recent report that after lacklustre 1.0 million b/d growth in 1Q17, there was a dramatic acceleration in 2Q17 to 1.5 million b/d. For 2017 as a whole, demand is forecast to reach 98.0 million b/d, with growth revised up by 0.1 million b/d compared to the June Report to 1.4 million b/d. Further growth of 1.4 million b/d is foreseen for 2018, with global demand reaching 99.4 million b/d.
- The Transport and petrochemical sectors account for the majority of the forecast growth, at just under one half and just over one third of oil demand growth, respectively.
- Non OECD countries will account for the majority of the forecast growth. A modest net decline is seen in the OECD area due to slower economic growth than in non OECD countries and higher assumed vehicle efficiency improvements.
- The International Maritime Organisation (IMO) has mandated that from 2020 vessels are to use marine fuels with less than 0.5% sulphur content outside the Emissions Control Areas (ECA), down from the current standard of 3.5%. In the light for no real solution for the entire Shipping industry the demand the ultra-low sulphur distillates is likely to increase substantially. This fuel cannot be produced in all areas and as it is unlikely that the investment is available to upgrade existing refineries they will have to be imported. This could structurally support demand for Product tankers.
- According to Clarksons total Seaborne volume of Petroleum products traded has been growing at 4.1% CAGR since 2000 driven by refinery expansion and throughput.
- Seaborne trade thrives on the existence of mismatches – in the oil products sector these can be in any given country driven by differences among the types of products produced and demanded, the types and quality of oil products produced by refineries, and the margins achieved by refineries due to the different prices of crude oil used, of the energy consumed and of their technological sophistication. The global refinery map is constantly changing, leading to product supply imbalances between regions. As these mismatches grow product tanker demand will increase.

### **Product Tanker Supply**

- According to Clarksons' estimates at the end of 2016, excluding cancellations, slippage and pure chemical tankers, 89 MRs were scheduled to be delivered in 2017. 43 MRs have already been delivered between January and June this year compared to 56 in the same period last year. With the 9 ships removed in the period, net fleet growth in the first half of 2017 was of 36 MRs or 1.8%.
- According to Affinity there are 36 ship currently under construction that should still be delivered this year.
- Actual deliveries in 2017 are expected, therefore, to be of 79 MRs, lower than initially scheduled by Clarksons by about 11%.
- Slippage, cancellations and order changes have reduced deliveries by about 33% in 2016 and an average of 30% in the previous five years.
- On average MR tankers are scrapped around 24 years of age. According to Clarksons there are 181 ships older than twenty years of age or 8.25% of the existing fleet.
- Shipyards are going through a period of uncertainty. Lack of orders and poor returns are leading to a reduction in global shipyard capacity.

- The International Maritime Organisation (IMO) mandate that from 2020 vessels are to use marine fuels with less than 0.5% sulphur content could result in older less efficient ships being removed from trading as they become uncompetitive and are forced to burn the more expensive diesel or gasoil.
- Port delays and increasing length of voyages have been a factor in trading product tankers and are effectively reducing the ready supply of tonnage.

## D'AMICO INTERNATIONAL SHIPPING GROUP

### CONSOLIDATED INTERIM FINANCIAL REPORT AS AT 30 JUNE 2017

#### CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

Q2 2017 UNREVIEWED	Q2 2016 UNREVIEWED	US\$ Thousand	Note	H1 2017	H1 2016
96 164	86 517	Revenue	(2)	188 102	179 891
(34 066)	(17 118)	Voyage costs	(3)	(59 438)	(35 412)
<b>62 098</b>	<b>69 399</b>	<b>Time charter equivalent earnings</b>	(4)	<b>128 664</b>	<b>144 479</b>
(30 687)	(29 417)	Time charter hire costs	(5)	(59 615)	(60 852)
(19 784)	(17 147)	Other direct operating costs	(6)	(39 689)	(35 275)
(3 391)	(4 217)	General and administrative costs	(7)	(7 293)	(8 196)
-	(48)	Other operating income	(8)	-	-
(39)	-	Result on disposal of fixed assets	(9)	2 638	-
<b>8 197</b>	<b>18 570</b>	<b>EBITDA</b>		<b>24 705</b>	<b>40 156</b>
(9 356)	(9 348)	Depreciation	(13)	(18 579)	(18 211)
<b>(1 159)</b>	<b>9 222</b>	<b>EBIT</b>		<b>6 126</b>	<b>21 945</b>
138	2 742	Net financial income	(10)	1 651	3 334
(6 814)	(5 415)	Net financial (charges)	(10)	(13 684)	(11 401)
9	85	Profit share of equity method investees	(11)	90	65
<b>(7 826)</b>	<b>6 634</b>	<b>Profit / (loss) before tax</b>		<b>(5 817)</b>	<b>13 942</b>
(206)	(234)	Income taxes	(12)	(383)	(351)
<b>(8 032)</b>	<b>6 400</b>	<b>Net profit / (loss)</b>		<b>(6 200)</b>	<b>13 591</b>
<i>The net result is attributable to the equity holders of the Company</i>					
<b>(0.016)</b>	<b>0.015</b>	<b>Earnings / (loss) per share in US\$ <sup>(1)</sup></b>		<b>(0.014)</b>	<b>0.032</b>

#### CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Q2 2017 UNREVIEWED	Q2 2016 UNREVIEWED	US\$ Thousand	H1 2017	H1 2016
(8 032)	6 400	Profit / (loss) for the period	(6 200)	13 591
<i>Items that can subsequently be reclassified into Profit or Loss</i>				
(759)	(2 919)	Cash flow hedges	(208)	(10 521)
141	-	Exchange differences in translating foreign operations	169	-
<b>(8 650)</b>	<b>3 481</b>	<b>Total comprehensive income for the period</b>	<b>(6 239)</b>	<b>3 070</b>

*The net result is entirely attributable to the equity holders of the Company*

<sup>(1)</sup> Basic earnings per share (e.p.s.) were calculated on an average number of outstanding shares equal to 494,722,313 and 454,039,213 in the second quarter and first half of 2017, respectively, and equal to 420,750,329 and 419,036,098 in the second quarter and first half of 2016, respectively. There wasn't a potential dilution to e.p.s. in Q2/H1 2017 nor Q2/H1 2016.



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	<b>Note</b>	<b>As at 30 June 2017</b>	<b>As at 31 December 2016</b>
<b>ASSETS</b>			
Tangible assets	(13)	828 466	810 728
Investments and other non-current financial assets	(14)	3 209	3 261
Other Non-current financial assets	(15)	27 260	23 066
<b>Total non-current assets</b>		<b>858 935</b>	<b>837 055</b>
Assets held for sale	(16)	42 000	66 352
Inventories	(17)	16 144	12 857
Receivables and other current assets	(18)	43 114	41 213
Other current financial assets	(15)	24	95
Cash and cash equivalents	(19)	40 803	31 632
<b>Total current assets</b>		<b>142 085</b>	<b>152 149</b>
<b>TOTAL ASSETS</b>		<b>1 001 020</b>	<b>989 204</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	(20)	56 876	42 851
Retained earnings	(20)	58 272	64 472
Other reserves	(20)	279 996	256 043
<b>Total shareholders' equity</b>		<b>395 144</b>	<b>363 366</b>
Banks and other lenders	(21)	416 562	427 304
Liabilities from financial leases	(22)	25 648	-
Other non-current financial liabilities	(23)	8 557	8 420
<b>Total non-current liabilities</b>		<b>450 767</b>	<b>435 724</b>
Banks and other lenders	(21)	106 796	124 975
Liabilities from financial leases	(22)	1 099	-
Other current financial liabilities	(23)	9 901	11 885
Amount due to parent company	(24)	-	10 001
Payables and other current liabilities	(25)	37 309	43 059
Current tax payable	(26)	4	194
<b>Total current liabilities</b>		<b>155 109</b>	<b>190 114</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1 001 020</b>	<b>989 204</b>

28 July 2017  
On behalf of the Board

*Paolo d'Amico*  
Chairman

*Marco Fiori*  
Chief Executive Officer



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Q2 2017 UNREVIEWED	Q2 2016 UNREVIEWED	US\$ Thousand	H1 2017	H1 2016
<b>(8 032)</b>	<b>6 400</b>	<b>Profit (loss) for the period</b>	<b>(6 200)</b>	<b>13 591</b>
9 356	9 348	Depreciation, amortisation and write-down	18 579	18 211
206	234	Current and deferred income tax	383	351
6 283	4 790	Financial charges (income)	12 451	11 067
393	(2 117)	Fair value gains on foreign currency retranslation	(418)	(2 999)
(9)	(85)	Profit share of equity-accounted investment	(90)	(65)
39	-	Profit on disposal of fixed assets	(2 638)	-
-	21	Other non-cash items	-	-
<b>8 236</b>	<b>18 591</b>	<b>Cash flow from operating activities before changes in working capital</b>	<b>22 067</b>	<b>40 156</b>
(2 071)	(1 307)	Movement in inventories	(3 287)	89
740	4 377	Movement in amounts receivable	(2 037)	17 919
(1 104)	(4 003)	Movement in amounts payable	(6 606)	(7 054)
(330)	(644)	Taxes paid	(408)	(718)
(5 125)	(4 900)	Net interest paid	(10 815)	(7 375)
(36)	2 419	Movement in other financial liabilities	-	(2 982)
<b>310</b>	<b>14 533</b>	<b>Net cash flow from operating activities</b>	<b>(1 086)</b>	<b>40 035</b>
(35 664)	(25 156)	Net acquisition of fixed assets	(62 848)	(63 744)
26 491	-	Proceeds from disposal of fixed assets	50 291	-
-	-	Dividend from equity accounted investee	132	-
29	-	Movement in financing to equity accounted investee	58	-
<b>(9 144)</b>	<b>(25 156)</b>	<b>Net cash flow from investing activities</b>	<b>(12 367)</b>	<b>(63 744)</b>
37 894	-	Share capital increase	37 894	2 921
205	1 131	Other changes in shareholder's equity	291	1 488
-	(12 412)	Dividend paid	-	(12 412)
-	-	Treasury shares	-	(609)
(10 001)	-	Parent company financing	(10 001)	-
-	31	Net movement in other financial receivables	-	372
(6 137)	-	Net movement in other financial payable	(2 000)	(1 000)
(33 574)	(14 633)	Bank loan repayments	(64 677)	(117 037)
4 361	21 889	Bank loan draw-downs	34 169	136 674
27 000	-	Inception of a financial lease	27 000	-
(253)	-	Repayments of financial lease	(253)	-
<b>19 495</b>	<b>(4 005)</b>	<b>Net cash flow from financing activities</b>	<b>22 423</b>	<b>10 397</b>
<b>10 661</b>	<b>(14 628)</b>	<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>8 970</b>	<b>(13 312)</b>
18 473	41 603	Cash and cash equivalents net of bank overdrafts at the beginning of the period	20 164	40 287
<b>29 134</b>	<b>26 975</b>	<b>Cash and cash equivalents net of bank overdrafts at the end of the period</b>	<b>29 134</b>	<b>26 975</b>
40 803	32 513	Cash and cash equivalents at the end of the period	40 803	32 513
(11 669)	(5 538)	Bank overdrafts at the end of the period	(11 669)	(5 538)

## INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>US\$ Thousand</i>	Share	Retained	Other Reserves		Total
	capital	earnings	Other	Cash-Flow hedge	
<b>Balance as at 1 January 2017</b>	<b>42 851</b>	<b>64 472</b>	<b>257 535</b>	<b>(1 492)</b>	<b>363 366</b>
Capital increase	14 025	-	24 842	-	38 867
Cost of issue	-	-	(972)	-	(972)
Share option cost	-	-	122	-	122
Total comprehensive income	-	(6 200)	169	(208)	(6 239)
<b>Balance as at 30 June 2017</b>	<b>56 876</b>	<b>58 272</b>	<b>281 696</b>	<b>(1 700)</b>	<b>395 144</b>

<i>US\$ Thousand</i>	Share	Retained	Other Reserves		Total
	capital	earnings	Other	Cash-Flow hedge	
<b>Balance as at 1 January 2016</b>	<b>42 284</b>	<b>77 310</b>	<b>268 300</b>	<b>(3 181)</b>	<b>384 713</b>
Capital increase	567	-	2 354	-	2 921
Treasury shares	-	-	(609)	-	(609)
Share option cost	-	-	21	-	21
Dividend paid	-	-	(12 412)	-	(12 412)
Other changes	-	1 155	(1 171)	-	(16)
Total comprehensive income	-	13 591	-	(10 521)	3 070
<b>Balance as at 30 June 2016</b>	<b>42 851</b>	<b>92 056</b>	<b>256 483</b>	<b>(13 702)</b>	<b>377 688</b>

The following notes form an integral part of the interim consolidated financial report.

## NOTES

d'Amico International Shipping S.A. (the "Company", DIS) a Société Anonyme, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The financial statements have been prepared in accordance with provisions of Art. 4 of the Luxembourg Law dated 11 January 2008 as amended, 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 ultimate parent company of the Group is d'Amico Società di Navigazione.

The financial statements d'Amico International Shipping Group are prepared in accordance with 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.

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### 1. ACCOUNTING POLICIES

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

#### Basis of Preparation

The financial statements present the consolidated results of the parent company, d'Amico International Shipping S.A., and its subsidiaries for the period ended 30 June 2017.

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34; they do not contain all information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016, as the accounting policies used are the same.

#### 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 Management's decisions are based on historical experience as well as on expectations associated with the realization of future events, considered reasonable under the circumstances. Critical accounting estimates and judgments are exercised in all areas of the business and are reviewed on an ongoing basis. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2016.

#### Measurement of Fair Values

For significant fair value measurement, quoted prices or broker information are obtained to support the valuations and valuation adjustments together with unobservable inputs are reviewed regularly for the classification of such valuations in the appropriate level of fair value. In the measurement of fair values market data are used to the farthest possible extent.

Three levels of inputs to the fair value valuation techniques are used to measure the fair values:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities;

- Level 2 inputs are other than quoted prices included within Level 1, and are observable directly or indirectly for the asset or the liability;
- Level 3 inputs are not observable from market data.

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change has occurred. Further information about fair value calculation is found in Note 27.

## Segment Information

d'Amico International Shipping operates in only one business segment, Product Tankers. Furthermore, the Group only has one geographical segment, employing all of its vessels worldwide, rather than in specific geographic areas. DIS regards, therefore, the product tankers business as a single segment.

## Seasonality

In the Product Tankers business and for d'Amico International Shipping as a global Product Tanker player, there is some element of seasonality however there are other factors that can have a much more important influence on the demand for our vessels and in their earning potential.

## Accounting principles

### ***Accounting principles adopted from 1st of January 2017***

#### **Tangible Assets - IAS 17 – Leases**

Following a sale transaction, agreements to charter-in vessels (*sale-and-leaseback*) for which DIS maintains substantially all the risks and rewards incidental to economic ownership, are recognized in the Statement of Financial Position as finance leases. Leased assets are measured at the start of the leasing contract at the lower of the present value of minimum lease payments determined in the lease contract and the assets' fair value, plus any incidental expense borne by the lessee. For the purpose of calculating the present value, the interest rate implicit in the lease is used as discount factor. Depreciation method and useful economic life correspond to those applied to comparable purchased assets. Liabilities for financial leases are recognized in the Statement of Financial Position and the interest included in the lease payment is charged to the income statement.

### ***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 2018, 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 the 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; it 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 three categories: the ones measured at amortised cost, those measured at fair value through P&L and those through OCI, 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 and third group will entail all other financial assets (fair value measurement). Actual financial assets are held-to-maturity and measured at amortised cost, which appear to be meeting the conditions for classifications at amortised cost under IFRS 9. 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. The new hedging rules align hedge accounting more closely with the Group's risk management practices; as a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principle-based approach and the Group does not expect a significant impact on the accounting for its hedging relationships. The new standard introduces expanded disclosure requirements and changes in presentation; the new impairment model is an expected credit loss model which may result in earlier recognition of credit losses. Actual financial assets are held-to-maturity and measured at amortised cost, which appear to be meeting the conditions for classifications at amortised cost under IFRS 9.

IFRS 16 – *Leases* was issued in January 2016, with the aim to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, with some exemptions. This information would give a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash-flows of the entity: in-fact, leasing is a means of gaining access to assets, of obtaining finance and of reducing an entity's exposure to the risk of asset ownership. The new approach to leases will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. Within the Income Statement, operating expenses will be replaced with interest and depreciation, so key metrics like TCE and EBITDA will change. Operating cash-flow will be higher as cash payments for the principal portion of the lease liability will be classified within financing activities. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019, and subject to EU endorsement, the Company will apply IFRS 16 from its effective date. The Company has gathered a working group which is currently assessing to what extent these commitments are going to impact the net assets, financial position and results of operations of DIS Group.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 2. REVENUE

<i>US\$ Thousand</i>	Q2 2017	Q2 2016	H1 2017	H1 2016
Revenue	96 164	86 517	188 102	179 891

Revenue represents vessel income comprising time charter hire, freight and demurrage.

## 3. VOYAGE COSTS

<i>US\$ Thousand</i>	Q2 2017	Q2 2016	H1 2017	H1 2016
Bunkers (fuel)	(18 253)	(7 748)	(33 128)	(16 791)
Commissions	(2 330)	(1 894)	(4 245)	(3 501)
Port charges	(12 790)	(7 372)	(21 553)	(14 411)
Other	(693)	(104)	(512)	(709)
Total	(34 066)	(17 118)	(59 438)	(35 412)

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

#### 4. TIME CHARTER EQUIVALENT EARNINGS

<i>US\$ Thousand</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>H1 2017</b>	<b>H1 2016</b>
Time charter equivalent earnings	62 098	69 399	128 664	144 479

Time charter equivalent earnings represent revenue less voyage costs. In the first half of 2017 vessel days on fixed rate contracts represented about 36.9% of total available vessel days (HY1 2016: 47.7%).

#### 5. TIME CHARTER HIRE COSTS

<i>US\$ Thousand</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>H1 2017</b>	<b>H1 2016</b>
Time charter hire costs	(30 687)	(29 417)	(59 615)	(60 852)

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

#### 6. OTHER DIRECT OPERATING COSTS

<i>US\$ Thousand</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>H1 2017</b>	<b>H1 2016</b>
Crew costs	(10 469)	(8 925)	(20 961)	(17 675)
Technical expenses	(3 413)	(5 155)	(9 491)	(10 989)
Luboil	(688)	(720)	(1 462)	(1 488)
Technical and quality management	(5 015)	(2 410)	(7 873)	(4 949)
Other costs	(199)	63	98	(174)
<b>Total</b>	<b>(19 784)</b>	<b>(17 147)</b>	<b>(39 689)</b>	<b>35 275</b>

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

#### Personnel

As at 30 June 2017 d'Amico International Shipping S.A. and its subsidiaries had 743 employees, of which 708 seagoing personnel and 35 on-shore. Onshore personnel costs are included under general and administrative costs. The Group has no liabilities with regard to pensions and other post-retirement benefits.

#### 7. GENERAL AND ADMINISTRATIVE COSTS

<i>US\$ Thousand</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>H1 2017</b>	<b>H1 2016</b>
Personnel	(1 228)	(2 070)	(2 851)	(3 615)
Other general and administrative costs	(2 163)	(2 147)	(4 442)	(4 581)
<b>Total</b>	<b>(3 391)</b>	<b>(4 217)</b>	<b>(7 293)</b>	<b>(8 196)</b>

Personnel costs relate to on-shore personnel salaries, including the amount of US\$ 121.3 thousand in H1 and US\$ 62.8 thousand in Q2 2017, representing the notional cost for the share based option plan granted to senior management, adopted in 2016. 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.

The other general and administrative costs comprise consultancy, office rental fees, and other sundry expenses originating from the operation of d'Amico International Shipping Group companies. They include intra-group

management fees on brand and trademark, IT, Legal and Internal Audit services for US\$ 2.4 million in H1 2017 and US\$ 1.2 million in Q2 2017.

## 8. OTHER OPERATING INCOME

<i>US\$ Thousand</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>H1 2017</b>	<b>H1 2016</b>
Other operating income	-	(48)	-	-

Other operating income represents chartering commissions earned for services provided by Group personnel to non-related external clients. They were received in connection with the Group management of Pools.

## 9. RESULT FROM DISPOSAL OF FIXED ASSETS

<i>US\$ Thousand</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>H1 2017</b>	<b>H1 2016</b>
Result from disposal of vessels	(39)	-	2 638	-

Three vessels have been sold during the first six months of 2017: M/T High Endurance and M/T High Endeavour in the months of February and March 2017 respectively, realizing a profit on disposal of US\$ 1.3 million each; at the end of May, M/T High Fidelity was sold and leased-back, generating a profit on disposal, net of the disposal costs, which is deferred and recognised over the duration of the lease. No vessel was disposed of in 2016.

## 10. NET FINANCIAL INCOME (CHARGES)

<i>US\$ Thousand</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>H1 2017</b>	<b>H1 2016</b>
<b>Income</b>				
<i>Loans and receivables at amortised cost:</i>				
Interest Income	115	96	199	139
Realized on financial activities	61	-	61	-
Exchange differences	-	131	-	-
<i>At fair value through income statement:</i>				
Unrealised gains on derivative instruments	(14)	524	437	195
Unrealised exchange differences	(24)	1 991	954	3 000
Total Financial Income	138	2 742	1 651	3 334
<b>Charges</b>				
<i>Financial liabilities measured at amortised cost:</i>				
Interest expense	(5 686)	(4 875)	(11 527)	(8 997)
Financial fees	(748)	(540)	(1 610)	(989)
Realized on financial activities	-	-	-	(1 303)
Exchange differences	(369)	-	(536)	(113)
<i>At fair value through income statement:</i>				
Unrealised losses on derivative instruments	(11)	-	(11)	-
Total financial charges	(6 814)	(5 415)	(13 684)	(11 402)
Net Financial Charges	(6 676)	(2 673)	(12 033)	(8 068)

In the first six months of 2017 financial income comprises realised amounts of bank interest income deriving from funds held with financial institutions on deposit and current accounts and interest on the financing provided to the joint venture DM Shipping totalling US\$0.2 million and interest income from the de-designation of the interest rate swaps on one vessel sold (High Fidelity), amounting to US\$ 0.1 million.

Unrealised amounts include the ineffective portion (fair value) of the interest rate swaps cash-flow hedges and an exchange difference amounting to US\$ 1.0 million arising from the JPY financing provided to the joint venture DM Shipping (in H1 2016 the unrealised exchange difference was of US\$ 3.0 million).

Financial charges include interest expense on bank loans relating to vessels, actual expenses on interest rate swaps, amortization of financial fees and the interest implicit in the financial lease of one vessel (US\$ 38.4 thousand); in H1 2016 they included a realised loss on options.

## 11. PROFIT SHARE OF EQUITY-ACCOUNTED INVESTEEES

The result from investment consists of DIS' share of the profit and loss of the investee accounted for with the equity method, amounting to US\$ 90 thousand and US\$ 9 thousand in H1 and Q2 2017 respectively; for the same period of 2016 this result was of US\$ 65 thousand and US\$ 85 thousand respectively.

## 12. TAX

<i>US\$ Thousand</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>H1 2017</b>	<b>H1 2016</b>
Current income taxes	(206)	(234)	(383)	(351)

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

The tax liability under the tonnage tax regime is based on the controlled fleet's notional shipping income, which in turn depends on the total net tonnage of the controlled fleet. The half-year 2017 provision of tonnage tax for d'Amico Tankers d.a.c.. and Glenda International Shipping d.a.c. amounts to US\$ 29 thousand. Current income tax includes also charges relating to activities that are not eligible for tonnage tax and are taxed at either 12.5% or 25%. Accrued Net Wealth Tax for the holding company amounts to US\$0.2 million.

## 13. TANGIBLE ASSETS

<i>US\$ Thousand</i>	<b>Fleet on water</b>	<b>Vessels under construction</b>	<b>Lessee of vessel</b>	<b>Dry-dock</b>	<b>Other assets</b>	<b>Total</b>
<b>At 1 January 2017</b>						
Cost or valuation	881 913	86 844	-	17 847	2 113	988 717
Accumulated depreciation	(166 405)	-	-	(9 880)	(1 704)	(177 989)
<b>Net book amount</b>	<b>715 508</b>	<b>86 844</b>	<b>-</b>	<b>7 967</b>	<b>409</b>	<b>810 728</b>
<b>Period ended 30 June 2017</b>						
Opening net book amount	715 508	86 844	-	7 967	409	810 728
Additions	197	33 899	27 000	1 179	573	62 848
Vessel delivered	38 056	(38 056)	-	-	-	-
Disposals at cost	(30 161)	-	-	-	-	(30 161)
Depreciation charge	(17 216)	-	(108)	(1 208)	(47)	(18 579)
Depreciation write-back	3 628	-	-	-	-	3 628
Exchange differences	-	-	-	-	2	2
<b>Closing net book amount</b>	<b>710 012</b>	<b>82 687</b>	<b>26 892</b>	<b>7 938</b>	<b>937</b>	<b>828 466</b>
<b>At 30 June 2017</b>						
Cost or valuation	890 005	82 687	27 000	19 026	2 688	1 021 406
Accumulated depreciation	(179 993)	-	(108)	(11 088)	(1 751)	(192 940)

The following table shows, for comparison purposes, the changes in the fixed assets in the first half of 2016.



US\$ Thousand

**At 1 January 2016**

	Fleet on water	Vessels under construction	Dry-dock	Other assets	Total
Cost or valuation	831 147	120 096	21 714	2 073	975 031
Accumulated depreciation	(193 905)	-	(8 826)	(1 561)	(204 293)

**Net book amount**

**Period ended 30 June 2016**

Opening net book amount	637 242	120 096	12 888	512	770 738
Additions	-	62 868	874	12	63 754
Vessel delivered	65 267	(65 267)	-	-	-
Disposals at cost	-	-	-	-	-
Depreciation and impairment write-back	-	-	-	-	-
Depreciation charge	(16 150)	-	(1 941)	(120)	(18 211)
Exchange differences	-	-	-	(3)	(3)

**Closing net book amount**

**At 30 June 2016**

Cost or valuation	896 414	117 697	22 588	2 085	1 038 784
Accumulated depreciation	(210 055)	-	(10 767)	(1 683)	(222 505)

Tangible fixed assets are comprised of the following:

## FLEET

Fleet includes the purchase costs for owned vessels, and payments to yards for vessels under construction.

Additions include instalments totalling US\$ 18.5 million on one vessel that was delivered in the month of January and instalments of US\$ 15.4 million on a further six vessels in the course of construction expected to be delivered between 2017 and 2018. Capitalized instalments of borrowing costs at Group level for HY1 2017 were US\$ 0.5 million. Mortgages are secured on all the vessels owned by the Group.

The item includes also one vessel, the M/T High Fidelity, which has been sold and leased back for a period of ten years in bare-boat to d'Amico Tankers d.a.c. in May 2017, for a consideration/fair value of US\$ 27.0 million. The bareboat charter rate (contingent rent) is of US\$ 7.7 thousand per day, reflecting current market rates for similar transactions. The contract includes a purchase obligation at the end of the 10<sup>th</sup> year, as well as options to repurchase the asset from the third year from the sale.

The total fair value of the Group fleet amounts to US\$ 740 million and includes DIS' share of the fleet value of Joint operation, Glenda International Shipping Ltd, consolidated with the proportional method.

## Measurement of Fair Value – Valuation technique – Impairment testing

The Fleet's recoverable amount is defined as the higher of its fair value less costs to sell and its value in use, represented by the net present value of the cash flows from the vessels remaining useful life. Impairments and their reversal are **non-recurring** and will be based on the fleet's recoverable amount as well as on an assessment by management of the sustainability of a number of market factors.

For impairment test purposes, management estimates take into consideration the market information available, including reported sales of similar vessels, as well as past experience and future expectations and have been based on the following key assumptions: (i) Earnings under contracts concluded and the estimate of future rates; (ii) Useful economic life of 25 years; (iii) Estimated economic value at end of vessels' life based on current steel demolition prices (iv) Costs reflect d'Amico's current corporate structure; (v) The figures have been discounted at a rate of 7.3%, which represents the Company's weighted average cost of capital based on the Company's current cost of financing and DIS' estimate of its required of return on equity. Freight rate forecasts assume vessel days currently not committed under contracts will be employed at the last ten-year average charter rates. Management notes that the calculations are particularly sensitive to changes in the key assumptions of future charter rates and discount rates. The headroom against the net book value on 30 June 2017 is of US\$ 50.1 million.

At the reporting date the value in use calculation is higher than the net book value of the vessels. Management of the Group does not consider an impairment adjustment as necessary for the Fleet; they confirm closely monitoring the market values in 2017 and carefully considering the remaining values in use calculation for the rest of the year.

## DRY-DOCK

Dry-dock includes expenditure for the fleet's dry docking programme and resulting amortization; a total of two vessels dry-docked in the first semester of 2017.

## OTHER ASSETS

Other assets mainly include fixtures, fittings, and office equipment.

### 14. INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

<i>US\$ Thousand</i>	As at 30 June 2017	As at 31 December 2016
Eco Tankers Limited	3 209	3 261
DM Shipping d.a.c	-	-
Equity accounted investments	3 209	3 261

As at 30 June 2017 investments accounted for using the equity method amounted to US\$ 3.2 million (31 December 2016: US\$ 3.3 million). The movement during the semester reflects DIS' share of the result of Eco Tankers Limited of US\$ 0.1 million and DIS' share of the dividend declared and paid by this subsidiary, of US\$ 0.1 million.

### 15. OTHER FINANCIAL ASSETS

<i>US\$ Thousand</i>	As at 30 June 2017			As at 31 December 2016		
	Non-current	Current	Total	Non-current	Current	Total
Long-term financing DM Shipping	21 807	-	21 807	20 853	-	20 853
Fair value of derivative instruments	253	24	277	213	95	308
Financial receivable	5 200		5 200	2 000	-	2 000
Total	27 260	24	27 284	23 066	95	23 161

The non-current amount of US\$ 27.3 million in H1 2017 is composed by a US\$ 5.2 million financial receivable from the sale of the vessels High Endurance and High Endeavour during Q1 and by US\$ 21.8 million, corresponding to the equivalent of JP¥ 2.4 billion d'Amico Tankers d.a.c. long-term financing to the jointly controlled entity DMS, with the purpose of providing the initial own capital to finance the acquisition of DMS's vessels. On 31 December 2016 the financing amount was of US\$ 20.6 million (corresponding to JP¥ 2.4 billion). The current amount of US\$ 24 thousand is the fair value of the Interest Rate Swaps (while on 31 December 2016: US\$ 0.1 million).

### 16. ASSETS HELD FOR SALE

<i>US\$ Thousand</i>	As at 30 June 2017	As at 31 December 2016
Assets held for sale	42 000	66 352

Assets held for sale relates to the sale of three vessels, which the Company intends to sell in 2017. Two of the initially five vessels held for sale have been sold during Q1 2017.

The fair value measurement for the fleet has been categorised as Level 2 based on the information given on the valuation techniques in note n.1; the measurement is done through broker valuations less cost of sale as the lower compared to the book-value. The disclosures envisaged for Level 3 categories of fair value are not applicable to the current measurement.

## 17. INVENTORIES

<i>US\$ Thousand</i>	<b>As at 30 June 2017</b>	<b>As at 31 December 2016</b>
Inventories	16 144	12 857

Inventories represent stocks of Intermediate Fuel Oil (IFO), Marine Diesel Oil (MDO) – collectively bunker fuels – and lube-oils on board vessels. The amounts expensed during the period are detailed in note 3 and 6.

## 18. RECEIVABLES AND OTHER CURRENT ASSETS

<i>US\$ Thousand</i>	<b>As at 30 June 2017</b>	<b>As at 31 December 2016</b>
Trade receivables	40 475	39 572
Other debtors	756	894
Prepayments and accrued income	1 883	747
<b>Total</b>	<b>43 114</b>	<b>41 213</b>

Receivables, as at 30 June 2017, include trade receivables amounting to US\$ 40.5 million, net of allowance for credit losses of US\$ 0.6 million (2016: no changes). Other current assets principally consist of prepayments and accrued income amounting to US\$ 1.9 million and other debtors amounting to US\$ 0.8 million.

## 19. CASH AND CASH EQUIVALENTS

<i>US\$ Thousand</i>	<b>As at 30 June 2017</b>	<b>As at 31 December 2016</b>
Cash and cash equivalents	40 803	31 632

Cash and cash equivalents comprises US\$ 7.9 million relating to funds deposited by d'Amico Tankers d.a.c. with d'Amico Finance d.a.c. in respect of interest rate swap contracts. The balance is adjusted on a regular base according to mark-to-market variations of such contracts.

## 20. SHAREHOLDERS' EQUITY

Changes in first six months of 2017 Shareholders' equity items are detailed in the relevant statement.

### Share capital

As at 30 June 2017 the share capital of d'Amico International Shipping amounted to US\$ 56,876,046.50, corresponding to 568,760,465 ordinary shares with no nominal value.

On 3 March 2017 the Extraordinary Meeting of the Shareholders resolved to amend the authorised corporate capital up to US\$ 100,000,000.00 divided into 1,000,000,000 shares without nominal value. Board of Directors of the Company further resolved to prepare the launch of a rights offering addressed to the shareholders of the Company, resulting in two capital increases, resulting in a current share capital for the Company amounting to US\$

56,876,046.50, corresponding to 568,760,465 ordinary shares with no nominal value. All shares pertain to the category of ordinary shares; they have equal voting and dividends rights, rank equally with regard to the Company's residual assets and in general have those rights and obligations provided by the Company's Articles of Association and by the applicable Luxembourg laws.

At the same time the Company issued 140,250,109 warrants the exercise of which is regulated as per information attached to the Prospectus. In particular, subject to the Terms and Conditions for the exercise of the Warrants, the warrant-holders could exercise their right at any time during the following exercise periods: during all trading days of the month of June 2018 at a price of euro 0.315 each, during all trading days of the month of June 2019 at a price of euro 0.340 each, during all trading days of the month of June 2020 at a price of euro 0.367 each, during all trading days of the month of June 2021 at a price of euro 0.395 each and during all trading days of the month of June 2022 at a price of euro 0.425 each, although the Board of Directors of the Company may, upon occurrence of certain events, set additional exercise periods.

## Retained earnings

As at 30 June 2017 the item includes previous years and current net results after deductions for dividends distributed.

## Other reserves

The other reserves include the following items:

<i>US\$ Thousand</i>	<b>As at 30 June 2017</b>	<b>As at 31 December 2016</b>
Share premium reserve	296 770	272 900
Treasury shares	(18 122)	(18 122)
Share option reserve	271	149
Hedging reserve / through OCI	(1 700)	(1 492)
Retranslation reserve / through OCI	(331)	(500)
Legal reserve	3 108	3 108
<b>Total</b>	<b>279 996</b>	<b>256 043</b>

### Share premium reserve

The share premium reserve arose in first instance as a result of the Group's IPO and related increase of share capital (May 2007) and lately as a result of the further capital increases, of which the latest occurred in May 2017. By statutory provision, it is available for distribution. Certain costs and charges connected with the listing processes and further capital raising (mainly bank commissions and related advisory fees and charges) have been offset.

### Treasury shares

Treasury shares at 30 June 2017 consist of 7,760,027 ordinary shares (YE 2016: 7,760,027) amounting to US\$ 18.1 million (2016: US\$ 18.1 million), corresponding to 1.3% of the outstanding shares at the financial position date (YE 2016: 1.8%). These shares were acquired, as part of DIS' authorised buyback programme.

### Share option reserve

The reserve was created in connection with the Share Option Plan; reference is made to note n. 7.

### Hedging reserve

The reserve arose as a result of the valuation of interest rate swap agreements connected to some of DIS' bank facilities. Details of the fair value of the derivative financial instruments are set out in note 27.

### Retranslation reserve

The reserve is the result of the conversion into US\$ of the shareholders' equity of the Group companies having functional currency denominated in currencies different from the US\$.

### Legal Reserve

The legal reserve is a requirement from the Luxembourg Law and is not distributable.

## 21. BANKS AND OTHER LENDERS

	As at 30 June 2017	As at 31 December 2016
<i>US\$ Thousand</i>		
<i>Non-current liabilities</i>		
Banks and other lenders	416 562	427 304
<i>Current liabilities</i>		
Banks and other lenders	106 796	124 975
Total	523 358	552 279

The following tables show the carrying amounts per each facility at the balance sheet closing dates of 30 June 2017 and 31 December 2016, expressed in US\$ thousand.

Lender / Details	Asset	Repayment terms	i %	Loan-to-value	Financial covenants	Short-term	Long-term	Total 30 June 2017
<b>DTL</b>								
Crédit Agricole CIB + 8 syndicated Banks / March 2016 US\$ 250m Term Loan Facility	High Performance High Progress High Venture High Courage High Valor High Wind High Endeavour (sold Mar17) High Endurance (sold Feb17) Cielo di New York Cielo di Londra Cielo di Palermo Cielo di Houston Cielo di Cagliari	20 consecutive quarterly instalments from drawdown + balloon at maturity	US\$ LIBOR + 2.0 % or + 2.15% according to vessel employment	< 76.9%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	11 186	85 776	96 962
Crédit Agricole CIB & DNB NOR Bank ASA / July 2011 US\$ 48m Term Loan Facility	High Seas High Tide	28 consecutive quarterly instalments + updated balloon payment of US\$ 12.3m per vessel	US\$ LIBOR + 2.10%	< 74.1%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	3 088	27 016	30 104
Danish Ship Finance A/S / Oct. 2013 US\$ 31.5m Term Loan facility	High Trust High Prosperity	12 consecutive semi-yearly instalments + US\$ 12m and US\$ 4.6m balloon resp., 6 years from drawdown	US\$ LIBOR + 2.75%	< 80%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	8 808	17 333	26 141
Danish Ship Finance A/S / Dec. 2013 US\$ 39m Term Loan Facility	High Freedom High Loyalty	14 consecutive semi-yearly instalments, + US\$ 10.4m balloon for each vessel at maturity, 7 years from drawdown	US\$ LIBOR + 2.35%	< 80%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	2 600	29 900	32 500
DNB Bank ASA / Dec. 2016 US\$ 19.4m Term Loan Facility	High Voyager	20 consecutive quarterly instalments + US\$ 11.7m balloon at maturity, 5 years from drawdown	US\$ LIBOR + 2.55%	< 76.9%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1 482	16 916	18 398
Crédit Agricole CIB / Dec. 2013 US\$ 40.0 Term Loan Facility	High Discovery High Fidelity (sold May17)	24 consecutive quarterly instalments + US 13.7m and 11.8m balloon resp. at maturity, 6 years from drawdown.	US\$ LIBOR + 2.90%	< 80%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1 340	15 686	17 026
Intesa / Dec.2014 US\$ 75m Facility	Corporate	10 consecutive semi-yearly instalments	US\$ LIBOR + 2.25%	n.a.	NFP/ship mkt value < 75% Equity ratio > 35% Liquid assets> US\$ 25m Net worth > US\$ 100 m	15 000	22 500	37 500
Intesa / Sept.2014 Hot money US\$10m	n.a.	within 12 months	-	n.a.	n.a.	10 000	-	10 000
ING Bank N.V. - London Branch / Dec. 2014 US\$ 20m Term Loan Facility	High Presence High Priority	24 consecutive quarterly instalments + US\$ 6.2m balloon for each vessels at maturity, 6 years from drawdown	US\$ LIBOR + 2.05%	< 76.9%	Liquid assets > = US\$ 25 m Net worth > = US\$ 100m Equity ratio > = 35%	14 025	-	14 025
PS Capital Services SpA / July 2015 US\$ 58m facility	Cielo Bianco Cielo Rosso	10 consecutive half-yearly instalments + US\$ 19.4m balloon for each vessel at maturity, 5 years from drawdown	US\$ LIBOR + 2.25%	< 80%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 30%	1 914	21 186	23 100
Skandinaviska Enskilda Banken AB / March 2015 US\$ 23.1m Term Loan Facility	High Trader	24 consecutive quarterly instalments + US\$ 13.8m balloon at maturity, 6 years from drawdown	US\$ LIBOR + 2.45% if CP with Oil major otherwise 2.60%	< 76.9%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1 412	18 789	20 201

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Crédit Agricole CIB / June 2015 US\$ 9.5m facility	Cielo di Guangzhou	16 consecutive quarterly instalments + US\$ 5.5m balloon at maturity, 4 years from drawdown	US\$ LIBOR + 2.10%	< 74.1%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1 000	7 250	8 250
Banca IMI SpA / Oct. 2014 US\$ 45.080m Term Loan Facility	Cielo di Ulsan Cielo di Capri	14 consecutive half-yearly instalments + US\$ 12m balloon for each vessel at maturity	US\$ LIBOR + 2.65%	< 75%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	3 011	38 304	41 315
ABN Amro Bank N.V. / Dec.2016 US\$19.5m Term Loan Facility	Cielo di Gaeta	Repayable with 24 consecutive quarterly instalments + US\$ 9.7m balloon at maturity	US\$ LIBOR + 2.4% per annum during the charter period to the Key charter, thereafter 2.30%	< 76.9%	Liquid asset > US\$ 25 m Net worth > US\$ 100m Equity ratio > 35%	1 921	15 904	17 825
Century Tokyo Leasing Corp. / Dec.2014 US\$ 41.6m Term Loan Facility	Cielo di Hanoi Cielo di Salerno	24 consecutive quarterly instalments + US\$ 12.5m balloon at maturity	US\$ LIBOR + 2.3%	< 87%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	2 776	37 089	39 865
Century Tokyo Leasing Corp. / November 2015 US\$ 21.8m facility	High Challenge	24 consecutive quarterly instalments + US\$ 13.1m balloon at maturity	US\$ LIBOR + 2.3%	< 87%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1 904	7 630	9 534
Century Tokyo Leasing Corp. / August 2016 US\$ 10.5m general working capital facility	High Challenge Cielo di Hanoi Cielo di Salerno	22 consecutive quarterly instalments, no balloon	US\$ LIBOR + 2.45%	n.a.	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1 452	19 965	21 417
ING Bank N.V. - London Branch / July 2016 US\$9m Term Loan Facility	Cielo di Milano	12 months from drawdown (July 2016), no balloon	US\$ LIBOR + 2.5% for the first 6 months after drawdown and 3% thereafter until maturity	< 83.3%	Liquid asset > US\$ 25 m Net worth > US\$ 100 m Equity ratio > 35%	8 575	-	8 575
Bank of Ireland / Overdraft for working capital	n.a.	n.a.		n.a.	n.a.	5 698	-	5 698
GIS								
Commerzbank AG / June 2008 US\$ 195 m Term Loan Facility	Glenda Melanie Glenda Melissa Glenda Melody Glenda Megan Glenda Meryl Glenda Meredith	ten-year maturity from vessel delivery, + balloon different per vessel	US\$ LIBOR + spread 90 to 110 b.p.	< 76.9%	n.a.	5 370	42 753	48 123
DIS								
Cassa Lombarda / Overdraft for working capital	n.a.	n.a.		n.a.	n.a.	1 050	-	1 050
Unicredit / Overdraft for working capital	n.a.	n.a.		n.a.	n.a.	4 921	-	4 921
Financial Fees						(1 737)	( 7 435)	(9 172)
Total 30 June 2017						106 796	416 562	523 358

Lender / Details	Asset	Repayment terms	i %	Loan-to-value	Financial covenants	Short-term	Long-term	Total YE 2016
DTL								
Crédit Agricole CIB + 8 syndicated Banks / March 2016 US\$ 250m Term Loan Facility	High Performance High Progress High Venture High Courage High Valor High Wind High Endeavour (sold Mar17) High Endurance (sold Feb17) Cielo di New York Cielo di Londra Cielo di Palermo Cielo di Houston Cielo di Cagliari	20 consecutive quarterly instalments from drawdown + balloon at maturity	US\$ LIBOR + 2.0 % or + 2.15% according to vessel employment	< 76.9%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	30 043	88 699	118 742
Crédit Agricole CIB & DNB NOR Bank ASA / July 2011 US\$ 48m Term Loan Facility	High Seas High Tide	28 consecutive quarterly instalments + updated balloon payment of US\$ 12.3m per vessel	US\$ LIBOR + 2.10%	< 74.1%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	3 088	28 559	31 647
Danish Ship Finance A/S / Oct. 2013 US\$ 31.5m Term Loan facility	High Trust High Prosperity	12 consecutive semi-yearly instalments + US\$ 12m and US\$ 4.6m balloon resp., 6 years from drawdown	US\$ LIBOR + 2.75%	< 80%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	9 383	18 000	27 383

continues



continuing

Danish Ship Finance A/S / Dec. 2013 US\$ 39m Term Loan Facility	High Freedom High Loyalty	14 consecutive semi-yearly instalments, + US\$ 10.4m balloon for each vessel at maturity, 7 years from drawdown	US\$ LIBOR + 2.35%	< 80%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	2 600	31 200	33 800
DNB Bank ASA / Dec. 2016 US\$ 19.4m Term Loan Facility	High Voyager	20 consecutive quarterly instalments + US\$ 11.7m balloon for each vessels at maturity, 5 years from drawdown	US\$ LIBOR + 2.55%	< 76.9%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1 500	17 639	19 139
Crédit Agricole CIB / Dec. 2013 US\$ 40.0 Term Loan Facility	High Discovery High Fidelity (sold May17)	24 consecutive quarterly instalments + US 13.7m and 11.8m balloon resp. at maturity, 6 years from drawdown.	US\$ LIBOR + 2.90%	< 80%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	2 480	31 669	34 149
Banca IMI SpA / Dec. 2014 US\$ 75m Facility	Corporate	10 consecutive semi-yearly instalments	US\$ LIBOR + 2.25%	n.a.	NFP/ship mkt value < 75% Equity ratio > 35% Liquid assets> US\$ 25m Net worth > US\$ 100 m	15 000	30 000	45 000
Intesa / Sept.2014 Hot money US\$10m	n.a.	within 12 months		n.a.	n.a.	10 000	-	10 000
ING Bank N.V. - London Branch / Dec. 2014 US\$ 20m Term Loan Facility	High Presence High Priority	24 consecutive quarterly instalments + US\$ 6.2m balloon for each vessels at maturity, 6 years from drawdown	US\$ LIBOR + 2.05%	< 76.9%	Liquid assets > = US\$ 25 m Net worth > = US\$ 100m Equity ratio > = 35%	15 064	-	15 064
MPS Capital Services SpA / July 2015 US\$ 58m facility	Cielo Bianco Cielo Rosso	10 consecutive half-yearly instalments + US\$ 19.4m balloon for each vessel at maturity, 5 years from drawdown	US\$ LIBOR + 2.25%	< 80%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 30%	957	16 368	17 325
Skandinaviska Enskilda Banken AB / March 2015 US\$ 23.1m Term Loan Facility	High Trader	24 consecutive quarterly instalments + US\$ 13.8m balloon at maturity, 6 years from drawdown	US\$ LIBOR + 2.45% if CP with Oil major otherwise 2.60%	< 76.9%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1 412	19 496	20 908
Crédit Agricole CIB / June 2015 US\$ 9.5m facility	Cielo di Guangzhou	16 consecutive quarterly instalments + US\$ 5.5m balloon at maturity, 4 years from drawdown	US\$ LIBOR + 2.10%	< 74.1%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1 000	7 750	8 750
Banca IMI SpA / Oct. 2014 US\$ 45.080m Term Loan Facility	Cielo di Ulsan Cielo di Capri	14 consecutive half-yearly instalments + US\$ 12m balloon for each vessel at maturity	US\$ LIBOR + 2.65%	< 75%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	3 011	39 810	42 821
ABN Amro Bank N.V. / Dec.2016 US\$19.5m Term Loan Facility	Cielo di Gaeta	Repayable with 24 consecutive quarterly instalments + US\$ 9.7m balloon at maturity	US\$ LIBOR + 2.4% per annum during the charter period to the Key charter, thereafter 2.30%	< 76.9%	Liquid asset > US\$ 25 m Net worth > US\$ 100m Equity ratio > 35%	1 921	16 864	18 785
Century Tokyo Leasing Corp. / Dec.2014 US\$ 41.6m Term Loan Facility	Cielo di Hanoi Cielo di Salerno	24 consecutive quarterly instalments + US\$ 12.5m balloon at maturity	US\$ LIBOR + 2.3%	< 87%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	2 776	38 477	41 253
Century Tokyo Leasing Corp. / August 2016 US\$ 10.5m general working capital facility	High Challenge Cielo di Hanoi Cielo di Salerno	22 consecutive quarterly instalments, no balloon	US\$ LIBOR + 2.45%	n.a.	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1 232	5 390	6 622
ING Bank N.V. - London Branch / July 2016 US\$9m Term Loan Facility	Cielo di Milano	12 months from drawdown (July 2016), no balloon	US\$ LIBOR + 2.5% for the first 6 months after drawdown and 3% thereafter until maturity	< 83.3%	Liquid asset > US\$ 25 m Net worth > US\$ 100 m Equity ratio > 35%	8 575	-	8 575
Bank of Ireland / Overdraft for working capital	n.a.	n.a.		n.a.	n.a.	5 220	-	5 220
GIS								
Commerzbank AG / June 2008 US\$ 195 m Term Loan Facility	Glenda Melanie Glenda Melissa Glenda Melody Glenda Megan Glenda Meryl Glenda Meredith	ten-year maturity from vessel delivery, + balloon different per vessel	US\$ LIBOR + spread 90 to 110 b.p.	< 76.9%	n.a.	5 370	45 438	50 808
DIS								
Cassa Lombarda / Overdraft for working capital	n.a.	n.a.		n.a.	n.a.	1 048	-	1 048
Unicredit / Overdraft for working capital	n.a.	n.a.		n.a.	n.a.	5 011	-	5 011
Financial Fees						( 1 716)	( 8 055)	( 9 771)
Total 31 December 2016						124 975	427 304	552 279

All bank loans are guaranteed and comply with the covenants.

## 22. LIABILITIES FROM FINANCIAL LEASES

Liabilities from finance leases are repaid over the lease term. They have the following residual lease terms at the interim balance sheet date:

<i>US\$ Thousand</i>	<b>As at 30 June 2017</b>	<b>As at 31 December 2016</b>
Total future minimum lease payments (gross investment)	39 849	-
due within one year	2 811	-
due in one to five years	22 978	-
due over five years	14 060	-
Present value of minimum lease payments	26 708	-
due within one year	2 710	-
due in one to five years	11 201	-
due over five years	12 797	-
Finance charge included in the minimum lease payments	13 141	-
of which pertaining to the period	39	-

The carrying amount of the assets held under finance leases, as well as the main lease terms, are disclosed principally under tangible assets in note n.13; the annual rate of return on the net investment reflects current market rates.

## 23. OTHER FINANCIAL LIABILITIES

<i>US\$ Thousand</i>	<b>As at 30 June 2017</b>			<b>As at 31 December 2016</b>		
	Non-current	Current	Total	Non-current	Current	Total
Other financial liabilities	1 187	6 579	7 766	2 017	7 084	9 101
Fair value of derivative instruments	7 370	3 322	10 692	6 403	4 801	11 204
Total Other financial liabilities	8 557	9 901	18 458	8 420	11 885	20 305

The balance as at 30 June 2017 mainly represents other financial liabilities relating to the fair value of the Interest Rate Swap hedging instruments and accrued commitment fees on vessels under construction, and also includes US\$ 3.0 million relating to the outstanding financial payable to Solar Shipping for the purchase of the vessel Cielo di Guangzhou. The derivatives instruments fair value calculation techniques and disclosure about financial market risk are shown in note 27.

## 24. AMOUNT DUE TO PARENT COMPANY

<i>US\$ Thousand</i>	<b>As at 30 June 2017</b>	<b>As at 31 December 2016</b>
d'Amico International S.A.	-	10 001

The short-term financing granted by the parent company at an interest rate equal to the 1 month LIBOR plus a margin of 1.5% was fully reimbursed at the end of May.



## 25. PAYABLES AND OTHER CURRENT LIABILITIES

<i>US\$ Thousand</i>	As at 30 June 2017	As at 31 December 2016
Trade payables	29 506	30 956
Other creditors	3 929	6 679
Accruals & deferred income	3 874	5 424
Total	37 309	43 059

Payables and other current liabilities as at 30 June 2017, mainly include trade payables, of which an amount of US\$ 7.5 million relates to the related party, Rudder SAM (bunkers).

## 26. CURRENT TAX PAYABLE

<i>US\$ Thousand</i>	As at 30 June 2017	As at 31 December 2016
Current tax liabilities	4	194

The balance as at 30 June 2017 reflects the balance of income taxes and tonnage taxes payable by the subsidiaries and the net wealth tax payable by the holding company.

## 27. RISK MANAGEMENT

Uncertainty about future global economic trends continues. The shipping industry is highly sensitive to market fluctuations, which can determine significant changes in freight rates and tonnage prices. Furthermore, as a multinational Group that has operations throughout the world, it is exposed to the market risk of changes in foreign currency exchange rates. Since deposits and credit facilities necessary to fund investments in new-buildings or the purchase of vessels earn or pay interest at a variable rate, the Company is also exposed to interest rate risk. DIS is also exposed to fluctuations in the price of bunkers.

The overall risk management is part of the d'Amico International Shipping's strategy, which aims to reduce the DIS' exposure to some of the above market risks.

These half-year condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements and for a detailed description of this information they should be read in conjunction with the Group's annual financial statements as at 31 December 2016, note 27; DIS' risk situation as described has not changed significantly in the six months to 30 June 2017. There have been no changes in the risk management policies since the year end.

### FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

#### Fair value risk and valuation techniques

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

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

- The fair value of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash-flow analysis.
- The fair value of financial instruments accounts for the counterparty risk (financial assets) and the entity's own credit risk (liabilities).

#### Accounting classification and fair values

The following table shows the carrying amounts and the fair values of financial assets and liabilities, together with their levels within the fair value hierarchy.

30 June 2017						
US\$ Thousand	Loans and receivables	Derivative instruments	Total	Fair Value		Total
				Level 1	Level 2	
<b>Assets</b>						
Non-current financial assets	27 007	253	27 260	-	253	253
Receivables and other current assets	43 114	-	43 114	-	-	-
Other current financial assets		24	24		24	24
Cash and cash equivalents	40 803	-	40 803	-	-	-
<b>Liabilities</b>						
Loans and borrowings	523 358	-	523 358	-	-	-
Liabilities from financial leases	26 747	-	26 747	-	-	-
Other financial liabilities	7 766	10 692	18 458	-	10 692	10 692
Payables and other current liabilities	37 309	-	37 309	-	-	-
Current tax payable	4	-	4	-	-	-

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2016.

31 December 2016						
US\$ Thousand	Loans and receivables	Derivative instruments	Total	Fair Value		Total
				Level 1	Level 2	
<b>Assets</b>						
Non-current financial assets	22 853	213	23 066	-	213	213
Receivables and other current assets	40 466	-	40 466	-	-	-
Other current financial assets	-	95	95	-	95	95
Cash and cash equivalents	31 632	-	31 632	-	-	-
<b>Liabilities</b>						
Banks and other lenders	552 279	-	552 279	-	-	-
Amount due to parent company	10 001	-	10 001	-	-	-
Other non-current financial liabilities	2 017	9 376	11 393	-	9 376	9 376
Payables and other current liabilities	43 059	-	43 059	-	-	-
Other current financial liabilities	7 084	1 828	8 912	-	1 828	1 828

The Level 2 financial instruments in the above table refer to derivative instruments and their fair value is obtained through valuations provided by the corresponding bank at the end of the period. Counterparties are financial institutions which are rated from A+ to BB+; taking this into consideration, no adjustments for non-performance risk are deemed necessary.

The carrying value of assets and liabilities, such as short-term trade receivables and payables, which are not measured at fair value, approximates their fair value.

The realised losses in the first-half of 2017 amount to US\$ 13.7 million while the unrealised gains amount to US\$ 1.4 million and the unrealised losses amount to US\$ 11 thousand.

## 28. RELATED PARTY TRANSACTIONS

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

DIS carries out transactions with related parties, including its immediate parent company d'Amico International S.A. a company incorporated in Luxembourg, its ultimate Italian parent company, d'Amico Società di Navigazione S.p.A (DSN) and certain of DSN's subsidiaries (d'Amico Group).

During the first six months of 2017 the most significant financial transactions included a management service agreement (for technical, crewing and IT services) with d'Amico Group companies, a brand fee with d'Amico Società di Navigazione S.p.A., a personnel service agreement with d'Amico Shipping Singapore and d'Amico Shipping USA and a service agreement for the purchase of Intermediate Fuel Oil and Marine Diesel Oil, from Rudder SAM, a d'Amico Group controlled company, included in the bunker cost of the year.

US\$ Thousand	H1 2017		H1 2016	
	Total	Of which related parties	Total	Of which related parties
Revenue	188 102	3 939	179 891	3 689
Voyage costs	(59 438)	(164)	(35 412)	(249)
Time charter hire costs	(59 615)	(6 014)	(60 852)	(8 970)
Other direct operating costs	(39 689)	(5 018)	(35 275)	(3 715)
General and administrative costs	(7 293)	(2 563)	(8 196)	(3 447)
Result on disposal of fixed assets	2 638	-	-	-
Net financial income (charges)	(12 033)	(138)	(8 068)	(337)

The effects of related party transactions on the Group's consolidated balance sheets as at 30 June 2017 and 31 December 2016 not elsewhere disclosed in the present report, are the following:

US\$ Thousand	As at 30 June 2017		As at 31 December 2016	
	Total	Of which related parties	Total	Of which related parties
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible assets	828 466	-	810 728	-
Investment in jointly controlled entities	3 209	-	3 261	-
Other non-current financial assets	27 260	21 807	23 066	20 853
<b>Current assets</b>				
Assets held for sale	42 000	-	66 352	-
Inventories	16 144	-	12 857	-
Receivables and other current assets	43 114	2 932	41 213	-
Current financial assets	24	-	95	-
Cash and cash equivalents	40 803	-	31 632	-
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Banks and other lenders	416 562	-	427 304	-
Liabilities from financial leases	25 648	-	-	-
Other non-current financial liabilities	8 557	-	8 420	-
<b>Current liabilities</b>				
Banks and other lenders	106 796	-	124 975	-
Liabilities from financial leases	1 099	-	-	-
Other current financial liabilities	9 901	-	11 885	-
Amount due to parent company	-	-	10 001	10 001
Payables and other current liabilities	37 309	14 849	43 059	16 386
Current taxes payable	4	-	194	-

## 29. COMMITMENTS AND CONTINGENCIES

### Capital commitments

As at 30 June 2017, the Group's capital commitments amounted to US\$ 183.8 million, of which payments over the next 12 months amounted to US\$ 131.3 million.

<i>US\$ Million</i>	<b>As at 30 June 2017</b>	<b>As at 31 December 2016</b>
Within one year	131.3	96.9
Between 1 – 3 years	52.5	118.1
	<u>183.8</u>	<u>215.0</u>

Capital commitments relate to the payment for 6 Hyundai-Mipo dockyard 75,000 dwt Product/chemical tanker new-building vessels. All DIS new-building vessels are expected to be delivered between Q4 2017 and Q4 2018.

### Operating Lease rental commitments

As at June 30 2017, the Group's minimum operating lease rental commitments amounted to US\$ 435.2 million, of which payments over the next 12 months amounted to US\$ 125.6 million.

<i>US\$ Million</i>	<b>As at 30 June 2017</b>	<b>As at 31 December 2016</b>
Within one year	125.6	109.3
Between 1 – 3 years	125.6	121.5
Between 3 – 5 years	76.0	69.0
More than 5 years	108.0	125.0
	<u>435.2</u>	<u>424.8</u>

As at 30 June 2017, the company operated 25.5 vessel equivalents on time charter-in contracts as lessee. These had an average remaining contract period of 1.5 years at that date (1.7 years including optional periods). Further, 5 additional MR (50,000 dwt) Product/chemical tanker newbuilding vessels are expected to be delivered in time charter to d'Amico Tankers between 2017 and 2018, with an average contract period of 7.8 years (9.6 years including optional periods).

### Purchase options

Some of the charter-in contracts include options to purchase vessels. Exercise of these options is at the discretion of the Company based on the conditions prevailing at the date of the option.

### Ongoing disputes

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

### Tonnage tax deferred taxation

Effective from 1 January 2007, d'Amico Tankers Limited qualified to be taxed under the Tonnage Tax regime in Ireland; DM Shipping Limited obtained the ruling commencing 1 January 2009 and Glenda International Shipping in 2010. The regime includes a provision whereby a proportion of capital allowances previously claimed by the company may be subject to tax in the event that vessels are sold or the Company fails to comply with the ongoing requirements to remain within the regime.

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

### 30. D'AMICO INTERNATIONAL SHIPPING GROUP'S COMPANIES

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

Name	Registered Office	Share Capital	Currency	Interest %	Consolidation Method
d'Amico International Shipping S.A.	Luxembourg	56 876 046.50	USD	n.a.	Integral
d'Amico Tankers d.a.c.	Dublin / Ireland	100 001	USD	100.0%	Integral
High Pool Tankers Limited	Dublin / Ireland	2	USD	100.0%	Proportional
Glenda International Management Ltd	Dublin / Ireland	2	USD	100.0%	Integral
Glenda International Shipping d.a.c..	Dublin / Ireland	202	USD	50.0%	Proportional
DM Shipping d.a.c.	Dublin / Ireland	100 000	USD	51.0%	Equity
Eco Tankers Limited	Malta	65 162	USD	33.0%	Equity
d'Amico Tankers Monaco SAM	Monaco	150 000	EUR	99.8%	Integral
d'Amico Tankers UK Ltd	London / UK	25 450	GBP	100.0%	Integral

The consolidation area in H1 2017 does not differ with respect to the 2016 consolidated accounts.

28 July 2017

On behalf of the Board

*Paolo d'Amico*  
Chairman

*Marco Fiori*  
Chief Executive Officer

The manager responsible for preparing the company's financial reports, Mr. Carlos Balestra di Mottola, in his capacity of Chief Financial Officer of d'Amico International Shipping SA (the "Company") declares to the best of his knowledge, that half yearly/second quarter 2017 financial statements prepared in accordance with the applicable set of accounting standards as published in this report, give a true and fair view of the assets, liabilities, financial position and income statement of the Company and its consolidated subsidiaries and that the interim management report includes a fair review of the development and performance of the business and the position of the Company and its consolidated subsidiaries, together with a description of the principal risks and uncertainties that they face.

*Carlos Balestra di Mottola*  
Chief Financial Officer

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

Leudelange, July 28, 2017

## Report on Review of the Condensed Consolidated Interim Financial Information

### *Introduction*

We have reviewed the accompanying condensed consolidated interim statement of financial position of d'Amico International Shipping S.A. and its subsidiaries as of June 30, 2017 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed interim statement of changes in consolidated shareholders' equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. The Board of Directors is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 *Interim financial reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim financial reporting* as adopted by the European Union.

**MOORE STEPHENS Audit S.A.**

Horst SCHNEIDER  
*Réviseur d'entreprises agréé*