



d'Amico International Shipping S.A. Half-Yearly / Second Quarter 2018 Financial Report

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d'Amico International Shipping S.A.

Registered office at 25C Boulevard Royal, Luxembourg

Share capital US\$ 65,321,531.80 as at 30 June 2018

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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

John Joseph Danilovich

Heinz Peter Barandun

INDEPENDENT AUDITORS

Moore Stephens Audit S.A.

KEY FIGURES

FINANCIALS

| Q2 2018 UNREVIEWED | Q2 2017 UNREVIEWED | US\$ Thousand | H1 2018 | H1 2017 |
|----------------------------|-----------------------|--|-----------------------|---------------------------|
| 59 329 | 62 098 | Time charter equivalent (TCE) earnings | 125 649 | 128 664 |
| (17) | 8 197 | EBITDA | 10 069 | 24 705 |
| (0.03)% | 13.20% | as % of margin on TCE | 8.01% | 19.20% |
| (9 657) | (1 159) | EBIT | (8 824) | 6 126 |
| (16.28)% | (1.87)% | as % of margin on TCE | (7.02)% | 4.76% |
| (16 622) | (8 032) | Net profit / (loss) | (20 220) | (6 200) |
| (28.02)% | (12.93)% | as % of margin on TCE | (16.09)% | (4.82)% |
| (0.026) | (0.016) | Earnings / (loss) per share | (0.031) | (0.014) |
| 447 | 310 | Operating cash flow | 942 | (1 086) |
| (10 909) | (35 664) | Gross CAPEX | (72 032) | (62 848) |
| | | | As at 30 June 2018 | As at 31 December 2017 |
| Total assets | | | 1 034 036 | 1 013 235 |
| Net financial indebtedness | | | 536 033 | 510 285 |
| Shareholders' Equity | | | 377 506 | 394 432 |

*see Alternative Performance Measures on page 10

OTHER OPERATING MEASURES

| Q2 2018 UNREVIEWED | Q2 2017 UNREVIEWED | | H1 2018 UNREVIEWED | H1 2017 UNREVIEWED |
|-----------------------|-----------------------|---|-----------------------|-----------------------|
| 11 818 | 12 851 | Daily operating measures - TCE earnings per employment day (US\$) ¹ | 12 625 | 13 614 |
| 55.5 | 54.1 | Fleet development - Total vessel equivalent | 55.3 | 53.7 |
| 26.0 | 29.6 | - Owned | 26.3 | 30.4 |
| 4.0 | 0.4 | - Bareboat chartered | 3.7 | 0.2 |
| 25.5 | 24.1 | - Time chartered | 25.3 | 23.1 |
| 0.6% | 1.9% | Off-hire days/ available vessel days ² (%) | 0.6% | 2.8% |
| 32.3% | 32.8% | Fixed rate contract/ available vessel days ³ (coverage %) | 32.3% | 36.9% |

¹This figure represents time charter ("TC") equivalent earnings for vessels employed on the spot market and time charter contracts net of commissions. Please refer to the Alternative Performance Measures included further on in this report.

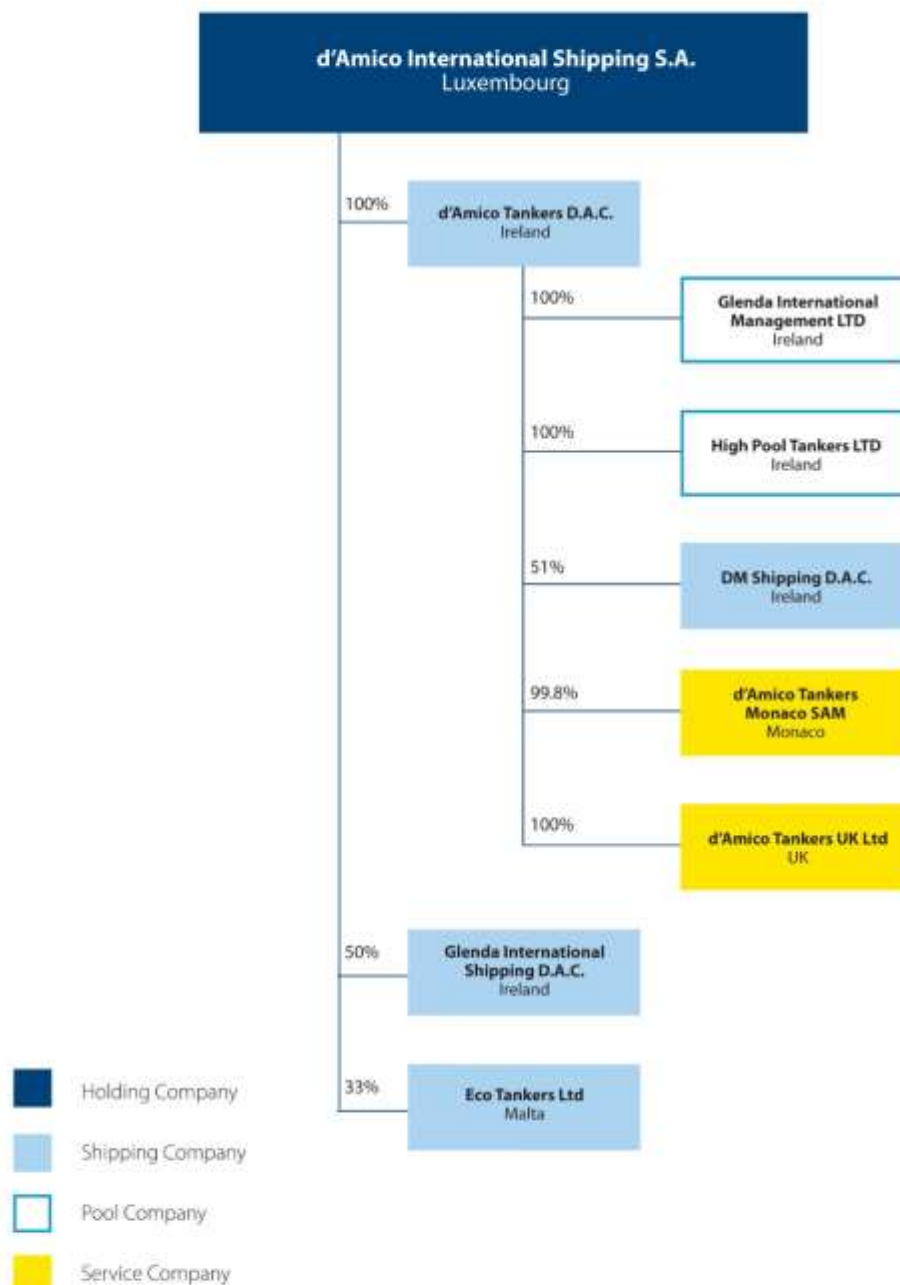
² This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

³Fixed 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.

CONSOLIDATED INTERIM MANAGEMENT REPORT

GROUP STRUCTURE

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



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, which traces its origins to 1936. d'Amico International Shipping operates, mainly through its fully owned subsidiary d'Amico Tankers d.a.c. (Ireland), controlling a fleet with an average age of approximately 7.1 years, compared to an average in the product tankers industry of 10.3 years (source: Clarksons Research). 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, 2018, 71% of DIS' fleet was IMO Classed, allowing the Group to transport a large range of products.

d'Amico International Shipping's revenue is mainly generated from the employment, either directly or through its partnerships, of the vessels of its fleet under spot contracts and time charters, for the marine transportation of refined petroleum products. Vessels operating under fixed rate contracts, including time charters, usually provide more steady and predictable cash flows than vessels operating in the spot market. Spot contracts offer the opportunity to maximise DIS' revenue during periods of increasing market rates, although they may result in lower results than time charters during periods of decreasing rates. This employment mix varies according to prevailing and forecasted market conditions. Gains can also arise from the sale of the vessels in the Fleet.

DIS believes that it benefits from a strong brand name and an established reputation in the international market due to its long operating history and that such a reputation is important in maintaining and strengthening its long-term relationships with its partners and existing customers and developing relationships with new customers. Its partners and customers appreciate the transparency and accountability which have characterised the Group and the way in which its business has been operated from its early days. Accountability, transparency and a focus on quality are pillars of its operations and key to the DIS' success.

The quality of its fleet is preserved through scheduled maintenance programmes, by aiming for exacting standards on owned vessels and, and by chartering-in vessels from owners who meet high quality standards.

DIS' Global Footprint

DIS has a presence in Luxembourg, Dublin (Ireland), London (U.K.), Monte Carlo (Monaco), Singapore and Stamford, CT (USA). These offices are located in the key maritime centres around the world. DIS' believes that its international presence allows it to meet the needs of its international clients in different geographical areas, while the offices also strengthen the Group's recognition and its brand name worldwide. In addition, through the different opening hours of offices located in several time zones, DIS is able to continuously monitor its operations and to assist its customers.

Fleet

DIS controlled as at 30 June 2018, either through ownership or charter arrangements, a modern fleet of 57.5 product tanker (June 30, 2017: 55.5). The product tanker vessels of DIS range from approximately 36,000 to 75,000 dwt.

Since 2012 DIS ordered 22 new buildings, of which 4 were still under construction at the end of June 2018. All these newbuildings are fuel efficient and in compliance with recent environmental legislation. They can therefore cater to the high standards required by the Group's oil customers, in addition to being highly cost effective.

Operating a large fleet enhances the generation of earnings and operating efficiencies. A large fleet strengthens the Group's ability to advantageously position vessels and improves the fleet's availability and scheduling flexibility, providing to DIS a competitive advantage in securing spot voyages. In particular, the scale of its operations provides it with the flexibility necessary to enable it to capitalise on favourable spot market conditions in order to maximise earnings and negotiate favourable contracts with suppliers.

The following tables sets forth information about DIS' fleet on the water as at June 30, 2018.

| Name of vessel | Dwt | Year built | Builder, Country | IMO classed |
|---|--------|------------|----------------------------|-------------|
| LR1 fleet | | | | |
| Owned | | | | |
| Cielo di Rotterdam | 75,000 | 2018 | Hyundai Mipo, South Korea | IMO II/III |
| Cielo Bianco | 75,000 | 2017 | Hyundai Mipo, South Korea | IMO II/III |
| MR fleet | | | | |
| Owned | | | | |
| 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 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 ⁴ | 47,203 | 2011 | Hyundai Mipo, South Korea | IMO II/III |
| GLENDIA Meryl ⁵ | 47,251 | 2011 | Hyundai Mipo, South Korea | IMO II/III |
| GLENDIA Melody ⁴ | 47,238 | 2011 | Hyundai Mipo, South Korea | IMO II/III |
| GLENDIA Melanie ⁵ | 47,162 | 2010 | Hyundai Mipo, South Korea | IMO II/III |
| GLENDIA Meredith ⁵ | 46,147 | 2010 | Hyundai Mipo, South Korea | IMO II/III |
| GLENDIA Megan ⁴ | 47,147 | 2009 | Hyundai Mipo, South Korea | IMO II/III |
| High Venture | 51,087 | 2006 | STX, South Korea | IMO II/III |
| 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 |
| Bareboat with purchase options and purchase obligation | | | | |
| High Freedom | 49,990 | 2014 | Hyundai Mipo, South Korea | IMO II/III |
| High Discovery | 50,036 | 2014 | Hyundai Mipo, South Korea | IMO II/III |
| High Fidelity | 49,990 | 2014 | Hyundai Mipo, South Korea | IMO II/III |
| High Priority ⁶ | 46,847 | 2005 | Nakai Zosen, Japan | - |
| TC-in long-term with purchase option | | | | |
| High Leader | 50,000 | 2018 | Japan Marine, Japan | IMO II/III |
| High Navigator | 50,000 | 2018 | Japan Marine, Japan | IMO II/III |
| High Explorer | 50,000 | 2018 | Onomichi, Japan | IMO II/III |
| High Adventurer | 50,000 | 2017 | Onomichi, Japan | IMO II/III |
| Crimson Pearl | 50,000 | 2017 | Minaminippon Shipbuilding, | IMO II/III |
| Crimson Jade | 50,000 | 2017 | Minaminippon Shipbuilding, | IMO II/III |

⁴ 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.

⁵ Vessels owned by GLENDIA International Shipping d.a.c. (in which DIS has 50% interest)

⁶ Vessel sold by d'Amico Tankers d.a.c in Oct'17 and taken back in bare-boat charter for 5 years

TC-in long-term without purchase option

| | | | | |
|------------------------------|--------|------|--------------------------|------------|
| Carina | 47,962 | 2010 | Iwagi Zosen, Japan | - |
| High Efficiency ⁷ | 46,547 | 2009 | Nakai Zosen, Japan | - |
| High Strength ⁷ | 46,800 | 2009 | Nakai Zosen, Japan | - |
| Freja Baltic | 47,548 | 2008 | Onimichi Dockyard, Japan | - |
| High Prosperity | 48,711 | 2006 | Imabari, Japan | - |
| High SD Yihe ⁸ | 48,700 | 2005 | Imabari, Japan | - |
| SW Southport I | 46,992 | 2004 | STX, South Korea | IMO II/III |
| SW Tropez | 46,992 | 2004 | STX, South Korea | IMO II/III |

TC-in short-term

| | | | | |
|-----------------------|--------|------|---------------------------|------------|
| High Sun ⁹ | 49,990 | 2014 | Hyundai Mipo, South Korea | IMO II/III |
| High Force | 53,603 | 2009 | Shin Kurushima, Japan | - |
| Silver Express | 44,935 | 2009 | Onomichi, Japan | - |
| High Pearl | 48,023 | 2009 | Imabari, 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 Hafnia | 53,700 | 2006 | Shin Kurushima, Japan | - |
| High Glow | 46,846 | 2006 | Nakai Zosen, Japan | - |
| Citrus Express | 53,688 | 2006 | Shin Kurushima, Japan | - |
| High Power | 46,874 | 2004 | Nakai Zosen, Japan | - |

Handy-size fleet
Owned

| | | | | |
|--------------------|--------|------|-------------------------------|------------|
| 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 | 38,877 | 2006 | Guangzhou, China | IMO II |
| Cielo di Milano | 40,081 | 2003 | Shina Shipbuilding Co., South | IMO II |

TC-in long-term without purchase option

| | | | | |
|-----------------|--------|------|------------------|------------|
| SW Cap Ferrat I | 36,032 | 2002 | STX, South Korea | IMO II/III |
|-----------------|--------|------|------------------|------------|

⁷ Vessel 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.

⁸ Former High Presence sold by d'Amico Tankers d.a.c in Feb'18 and taken back in Time charter for 6 years

⁹ Vessel owned by Eco Tankers Limited (in which DIS has 33% interest)

Fleet Employment and Partnership

As at June 30 2018, d'Amico International Shipping directly employed 57.5 Vessels: 2 LR1 ('Long Range 1'), 11.5 MRs ('Medium Range') and 3 Handy-size on term contracts at a fixed rate, whilst 35 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 and three vessels to the Glencore Group.

DM Shipping d.a.c. (DMS), 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 57.5 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 2018, the Group employed 731 seagoing personnel and 37 onshore personnel.

ALTERNATIVE PERFORMANCE MEASURES (APM)

Along with the mostly directly comparable IFRS measures, DIS management is regularly using Alternative Performance Measures, as they provide helpful additional information for users of its financial statements, indicating how the business has performed over the period, filling the gaps left by the reporting standards. APMs 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 Group's applicable financial reporting framework and standards (IFRS); for this reason they might not be comparable to similarly titled measures used by other companies and are not measurements under IFRS or GAAP and thus should not be considered substitutes for the information contained in the Group's financial statements. In the following section are set out the Group's definitions of used APMs:

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

Time charter equivalent earnings

It is a shipping industry standard allowing to compare period-to-period net freight revenues, which are not influenced by whether the vessels were employed on Spot charters, Voyage charters or Contracts of affreightment (please see Non-Financial APM definitions below). As indicated in the Profit and Loss financial statement, it is equal to (voyage) revenues less voyage costs.

EBITDA and EBITDA Margin

EBITDA is defined as result for the period before the impact of taxes, interest, the Group's share of the result of joint ventures and associates, depreciation and amortization. It is equivalent to the gross operating profit, which indicates the Group's revenues from sales less its cost of the services (transport) sold. EBITDA Margin is defined as EBITDA divided by Time charter equivalent earnings (as described above). DIS believes that EBITDA and EBITDA Margin are useful additional indicators investors can use to evaluate the Group's operating performance.

EBIT and EBIT Margin

EBIT is defined as the result for the period before the impact of tax, interest and the Group's share of the result of joint ventures and associates. It is equivalent to the net operating profit and the Group uses it to monitor its return after operating expenses and the cost of the use of its tangible assets. EBIT Margins is defined as operating profit as a percentage of Time charter equivalent earnings, and represents for DIS a suitable measure to show the contribution of the TC Earnings in covering both fixed and variable costs.

Gross CAPEX

It means gross capital expenditure, that is 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 DIS vessels, as indicated under Net acquisition of fixed assets within the cash-flow from investing activities; it gives an indication about the strategic planning (expansion) of the Group (capital intensive industry).

Net Indebtedness

Comprises bank loans and other financial liabilities, less cash and cash equivalents and liquid financial assets or short-term investments available to service those debt items. The Group believes net indebtedness is relevant to investors as it is a metric on the overall debt situation of a company, indicating the absolute level of non-equity funding of the business. The relevant table in the net indebtedness section within the report on operations, reconciles net debt to the pertinent balance sheet lines items.

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

Available vessel days

Total theoretical number of days a vessel is available for sailing during a period. It provides an indication of the Group's fleet earnings potential during a period, which takes into account the date of delivery to and redelivery from the Group of the vessels in its fleet (please refer also to the Key figures, other operating measures).

Coverage

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 Group is to changes in the freight market during a certain period (please refer to Time charter equivalent earnings in the Management financial review).

Daily spot rate or daily TC rate

Daily spot rate refers to daily time-charter equivalent earnings (please refer to definition below) generated by employing DIS' vessels on the spot market (or on a voyage basis) and daily TC rate refers to daily time-charter earnings generated by employing DIS' vessels on 'time-charter' contracts (please refer to the Management financial review).

Off-hire

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 (please refer to Revenues, in the Management financial review).

Time charter equivalent earnings per day

Is a measure of the average daily revenue performance of a vessel on a per voyage basis. DIS' 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 on-hire 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, since it is unaffected by the changes in the mix of charter contracts (*i.e.* spot charters, time charters and contracts of affreightment) through which the vessels are employed. It allows a comparison of the Group's performance with industry peers and market benchmarks (please refer to Key figures).

Vessels equivalent

The number of vessels equivalent in a period is equal to the sum of the products of the total available vessel days over that period for each vessel and the participation of the Group (direct or indirect) in that vessel, divided by the number of calendar days in that period. It provides an indication of the Group's fleet size and earnings potential over a period (please refer to Key figures).

OTHER DEFINITIONS**Bareboat charter**

Is a contract type under which the ship owner is usually paid monthly in advance charter hire at an agreed daily rate for a specified period of time, during which the charterer is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses (please refer to note 6). A bareboat charter is also known as a "demise charter" or a "time charter by demise".

Charter

Is a contract for the hire of a vessel for a specified period of time or to carry cargo from a loading port to a discharging port. The contract for a charter is commonly called a charter party and there are three main types of such contracts, a bareboat charter party, a voyage charter party and time charter party (refer to definitions in this section).

Contract of affreightment (COA)

Is 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.

Disponent Owner

The company that operates a vessel controlling it either through a time-charter or a bareboat charter.

Fixed-rate contracts

For DIS these usually refer to revenues generated through time-charter contracts or contracts of affreightment (please refer to definitions in this section). Bareboat charter contracts are also usually fixed rate contracts but DIS controls rather than employs vessels through such contracts.

Spot charter or Voyage charter

Is a contract type through which an owner or disponent owner (please refer to definition in this section) is paid freight on the basis of moving cargo from a loading port to a discharging 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. The disponent 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.

Time charter

Is a contract type through which the ship owner or disponent owner (please refer to definition within this section) is paid usually monthly in advance charter hire at an agreed daily rate for a specified period of time (usually a fixed rate contract). With such contracts the charterer is responsible for paying the voyage expenses and additional voyage insurance. A ship-owner or bareboat charterer operating its vessel on time-charter is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses.

SUMMARY OF THE RESULTS IN THE SECOND QUARTER AND FIRST HALF OF 2018

The IEA stated in their last report that oil demand got off to a strong start this year with Q1 2018 growth at over 2 million b/d, helped by cold weather in the northern hemisphere. In Q2 2018, however, growth slowed to 0.9 million b/d, with rising prices a factor.

Product tanker rates were weak in Q2 2018. The tonnage supply imbalance we encountered at the end of 2017 re-emerged. Despite some unplanned refinery outage, US refiners continue to operate at seasonal record levels of around 89%. Exports to Mexico and Brazil two of the United States biggest markets, declined throughout the quarter. Imports in these regions dropped by close to 7 million barrels between January and April 2018. The lower imports in Mexico are attributable to lower demand and increased refinery throughput, while in Brazil the contraction arose mainly from the truck strike in protest of higher fuel costs. One of the few bright spots were Imports to the United States from Holland, which doubled in the same period. However, an ample supply of tonnage, prevented freight rates from rising. East of Suez, refinery maintenance, lower demand and local holidays contributed to the depressed freight rates. Having hit an all-time high in March, Chinese oil products exports fell month-on-month by 347,000 b/d to 1.33 million b/d in April.

The first half of the year shows growth in refining activity but confined to the East of Suez region. China's 700,000 b/d year-on-year growth was higher than global growth of 550,000 b/d, offsetting a 400,000 b/d decline in the Atlantic Basin. Moving into the second half of the year, increased throughput in North America, with seasonal record refinery utilisation rates in the US, will help split the growth more evenly between the two hemispheres, although the expansion East of Suez should still dominate.

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 Q2, this rate for a conventional MR2 dropped slightly at \$13,000 per day.

In **H1 2018, DIS recorded a Net Loss of US\$ (20.2) million** vs. a Net Loss of US\$ (6.2) million posted in the same period of last year. Such variance is mainly due to the weaker product tanker market experienced so far in 2018. H1 2017 benefitted also from US\$ 2.6 million 'profit on disposal' following the sale of two vessels and from lower 'Time charter hire costs'.

In H1 2018, DIS' daily spot rate was US\$ 11,526 compared with US\$ 12,492 achieved in the first half of 2017.

At the same time, 32.3% of DIS' total employment days in H1 2018 were covered through 'time-charter' contracts at an average daily rate of US\$ 14,932 (H1 2017: 36.9% coverage at an average daily rate of US\$ 15,530). 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 even throughout the negative cycles. DIS' total daily average rate (which includes both spot and time-charter contracts) was US\$ 12,625 in H1 2018 compared with US\$ 13,614 achieved in the same period of the previous year.

In the first half of the year, DIS '**gross capital expenditures**' amounted to **US\$ 72.0 million**. This figure is mainly in relation to DIS' newbuilding plan and includes the acquisition of one leased asset for a total of US\$ 28 million in Q1, following a sale and lease back contract signed at the end of 2017, which generated a positive net cash effect amounting to US\$ 13.7 million in the first quarter of the year. Since 2012, DIS has ordered a total of **22 'Eco design' product tankers**¹⁰ (10 MR, 6 Handy-size and 6 LR1 vessels), of which 18¹⁰ vessels have been already delivered as at the end of Q2 2018. This corresponds to an overall **investment plan** of approximately **US\$ 755.0 million** and is in line with the Group's strategy to modernize its fleet through new-buildings with an eco-design. In addition, DIS has already fixed the majority of its new-building vessels on long-term time-charter contracts with three oil-majors and a leading refining company, all at profitable levels.

¹⁰ 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 a 33% interest, in JV with Venice Shipping and Logistics S.p.A.)

OPERATING PERFORMANCE

| Q2 2018 UNREVIEWED | Q2 2017 UNREVIEWED | US\$ Thousand | H1 2018 | H1 2017 |
|-----------------------|-----------------------|---|-----------------|----------------|
| 98 853 | 96 164 | Revenue | 202 362 | 188 102 |
| (39 524) | (34 066) | Voyage costs | (76 713) | (59 438) |
| 59 329 | 62 098 | Time charter equivalent earnings | 125 649 | 128 664 |
| (33 702) | (30 687) | Time charter hire costs | (65 665) | (59 615) |
| (21 518) | (19 784) | Other direct operating costs | (42 067) | (39 689) |
| (4 140) | (3 391) | General and administrative costs | (8 100) | (7 293) |
| 14 | (39) | Result on disposal of fixed assets | 252 | 2 638 |
| (17) | 8 197 | EBITDA | 10 069 | 24 705 |
| (9 640) | (9 356) | Depreciation | (18 893) | (18 579) |
| (9 657) | (1 159) | EBIT | (8 824) | 6 126 |
| 2 200 | 138 | Net financial income | 3 928 | 1 651 |
| (9 095) | (6 814) | Net financial (charges) | (15 055) | (13 684) |
| (3) | 9 | Share of profit of associate | (1) | 90 |
| (16 555) | (7 826) | Profit / (loss) before tax | (19 952) | (5 817) |
| (67) | (206) | Income taxes | (268) | (383) |
| (16 622) | (8 032) | Net profit / (loss) | (20 220) | (6 200) |

Revenue was US\$ 202.4 million in H1 2018 (US\$ 188.1 million in H1 2017) and US\$ 98.9 million in Q2 2018 (US\$ 96.2 million in Q2 2017). The increase in gross revenues compared with the previous year results mainly from the higher spot exposure in 2018 and the higher number of vessels operated on average by DIS in the first half of the year (H1 2018: 55.3 vs. H1 2017: 53.7). In addition, the percentage of off-hire days in H1 2018 (0.6%) was significantly lower than the same period of the previous year (2.8%), mainly 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\$ 76.7 million in H1 2018 compared with US\$ 59.4 million in H1 2017 (Q2 2018: US\$ 39.5 million vs. Q2 2017: US\$ 34.1 million). The higher costs reflect DIS' fleet growth, its larger portion of vessels employed on the spot market and an increase in average bunker prices.

Time charter equivalent earnings were US\$ 125.6 million in H1 2018 vs. US\$ 128.7 million in H1 2017 and US\$ 59.3 million in Q2 2018 vs. US\$ 62.1 million in Q2 2017. Such variance is mainly due to the weaker spot market experienced in H1 2018 relative to the first half of last year.

In detail, DIS realized a **Daily Average Spot Rate of US\$ 11,526 in H1 2018** compared with **US\$ 12,492** achieved in the same period of 2017 (Q2 2018: US\$ 10,327 vs. Q2 2017: US\$ 11,763).

Following its strategy, in H1 2018 DIS maintained a **good level of 'coverage'** (fixed contracts), securing an average of **32.3%** (H1 2017: 36.9%) of its available vessel days at a **Daily Average Fixed Rate of US\$ 14,932** (H1 2017: US\$ 15,530). 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 of the pillars of its commercial strategy.

DIS' Total Daily Average TCE (Spot and Time Charter) was US\$ 12,625 in H1 2018 vs. US\$ 13,614 in H1 2017.

| DIS TCE daily rates (US dollars) | 2017 UNREVIEWED | | | | | 2018 UNREVIEWED | | |
|-------------------------------------|--------------------|--------|---------------|--------|--------|--------------------|--------|---------------|
| | Q1 | Q2 | H1 | Q3 | Q4 | Q1 | Q2 | H1 |
| Spot | 13,363 | 11,763 | 12,492 | 11,960 | 11,299 | 12,726 | 10,327 | 11,526 |
| Fixed | 15,908 | 15,078 | 15,530 | 15,681 | 15,003 | 15,001 | 14,867 | 14,932 |
| Average | 14,412 | 12,851 | 13,614 | 12,977 | 12,459 | 13,446 | 11,818 | 12,625 |

Time charter hire costs relate to the chartered-in vessels and amounted to US\$ 65.7 million in H1 2018 and US\$ 33.7 million in Q2 2018 (US\$ 59.6 million in H1 2017 and US\$ 30.7 million in Q2 2017). In H1 2018, DIS operated a higher number of chartered-in vessels (H1 2018: 25.3 vs. H1 2017: 23.1) but at a lower daily average cost relative to H1 2017.

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 were US\$ 42.1 million in H1 2018 (US\$ 39.7 million in H1 2017) and US\$ 21.5 million in Q2 2018 (US\$ 19.8 million in Q2 2017). DIS constantly monitors its operating costs, while focusing on crew with appropriate skills, high SQE (Safety, Quality & Environment) standards and 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 were US\$ 8.1 million in H1 2018 (US\$ 7.3 million in H1 2017) and US\$ 4.1 million in Q2 2018 (US\$ 3.4 million in Q2 2017). These costs relate mainly to onshore personnel, together with office costs, consultancies, travel expenses and others.

Result on disposal of vessel. In H1 2018, DIS sold M/T High Presence (a 2005-built MR vessel) and sold and leased back M/T High Freedom (a 2014-built MR vessel). These transactions generated a total net gain on disposal of US\$ 0.3 million in the period. 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\$ 10.1 million in H1 2018 (Q2 2018: close to zero) compared with US\$ 24.7 million achieved in the first half of 2017 (Q2 2017: US\$ 8.2 million). The reduction relative to last year is mainly due to the lower 'TCE Earnings' achieved in the period. **DIS' EBITDA Margin was 8.0% in H1 2018 compared with 19.2% in H1 2017.**

Depreciation and Impairment amounted to US\$ 18.9 million in H1 2018 vs. US\$ 18.6 million in H1 2017 and to US\$ 9.6 million Q2 2018 vs. US\$ 9.4 million in Q2 2017.

EBIT for the first-half of 2018 **was negative for US\$ (8.8) million** compared with a positive result of US\$ 6.1 million for the same period of last year. Q2 2018 EBIT was negative for US\$ (9.7) million vs. US\$ (1.2) million achieved in the second quarter of last year.

Net financial income was of US\$ 3.9 million in H1 2018 vs. US\$ 1.7 million in H1 2017 (Q2 2018 US\$ 2.2 million vs. Q2 2017 US\$ 0.1 million). The H1 2018 amount comprises, US\$ 0.2 million realized bank interest income (funds held with financial institutions on deposit and current accounts) and interest on the financing provided to the DM Shipping joint venture, US\$ 0.47 million interest income from the Equity release on the IRS on High Freedom (following the sale of the vessel in Q1'18), US\$ 0.3 million realised foreign exchange commercial and hedging differences, US\$ 2.6 million unrealized gain on the ineffective portion (fair value) of the interest rate swaps cash-flow hedges, US\$ 0.4 million unrealised 'exchange difference' arising from the JPY financing provided to the DM Shipping joint venture (in H1 2017 the unrealised exchange difference was of US\$ 1.0 million).

Net financial charges were US\$ (15.1) million in H1 2018 vs. US\$ (13.7) million in H1 2017 (Q2 2018 US\$ (9.1) million vs. Q2 2017 US\$ (6.8) million). The amount comprises the interest expenses due on DIS' bank loan facilities and financial leases, actual expenses on interest rate swaps and amortization of financial fees.

DIS recorded a **Loss before tax** of US\$ (20.0) million in H1 2018 (US\$ (5.8) million in H1 2017) and loss of US\$ (16.6) million in Q2 2018 (Q2 2017 loss of US\$ (7.8) million).

Income taxes were US\$ 0.3 million in H1 2018 vs. US\$ 0.4 million in H1 2017 (US\$ 0.1 million in Q2 2018 vs. US\$ 0.2 million in Q2 2017), substantially in line with the same period of last year.

DIS' **Net Result** was **negative for US\$ (20.2) million in H1 2018 compared with US\$ (6.2) million** Net loss posted in the same period of 2017, whilst Q2 2018 Net Result was negative for US\$ (16.6) million vs. US\$ (8.0) million Net loss generated in Q2 2017. The variance compared to the previous year is mainly due to the much weaker spot market experienced in the first half of 2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| <i>US\$ Thousand</i> | As at 30 June 2018 | As at 31 December 2017 |
|---|-------------------------------|-----------------------------------|
| ASSETS | | |
| Non current assets | 905 889 | 823 752 |
| Current assets | 128 147 | 189 483 |
| Total assets | 1 034 036 | 1 013 235 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Shareholders' equity | 377 506 | 394 432 |
| Non-current liabilities | 466 350 | 426 157 |
| Current liabilities | 190 180 | 192 646 |
| Total liabilities and shareholders' equity | 1 034 036 | 1 013 235 |

Non-current assets mainly relates to DIS' owned vessels net book value and it includes the portion relating to its new-buildings under construction. The balance at the end of H1 2018 is higher than the previous year, mainly due to the yard instalments paid on DIS' new-building program during the quarter (including the last instalments due in connection with the delivery of one new-building vessel in H1 2018). According to the valuation report provided by a primary broker, the estimated market value of DIS' owned fleet as at June 30, 2018 was of US\$ 764.2 million.

Gross Capital expenditures (Capex) were of US\$ 72.0 million in H1 2018 vs. US\$ 62.8 million in H1 2017. The amount for 2018, comprises mainly the instalments paid on the newbuilding vessels under construction at Hyundai-Mipo, and the US\$ 28 million acquisition of M/T High Freedom, 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, 2018 amounted to US\$ 128.2 million. As at the same date, in addition to the working capital items (inventories and trade receivables amounting to US\$ 18.0 million and US\$ 66.8 million respectively), current assets include 'cash and cash equivalent' of US\$ 34.6 million, and assets held for sale of US\$ 8.0 million, comprising the book value of a vessel (M/T Cielo di Milano), whose disposal will be finalized in the third quarter of the year.

Non-current liabilities were US\$ 466.4 million as at June 30 2018 and mainly consist of the long-term portion of debt due to banks (disclosed under the Net Indebtedness section of the report), US\$ 87.7 million in liabilities for financial leases and US\$ 25.0 million long-term financing granted by DIS' majority shareholder (d'Amico International S.A.).

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\$ 57.4 million (essentially relating to trade and other payables), US\$ 4.6 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\$ 2.0 million short-term financing granted by DIS' majority shareholder (d'Amico International S.A.) and US\$ 5.5 million of outstanding debt on the vessel classified as 'assets held for sale'.

The **Shareholders' equity** balance as at June 30 2018 was of US\$ 377.5 million (US\$ 394.4 million as at December 31 2017). The variance relative to the previous year is primarily due to Net loss generated in the current year, partially compensated by the improvement in the valuation of cash-flow hedges.

NET INDEBTEDNESS

DIS' Net debt as at June 30, 2018 amounted to **US\$ 536.0 million** compared to US\$ 510.2 million at the end of 2017. The net debt/fleet market value ratio was of 70.1% as at June 30, 2018 vs. 66.6% as at December 31, 2017.

| <i>US\$ Thousand</i> | As at 30 June 2018 | As at 31 December 2017 |
|--|-------------------------------|-----------------------------------|
| Liquidity - <i>Cash and cash equivalents</i> | 34 579 | 29 694 |
| Current financial assets | 840 | 344 |
| Total current financial assets | 35 419 | 30 038 |
| Bank loans and other lenders– current | 116 332 | 128 488 |
| Liabilities from financial lease | 4 592 | 3 267 |
| Shareholders' financing | 2 000 | - |
| Other current financial liabilities – 3 rd p.ties | 9 891 | 10 043 |
| Total current financial debt | 132 815 | 141 798 |
| Net current financial debt | 97 396 | 111 760 |
| Other non-current financial assets – third parties | 5 658 | 5 947 |
| Other non-current financial assets – related party (DMS)* | 22 055 | 21 685 |
| Total non-current financial assets | 27 713 | 27 632 |
| Bank loans non-current | 351 354 | 357 544 |
| Liabilities from financial lease | 87 687 | 63 144 |
| Shareholders' financing | 25 000 | - |
| Other non-current financial liabilities – 3 rd p.ties | 2 309 | 5 469 |
| Total non-current financial debt | 466 350 | 426 157 |
| Net non-current financial debt | 438 637 | 398 525 |
| Net financial indebtedness | 536 033 | 510 285 |

* Please refer to the Fleet employment and partnership chapter of the Management report

The balance of *Total Current Financial Assets* (*Cash and cash equivalents* together with some short-term financial receivables) was of US\$ 35.4 million as at the end of June 2018.

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, 2018 amounted to US\$ 467.7 million, of which US\$ 116.3 million is due within one year (including also US\$ 5.5 million outstanding debt on the vessel classified as 'assets held for sale'). Other than some short term credit lines, DIS' debt as at June 30 2018 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\$ 125.2 million; (ii) Intesa medium-term facility with an outstanding debt of US\$ 22.5 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\$ 27.0 million; (iv) Danish Ship Finance 6 years term loan facility for an MR vessel built and delivered in January 2016, for an outstanding debt of US\$ 17.3 million; (v) 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\$ 15.6 million; (vi) DnB NOR Bank 5 years term loan facility to finance 1 MR vessel built in 2014, for a total outstanding debt of US\$ 16.9 million; (vii) ABN Amro 6 years term loan facility to finance 1 Handysize vessel built in 2014 for a total outstanding debt of US\$ 15.9 million; (viii) 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\$ 38.3 million; (ix) Skandinaviska Enskilda Banken (SEB) 6 years term loan facility to finance 1 MR vessel built in 2015 for a total outstanding debt of US\$ 18.8 million; (x) 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\$ 7.3 million; (xi) Monte dei Paschi di Siena 5 year term loan facility to finance 2 LR1 vessels (one delivered in November 2017 and the other under construction at Hyundai-Mipo and expected to be delivered in 2018), with an outstanding debt of US\$ 36.5 million; (xii) 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\$ 64.7 million; (xiii) ING, with an original 4.5 years term loan facility repayable in 12 months, to finance 1 Handy-size vessel built in 2003 and purchased in July 2016 for a total outstanding debt of US\$ 5.5 million. In addition, DIS' debt comprises also its portion of the bank loans of its joint venture 'Glenda International Shipping d.a.c.' with Credit Suisse and Cross Ocean AGG Company I (owned by Cross Ocean Partners), amounting to US\$ 42.8 million, to finance the 6 Glenda International Shipping d.a.c. vessels, delivered between 2009 and 2011.

Liabilities for financial leases include the financial leases on M/T High Fidelity, M/T High Discovery, M/T High Priority, and M/T High Freedom which were sold and leased back during 2017 and the first quarter of 2018.

Shareholders' loan is made of US\$ 25.0 million long-term financing and US\$ 2.0 million short-term financing granted by DIS' majority shareholder (d'Amico International S.A.).

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 2018 was slightly positive for US\$ 0.05 million** vs. US\$ 9.0 million in H1 2017. During the first half of 2018, gross capital expenditures for US\$ 72.0 million, were partially compensated by US\$ 41.1 million proceeds from disposal and US\$ 29.9 million positive financing cash flow.

| Q2 2018 UNREVIEWED | Q2 2017 UNREVIEWED | US\$ Thousand | H1 2018 | H1 2017 |
|-----------------------|-----------------------|--|---------------|---------------|
| 447 | 310 | Cash flow from operating activities | 942 | (1 086) |
| (10 878) | (9 144) | Cash flow from investing activities | (30 784) | (12 367) |
| 8 507 | 19 495 | Cash flow from financing activities | 29 893 | 22 423 |
| (1 924) | 10 661 | Change in cash balance | 51 | 8 970 |
| 19 644 | 18 473 | Cash and cash equivalents net of bank overdrafts at the beginning of the period | 17 669 | 20 164 |
| 17 720 | 29 134 | Cash and cash equivalents net of bank overdrafts at the end of the period | 17 720 | 29 134 |
| 34 579 | 40 803 | Cash and cash equivalents at the end of the period | 34 579 | 40 803 |
| (16 859) | (11 669) | Bank overdrafts at the end of the period | (16 859) | (11 669) |

Cash flow from operating activities was positive for US\$ 0.9 million in the first six months of the current year (positive for US\$ 0.4 million in Q2 2018), compared with US\$ (1.1) million negative cash flow in H1 2017. The better result achieved in H1 2018 was due mainly to a reduction in working capital.

The net **Cash flow from investing activities** was negative for US\$ (30.8) million in H1 2018 (negative for US\$ (10.9) million in Q2 2018). The 2018 amount comprises US\$ 72.0 million in 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\$ 28.0 million acquisition of a right of use for a leased asset (M/T High Freedom). The net investing cash flow includes US\$ 41.1 million 'proceeds from the disposal of fixed assets' in relation to the sale of M/T High Presence and the sale of M/T High Freedom in Q1 2018.

Cash flow from financing activities was positive for US\$ 29.9 million in H1 2018 (positive for US\$ 8.5 million in Q2 2018). This figure comprises mainly: (i) US\$ (55.1) million in bank debt repayments; (ii) US\$ 30.7 million in bank loan drawdowns; (iii) US\$ 25.9 million inception and amortization of financial leases; (iv) US\$ 1.5 million movement in financial payables; (iv) US\$ 27.0 million long-term financing granted by DIS' majority shareholder (d'Amico International S.A.).

SIGNIFICANT EVENTS OF THE FIRST SEMESTER

In H1 2018, the main events for the d'Amico International Shipping Group were the following:

d'Amico Tankers d.a.c.:

- **'Time Charter-In' Fleet:** In January 2018, the contract on M/T Carina, an MR vessel built in 2010 and time-chartered-in by d'Amico Tankers d.a.c. since 2013, was extended for a further 2 year period starting from May 2018, at a reduced rate.

In January 2018, the time-charter-in contract on M/T Port Said, an MR vessel built in 2003, with d'Amico Tankers ended and the vessel was redelivered to her Owners.

In February 2018, the contract on M/T SW Cap Ferrat I, an MR vessel built in 2002 and time-chartered-in by d'Amico Tankers d.a.c. since 2015 and due to expire in December 2018, was extended for a further year, at a reduced rate.

In April 2018, the time-charter-in contract on M/T Port Stewart, a Handy vessel built in 2003, with d'Amico Tankers ended and the vessel was redelivered to her Owners.

In May 2018, the contract on M/T High Power, an MR vessel built in 2004 and time-chartered-in by d'Amico Tankers d.a.c. since 2015 and due to expire in May 2018, was extended for a 12 month period, at a reduced rate.

In May 2018, d'Amico Tankers d.a.c. time-chartered-in M/T High Navigator, a newbuilding MR vessel built in Japan Marine United Co. (Japan) for a 8 year period and M/T High Explorer, a newbuilding MR vessel built in Onomichi Dockyard (Japan) for a 8 year period with options to extend the contract.

In June 2018, d'Amico Tankers d.a.c. time-chartered-in M/T High Leader, a newbuilding MR vessel built in Japan Marine United Co. (Japan), for a 8 year period.

- **'Time Charter-Out' Fleet:** In January 2018, a 3 year time charter contract between d'Amico Tankers and an oil-major expired and the Vessel is now employed on the Spot market.

In February 2018, d'Amico Tankers d.a.c. fixed one of its 'eco' MR vessels with an oil major for a 1 year time charter contract at a profitable rate.

In March 2018, d'Amico Tankers d.a.c. extended a 6 month time charter contract with a leading trading house on one of its LR1 vessels for a 9 months period with a charterer's option for an additional 6 months at a higher rate.

In March 2018, d'Amico Tankers d.a.c. extended its time charter contract with an oil major on three MR vessels. The first of these contracts was extended for 28 months at a profitable rate, with an option for further 8 months; the second contract was extended for 12 months at a profitable rate, with an option for further 12 months; the third contract was extended for 32 months at a profitable rate, with an option for further 6 months.

In May 2018, d'Amico Tankers d.a.c. fixed one of its newbuilding 'eco' LR1 vessels expected to be delivered in Q3 2018, with a leading trading house for 9 months charter contract with a charterer's option for an additional 6 months.

- **Newbuilding vessels:** In January 2018, M/T Cielo di Rotterdam, an 'Eco' new-building LR1 product tanker built by Hyundai Mipo Dockyard Co. Ltd. (South Korea) at their Hyundai Vinashin Shipyard Co. Ltd. in Vietnam, was delivered to the Group.

In January 2018, d'Amico Tankers agreed with Hyundai Mipo Dockyard Co. Ltd. (South Korea) to take delivery of the remaining LR1s under construction, as per the following approximate schedule: 1 vessel in January 2018, 2 vessels in July 2018 and the last 2 vessels in January 2019.

d'Amico International Shipping:

Shareholders' Loan: On June 26th, 2018, d'Amico International Shipping (the "Borrower") signed a loan agreement with its controlling shareholder, d'Amico International (the "Lender"). At the request of the Borrower, the Lender has agreed to make available to the Borrower a US\$ term revolving facility of up to US\$ 30,000,000 (the "Facility"). The purpose of the Facility is for the Borrower's long-term corporate purposes and the parties agree that part of the Facility has been granted by the Lender to the Borrower on June 30th 2018 (the "Effective date") for an amount of US\$ 25,000,000. The Facility maturity date will be the day following three (3) years from the Effective Date above (the "Maturity Date"), without prejudice to any earlier Maturity Date coinciding with the end of the Reimbursement Notice Period. Each Advance under the Facility shall carry an interest rate of 3 Months US\$ LIBOR plus the applicable margin agreed at 2% p.a. The Borrower has the right to prepay partially or in whole any single the single Advances or the whole outstanding amount at any time. In this case the amount prepaid will be available for future Advances. The Lender can demand that part or the total amount outstanding under the Facility be reimbursed by the Borrower at any time with a notice of one year and one day (the "Reimbursement Notice Period"). If at the same time as asking for a reimbursement of the full amount outstanding, the Lender also asks for an early termination of the facility, the Maturity Date of the Facility will be the last day of the Reimbursement Notice Period.

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK

d'Amico International Shipping:

Results of d'Amico International Shipping Warrants 2017-2022: on July 2nd 2018 DIS share capital was increased following the end of the first exercise period of the "d'Amico International Shipping Warrants 2017 – 2022" (ISIN code LU1588548724). During this First Exercise Period n. 518,602 Warrants were exercised at the price of Euro 0.315 per ordinary share, resulting in the subscription of no. 518,602 Warrant Shares – on the basis of a ratio of one (1) Warrant Share, for each one (1) Warrant exercised – admitted to trading on the MTA market of Borsa Italiana SpA, without nominal value and with the same rights (including that to dividends) and features as DIS' ordinary shares outstanding (the "Warrant Shares"). Following such subscription, DIS' share capital amounts to US\$ 65,373,392, represented by 653,733,920 ordinary shares without nominal value.

d'Amico Tankers d.a.c.:

- **Vessel Sales:** In July 2018, DIS announced that its subsidiary d'Amico Tankers d.a.c. signed a memorandum of agreement for the sale of the M/T Cielo di Milano, a 40,081 dwt handy product tanker vessel, built in 2003 by Shina Shipbuilding, South Korea for a consideration of US\$ 8.025 million. This transaction allows d'Amico Tankers to generate around US\$ 2.4 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.

In July 2018, DIS announced that its subsidiary d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T High Trust, a 49,990 dwt medium-range product tanker vessel, built in 2016 by Hyundai-Mipo, South Korea for a consideration of US\$ 29.5 million. This transaction allows d'Amico Tankers to generate at the vessel's delivery around US\$ 11.9 million in cash, net of commissions and the reimbursement of the Vessel's existing loan. 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 10th year of the charter period. Furthermore, d'Amico Tankers has the option to repurchase the Vessel, starting from the second anniversary of her sale at a competitive cost of funds.

- **'Time Charter-In' Fleet:** In July 2018, the contract on M/T Freja Baltic, an MR vessel built in 2008 and time-chartered-in by d'Amico Tankers d.a.c. since 2014 and due to expire in August 2018, was extended for a further 2 year period, at a reduced rate.

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

| | As at 30 June 2018 | | | | As at 31 July 2018 | | | |
|---------------------------|--------------------|------|-----------|-------|--------------------|------|-----------|-------|
| | UNREVIEWED | | | | UNREVIEWED | | | |
| | LR1 | MR | Handysize | Total | LR1 | MR | Handysize | Total |
| Owned | 2.0 | 16.0 | 8.0 | 26.0 | 3.0 | 16.0 | 8.0 | 27.0 |
| Bareboat chartered* | 0.0 | 4.0 | 0.0 | 4.0 | 0.0 | 4.0 | 0.0 | 4.0 |
| Long-term time chartered | 0.0 | 15.5 | 1.0 | 16.5 | 0.0 | 15.5 | 1.0 | 16.5 |
| Short-term time chartered | 0.0 | 11.0 | 0.0 | 11.0 | 0.0 | 11.0 | 0.0 | 11.0 |
| Total | 2.0 | 46.5 | 9.0 | 57.5 | 3.0 | 46.5 | 9.0 | 58.5 |

* with purchase obligation

Business Outlook

The IMF in their latest Global Economic Outlook of July 2018, confirmed their previous forecasts of April 2018, with projections for world real GDP growth in each of 2018 and 2019, of 3.9%. Although the recent rise in oil prices is dampening growth in oil consumption, the IEA expects the rapid economic expansion to continue driving a healthy growth in demand for petroleum products of 1.4 million b/d in both 2018 and 2019. Going into Q3 2018 we have seen an improvement in demand for product tankers in the Middle East after the local holidays and refineries came back on-line. It is expected that after the end of the Brazilian truck strike product imports by the country should generally improve. Mexico is very dependent on product imports as its refinery utilisation has been historically low, varying between 40% and 50% in the first-half of 2018. We expect imports by the country to improve for the remainder of the third quarter and especially into the last quarter.

Demand for product tankers is currently expected to continue to improve in 2018, with Clarksons have recently revised their estimated demand growth for these vessels to 2.6% in 2018. This growth is expected to be supported by exports from several areas, notably the US, Middle East and the Far East, especially China and India, as refinery expansions continue to come online within these regions. Fleet growth is also slowing which should contribute to an improvement in the demand-supply balance.

The key drivers that should affect the product tanker freight markets and d'Amico International Shipping's performance are (i) global oil supply (ii) refinery margins and the prompt and forward crude oil and refined product prices (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 IEA expects oil demand growth in H1 2018, will average 1.5 million b/d, falling to 1.3 million b/d in the second half of the year. In Q3 2018 the IEA expects a significant slowdown in world oil demand growth, followed by a rebound in Q4 2018.
- In H1 2019, growth in oil demand is expected by the IEA to amount to 1.2 million b/d, significantly slower than in the same period in 2018 (2.0 million b/d). Solid economic performance and relatively little change in outright oil prices versus 2018 will, however, support an acceleration of oil demand growth to 1.6 million b/d in the second part of 2019.
- Growth in Latin American products imports is expected to continue to find support from suppressed run rates at refineries in several countries in the region as a result of a variety of operational and maintenance issues, with throughput in Latin American refineries having declined by 1.2m bpd since 2014.
- Mexico has become the largest refined product importer in the world, taking in as much as 600,000 b/d of gasoline and 300,000 b/d of diesel, mostly from the US Gulf Coast. The new President of Mexico aims

to eliminate the countries' reliance on imports in three years. They plan to do so by building one or two new refineries, but construction will take at least five years. So we expect imports to continue rising in the medium-term.

- The International Maritime Organisation (IMO) has mandated that from 2020 vessels use marine fuels with less than 0.5% sulphur content outside the Emissions Control Areas (ECA), down from the current standard of 3.5%. Changes in this regulation is likely to lead to a surge in demand for very-low sulphur fuel, gasoil, and blends, which respect the new regulations. However, since these fuels are not available in sufficient quantities in many locations, they will have to be imported. This could structurally support demand for product tankers.
- According to Clarksons in 2018, product tanker dwt demand is projected to grow by 2.6%, with products trade anticipated to expand on several trade routes, partly as a result of expected healthy growth in non-OECD oil demand. Products exports from China are 9% higher year-on-year. Imports of Products into Mexico and the Middle East are 15% and 12%, respectively, higher year-on-year.
- 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 changing constantly, leading to product supply imbalances between regions. As these mismatches grow product tanker demand will increase.

Product Tanker Supply

- According to Clarksons', as at the beginning of 2018, 74 MR Product Tankers and 13 LR1s were scheduled to be delivered in 2018. However, by the end of Q2 only 27 MRs and 7 LR1s had been delivered.
- In the same period 23 MRs and 4 LR1s had been sold for demolition, resulting in a very limited fleet growth of 0.27% during the period (0.54% if annualised).
- Slippage, cancellations and order changes have reduced MR deliveries relative to planned at the beginning of the year, by about 33% in 2017 and an average of 30% in the previous five years.
- On average MR tankers are scrapped around 24 years of age, but average demolition age decreases in weaker markets. According to Clarksons there are 103 ships older than twenty years of age or 5% 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 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 low sulphur fuels.
- 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 2018

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

| Q2 2018 UNREVIEWED | Q2 2017 UNREVIEWED | US\$ Thousand | Note | H1 2018 | H1 2017 |
|--|-----------------------|---|------|-----------------|----------------|
| 98 853 | 96 164 | Revenue | (2) | 202 362 | 188 102 |
| (39 524) | (34 066) | Voyage costs | (3) | (76 713) | (59 438) |
| 59 329 | 62 098 | Time charter equivalent earnings | (4) | 125 649 | 128 664 |
| (33 702) | (30 687) | Time charter hire costs | (5) | (65 665) | (59 615) |
| (21 518) | (19 784) | Other direct operating costs | (6) | (42 067) | (39 689) |
| (4 140) | (3 391) | General and administrative costs | (7) | (8 100) | (7 293) |
| 14 | (39) | Result on disposal of fixed assets | (8) | 252 | 2 638 |
| (17) | 8 197 | EBITDA | | 10 069 | 24 705 |
| (9 640) | (9 356) | Depreciation | (12) | (18 893) | (18 579) |
| (9 657) | (1 159) | EBIT | | (8 824) | 6 126 |
| 2 200 | 138 | Net financial income | (9) | 3 928 | 1 651 |
| (9 095) | (6 814) | Net financial (charges) | (9) | (15 055) | (13 684) |
| (3) | 9 | Profit share of equity method investees | (10) | (1) | 90 |
| (16 555) | (7 826) | Profit / (loss) before tax | | (19 952) | (5 817) |
| (67) | (206) | Income taxes | (11) | (268) | (383) |
| (16 622) | (8 032) | Net profit / (loss) | | (20 220) | (6 200) |
| <i>The net result is attributable to the equity holders of the Company</i> | | | | | |
| (0.026) | (0.016) | Earnings / (loss) per share in US\$ ⁽¹⁾ | | (0.031) | (0.014) |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

| Q2 2018 UNREVIEWED | Q2 2017 UNREVIEWED | US\$ Thousand | H1 2018 | H1 2017 |
|--|-----------------------|--|-----------------|----------------|
| (16 622) | (8 032) | Profit / (loss) for the period | (20 220) | (6 200) |
| <i>Items that can subsequently be reclassified into Profit or Loss</i> | | | | |
| 665 | (759) | Cash flow hedges | 3 281 | (208) |
| (93) | 141 | Exchange differences in translating foreign operations | (99) | 169 |
| (16 050) | (8 650) | Total comprehensive income for the period | (17 038) | (6 239) |

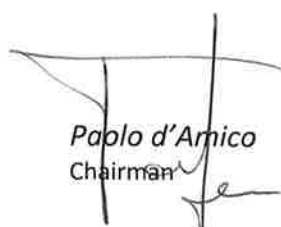
The net result is entirely attributable to the equity holders of the Company

(¹) Basic earnings per share (e.p.s.) were calculated on an average number of outstanding shares equal to 645,455,291 in the second quarter and first half of 2018 and to 494,722,313 and 454,039,213 in the second quarter and first half of 2017, respectively. In Q2/H1 2018 and Q2/H1 2017 diluted e.p.s. was equal to basic e.p.s..

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

| <i>US\$ Thousand</i> | <i>Note</i> | <i>As at 30 June 2018</i> | <i>As at 31 December 2017</i> |
|---|-------------|-------------------------------|-----------------------------------|
| ASSETS | | | |
| Property, plant and equipment | (12) | 874 901 | 792 851 |
| Investments in jointly controlled entities | (13) | 3 275 | 3 269 |
| Other Non-current financial assets | (14) | 27 713 | 27 632 |
| Total non-current assets | | 905 889 | 823 752 |
| Assets held for sale | (15) | 8 000 | 77 750 |
| Inventories | (16) | 17 966 | 15 495 |
| Receivables and other current assets | (17) | 66 762 | 66 200 |
| Other current financial assets | (14) | 840 | 344 |
| Cash and cash equivalents | (18) | 34 579 | 29 694 |
| Total current assets | | 128 147 | 189 483 |
| TOTAL ASSETS | | 1 034 036 | 1 013 235 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Share capital | (19) | 65 322 | 65 322 |
| Retained earnings | (19) | 6 169 | 26 389 |
| Other reserves | (19) | 306 015 | 302 721 |
| Total shareholders' equity | | 377 506 | 394 432 |
| Banks and other lenders | (20) | 351 354 | 357 544 |
| Liabilities from financial leases | (21) | 87 687 | 63 144 |
| Shareholders' financing | (22) | 25 000 | - |
| Other non-current financial liabilities | (23) | 2 309 | 5 469 |
| Total non-current liabilities | | 466 350 | 426 157 |
| Banks and other lenders | (20) | 116 332 | 128 488 |
| Liabilities from financial leases | (21) | 4 592 | 3 267 |
| Shareholders' financing | (22) | 2 000 | - |
| Payables and current liabilities | (24) | 57 360 | 50 811 |
| Other current financial liabilities | (23) | 9 891 | 10 043 |
| Current tax payable | (25) | 5 | 37 |
| Total current liabilities | | 190 180 | 192 646 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 1 034 036 | 1 013 235 |

31 July 2018
On behalf of the Board



Paolo d'Amico
Chairman



Marco Fiori
Chief Executive Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

| Q2 2018 UNREVIEWED | Q2 2017 UNREVIEWED | US\$ Thousand | H1 2018 | H1 2017 |
|-----------------------|-----------------------|--|-----------------|-----------------|
| (16 622) | (8 032) | Profit (loss) for the period | (20 220) | (6 200) |
| 9 640 | 9 356 | Depreciation, amortisation and write-down | 18 893 | 18 579 |
| 40 | 206 | Current and deferred income tax | 241 | 383 |
| 6 789 | 6 283 | Financial charges (income) | 11 778 | 12 451 |
| 106 | 393 | Unrealised foreign exchange result | (651) | (418) |
| (14) | (9) | Profit on disposal of fixed assets | (251) | (90) |
| 3 | 39 | Profit share of equity accounted investment | 1 | (2 638) |
| (58) | 8 236 | Cash flow from operating activities before changes in working capital | 9 791 | 22 067 |
| (2 168) | (2 071) | Movement in inventories | (2 470) | (3 287) |
| 461 | - | Change in contract assets | 3 269 | - |
| (167) | 740 | Change in other amounts receivable | (5 547) | (2 037) |
| (288) | - | Change in contract liabilities | 1 420 | - |
| 10 211 | (1 104) | Change in other amounts payable | 6 441 | (6 606) |
| (38) | (330) | Taxes (paid) received | 26 | (408) |
| (7 541) | (5 125) | Net interest paid | (12 684) | (10 815) |
| (29) | (36) | Movement in other financial liabilities | 564 | - |
| 64 | - | Movement in share option reserve | 132 | - |
| 447 | 310 | Net cash flow from operating activities | 942 | (1 086) |
| (10 909) | (35 664) | Acquisition of fixed assets | (72 032) | (62 848) |
| - | 26 491 | Proceeds from disposal of fixed assets | 41 103 | 50 291 |
| - | - | Dividend from equity accounted investee | 83 | 132 |
| 31 | 29 | Movement in financing to equity accounted investee | 62 | 58 |
| (10 878) | (9 144) | Net cash flow from investing activities | (30 784) | (12 367) |
| - | 37 894 | Share capital increase | - | 37 894 |
| (91) | 205 | Other changes in shareholder's equity | (118) | 291 |
| 27 000 | (10 001) | Shareholders' financing | 27 000 | (10 001) |
| 1 167 | - | Movement in other financial receivables | 1 167 | - |
| (1 065) | (6 137) | Net movement in other financial payable | 375 | (2 000) |
| (23 258) | (33 574) | Bank loan repayments | (55 081) | (64 677) |
| 5 833 | 4 361 | Bank loan draw-downs | 30 682 | 34 169 |
| - | 27 000 | Proceeds from financial lease inception | 28 000 | 27 000 |
| (1 079) | (253) | Repayments of financial lease | (2 132) | (253) |
| 8 507 | 19 495 | Net cash flow from financing activities | 29 893 | 22 423 |
| (1 924) | 10 661 | Net increase/ (decrease) in cash and cash equivalents | 51 | 8 970 |
| 19 644 | 18 473 | Cash and cash equivalents net of bank overdrafts at the beginning of the period | 17 669 | 20 164 |
| 17 720 | 29 134 | Cash and cash equivalents net of bank overdrafts at the end of the period | 17 720 | 29 134 |
| 34 579 | 40 803 | Cash and cash equivalents at the end of the period | 34 579 | 40 803 |
| (16 859) | (11 669) | Bank overdrafts at the end of the period | (16 859) | (11 669) |

*As allowed by the practical expedient in IFRS 15, the Company does not disclose the movement in contract assets and contract liabilities referring to comparative periods of 2017

INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

| <i>US\$ Thousand</i> | Share capital | Retained earnings | Other Reserves | | Total |
|-------------------------------------|------------------|----------------------|----------------|----------------------------|----------------|
| | | | <i>Other</i> | <i>Cash-Flow hedge</i> | |
| Balance as at 1 January 2018 | 65 322 | 26 389 | 301 757 | 964 | 394 432 |
| Share option cost | - | - | 132 | - | 132 |
| Cost of issue | - | - | (20) | - | (20) |
| Total comprehensive income | - | (20 220) | (99) | 3 281 | (17 038) |
| Balance as at 30 June 2018 | 65 322 | 6 169 | 301 770 | 4 245 | 377 506 |

| <i>US\$ Thousand</i> | Share capital | Retained earnings | Other Reserves | | Total |
|-------------------------------------|------------------|----------------------|----------------|----------------------------|----------------|
| | | | <i>Other</i> | <i>Cash-Flow hedge</i> | |
| Balance as at 1 January 2017 | 42 851 | 64 472 | 257 535 | (1 492) | 363 366 |
| 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) |
| Balance as at 30 June 2017 | 56 876 | 58 272 | 281 696 | (1 700) | 395 144 |

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 ultimate parent company of the Group is d'Amico Società di Navigazione.

The financial statements of 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 or Other comprehensive income for the effective portion of the hedges.

The financial statements are presented in U.S. Dollars, which is the functional currency of the Company and its principal subsidiaries.

1. ACCOUNTING POLICIES

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

Basis of 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 2018.

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 2017.

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 2017.

The Group reviews the Fleet for impairment at each reporting date by reference to events and independent third party shipbroker valuations. If there is an indication of impairment, value in use calculations for the cash generating units are prepared based on estimates of future cash flows discounted at the Group's weighted average cost of capital, see note 12.

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 26.

Segment Information

d'Amico International Shipping transports refined petroleum products and vegetable oils and 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. The Company monitors, evaluates and allocates the Group's resources to one geographical and business unit, operations are run in one single currency – the US\$ – and 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 2018

IFRS 15 – *Revenue from contracts with customers*, is effective for periods beginning on or after 1 January 2018.

IFRS 9 – *Financial Instruments*, with an effective date for accounting periods beginning on or after 1 January 2018.

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 16 – *Leases* is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted, as long as IFRS 15 is also applied.

The changes for lessors, and for lessees under current finance leases, will be limited, but the standard will significantly affect the treatment by lessees of what are currently treated as operating leases. With some exceptions, lessees under current operating leases will be required to record a liability for the payments under the lease, which remains discounted at the rate implicit in the lease (or if not known, the lessee's incremental borrowing rate), and record a corresponding leased asset (amounting to the liability plus the present value of any restoration costs and any incremental costs in entering the lease, as well as any lease payments made prior to commencement of lease, minus any lease incentives already received).

Based on existing operating lease commitments the directors estimate that as at 30 June 2018 there would be recognition of an additional leased asset of US\$ 144.1 million and an additional lease liability of US\$ 144.1 million.

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.

Changes in accounting policies

Hereby we explain the impact of the adoption of IFRS 15 Revenue from contract with customers and IFRS 9 Financial Instruments on the Group's financial statements and we disclose the new accounting policies that have been applied from 1 January 2018, where they differ from those applied in the prior period.

Impact on the financial statements

As a result of the changes in the entity's accounting policies, prior year financial statements did not have to be restated since the impact of their application on prior year financials is not material.

IFRS 15 Financial Instruments – Impact of adoption

The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around five steps in recognising revenue:

- 1) Identify the performance obligations in the contract;
- 2) Determine the transaction price;
- 3) Allocate the transaction price to the performance obligation;
- 4) Recognise revenue when a performance obligation is satisfied;
- 5) The standard also provides specific principles to apply, when there is a contract modification, accounting for contract costs and accounting for refunds and warranties.

All of DIS' revenues from contracts with its customers are recognised over the time. The Group has disclosed the details for two main categories, reflecting the differences in the type of contracts and timing of cash-flows: time charters, for which hire is paid monthly in advance for a specified period of time, and spot voyages, for which freight is paid at voyage completion, for moving cargo from the loading to the discharging port. The breakdown is aligned with the Company's revenues disclosures in other communications to the financial community and to its shareholders by its chief operating decision makers (e.g. investor presentations and press releases), and with the information used to make resource allocation decisions and with its use by peers in the shipping industry.

The Group has undertaken a review of its contracts and considers the main changes is the later recognition of revenue on voyage charters, with a change from a discharge to discharge basis to a load to discharge basis, and a resulting later recognition on these contracts. The effect of these changes on the retained earnings as at 30 June 2018 is an increase of US\$ 0.6 million. IFRS 15 does not have a significant impact on the net assets, financial position and results of operations of DIS, no assets are recognised from the cost to fulfil a contract. Nevertheless the disclosures to be presented in the financial statements and notes are extensive.

IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces IAS 39 and deals with the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting.

Financial assets are measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income. A financial asset can only be measured at amortised cost when the Group has a business model to hold the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding. When the requirements for measuring the financial asset at amortised cost are met, but the business model also includes the selling of those instruments, then these financial assets are measured at fair value through other comprehensive income. All other financial assets are measured at fair value through profit or loss. The Group has considered its available-for-sale and held-to-maturity financial assets and there isn't a material adjustment arising from the classification changes of IFRS 9.

Embedded derivatives within a host contract within the scope of IFRS 9 are no longer separated and the whole contract is measured at fair value through profit or loss, when the host contract is an asset; they might be, however, if the host contract is a liability within the scope of IFRS 9. There are no change to the treatment of embedded derivatives in a host contract that is not a financial instrument. The Group has embedded derivatives within its contracts, although they are not financial instruments within the scope of IFRS 9 and therefore are not recognised within these financial statements.

The derecognition principles of IAS 39, 'Financial Instrument: Recognition and Measurement', have been transferred to IFRS 9, with no impact on the Group's net Assets.

The impairment model in IFRS 9 moves to one that is based on expected credit losses, rather than the IAS 39 incurred loss model. The impairment requirements apply to financial assets measured at amortised cost and fair

value through other comprehensive income, with expected credit losses recognised on initial recognition based on 12 months expected credit losses, or if there has been a significant increase in the credit risk of the financial asset then the impairment is based on lifetime expected losses.

The Group's financial assets mainly consist of trade receivables without a significant financing element, and the Group has therefore applied an impairment model based on the life time expected losses for such instruments. The increase in the provision recognised in H1 2018 under this basis is of US\$ 0.4 million.

Apart from cash and cash equivalents, the Group's other material financial assets not measured at fair value is the financing extended to d'Amico Mitsubishi Shipping. Under IFRS9, this asset is assessed at each period-end to ascertain whether the credit risk relating to it has increased significantly since initial recognition. If it has, then a provision is made for lifetime expected credit losses on it. If it has not, then only credit losses expected on defaults within 12 months of the period end are recognised. So far, there has been no significant increase in credit risk on this asset and there is no expected future credit loss.

2. REVENUE

| <i>US\$ Thousand</i> | Q2 2018 | Q2 2017 | H1 2018 | H1 2017 |
|---|----------------|----------------|----------------|----------------|
| Revenues from voyage-charter (spot) and demurrage | 71 113 | 73 234 | 149 572 | 132 183 |
| Revenues from time-charter | 27 740 | 22 930 | 52 790 | 55 919 |
| Total revenue | 98 853 | 96 164 | 202 362 | 188 102 |

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

As indicated within the accounting principles, no assets are recognised from the cost to fulfil a contract.

Transaction price allocated to the remaining performance obligations

The following table shows unsatisfied performance obligations resulting from long term Time-Charter contracts at the end of the reporting period.

| <i>US\$ Thousand</i> | As at 30 June 2018 |
|--|-------------------------------|
| Aggregate amount of the transaction price allocated to Time-Charter contracts that are partially or fully <i>unsatisfied</i> | 102 462 |

Management expects that 44% of the transaction price allocated to the unsatisfied contracts as of 30 June 2018 will be recognised as revenue in the second half of 2018 (US\$44.6 million), with an additional 43% (US\$44.1 million) recognised in 2019. The remaining 13.4% (US\$ 13.7 million) will be recognised in 2020 and 2021.

As permitted under the transitional provisions in IFRS 15, the transaction price allocated to (partially) unsatisfied performance obligations as at 31 December 2017 is not disclosed.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period related to carried-forward contract liabilities of prior year.

| <i>US\$ Thousand</i> | As at 30 June 2018 |
|--|-------------------------------|
| Time-Charter revenue recognized in the period, that was included in the contract liability balance at the beginning of the period* | 1 491 |

*As allowed by the practical expedient in IFRS 15, the Company does not disclose the transaction price allocated to unsatisfied performance obligations for contracts that have an expected term shorter than one year (spot voyages)

3. VOYAGE COSTS

| <i>US\$ Thousand</i> | Q2 2018 | Q2 2017 | H1 2018 | H1 2017 |
|----------------------|-----------------|-----------------|-----------------|-----------------|
| Bunkers (fuel) | (22 532) | (18 253) | (43 177) | (33 128) |
| Commissions | (2 463) | (2 330) | (5 027) | (4 245) |
| Port charges | (14 514) | (12 790) | (28 732) | (21 553) |
| Other | (15) | (693) | 223 | (512) |
| Total | (39 524) | (34 066) | (76 713) | (59 438) |

Voyage costs are operating costs resulting from the employment, direct or through partnerships, of the vessels of the fleet, mostly in Voyage Charters and in Contracts of Affreightment. Voyage costs generated for vessels employed through Time-charter contracts, refer exclusively to broker commissions.

4. TIME CHARTER EQUIVALENT EARNINGS

| <i>US\$ Thousand</i> | Q2 2018 | Q2 2017 | H1 2018 | H1 2017 |
|----------------------------------|----------------|----------------|----------------|----------------|
| Time charter equivalent earnings | 59 329 | 62 098 | 125 649 | 128 664 |

Time charter equivalent earnings represent revenue less voyage costs. In the first half of 2018 vessel days on fixed rate contracts represented about 32.3% of total available vessel days (HY1 2017: 36.9%).

5. TIME CHARTER HIRE COSTS

| <i>US\$ Thousand</i> | Q2 2018 | Q2 2017 | H1 2018 | H1 2017 |
|-------------------------|----------------|----------------|----------------|----------------|
| Time charter hire costs | (33 702) | (30 687) | (65 665) | (59 615) |

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

6. OTHER DIRECT OPERATING COSTS

| <i>US\$ Thousand</i> | Q2 2018 | Q2 2017 | H1 2018 | H1 2017 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Crew costs | (10 947) | (10 469) | (21 506) | (20 961) |
| Technical expenses | (3 270) | (3 269) | (7 586) | (9 491) |
| Luboil | (668) | (688) | (1 408) | (1 462) |
| Technical and quality management | (2 017) | (2 825) | (4 187) | (4 994) |
| Insurance | (1 560) | (1 255) | (2 773) | (2 879) |
| Other costs | (3 056) | (1 278) | (4 607) | 98 |
| Total | (21 518) | (19 784) | (42 067) | (39 689) |

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 2018, d'Amico International Shipping S.A. and its subsidiaries had 768 employees, of which 731 seagoing personnel and 37 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> | Q2 2018 | Q2 2017 | H1 2018 | H1 2017 |
|--|----------------|----------------|----------------|----------------|
| Personnel | (1 694) | (1 228) | (3 517) | (2 851) |
| Other general and administrative costs | (2 446) | (2 163) | (4 583) | (4 442) |
| Total | (4 140) | (3 391) | (8 100) | (7 293) |

Personnel costs relate to on-shore personnel salaries, including the amount of US\$ 132 thousand in H1 2018 and US\$ 64 thousand in Q2 2018, representing the 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\$ 2.3 million in H1 2018 and US\$ 1.2 million in Q2 2018. US\$ 0.2 million administrative income from commissions for the management of third party vessels through a commercial agreement, are deducted from these costs.

8. RESULT FROM DISPOSAL OF FIXED ASSETS

| <i>US\$ Thousand</i> | Q2 2018 | Q2 2017 | H1 2018 | H1 2017 |
|---------------------------------|----------------|----------------|----------------|----------------|
| Result from disposal of vessels | 14 | (39) | 252 | 2 638 |

Amounts in the first half of 2018 refer to the sale in Q1 2018 of M/T High Presence and the deferral of the result on disposal of M/T High Freedom, which was sold and leased back in Q1 2018, as well as deferral of results on disposal of M/T High Fidelity, M/T High Priority and M/T High Discovery, which were sold and leased-back during 2017. The amount in H1 2017 included the result of the sale of M/T High Endurance, M/T High Endeavour as well as deferral of results on the disposal of the M/T High Fidelity.

Second quarter amounts in 2018 and 2017 refer to deferred results on vessel disposals.

9. NET FINANCIAL INCOME (CHARGES)

| US\$ Thousand | Q2 2018 | Q2 2017 | H1 2018 | H1 2017 |
|--|----------------|----------------|-----------------|-----------------|
| Financial Income | | | | |
| <i>Loans and receivables at amortised cost:</i> | | | | |
| Interest Income | 84 | 115 | 179 | 199 |
| Realised on derivative instruments | 679 | 61 | 679 | 61 |
| Realised exchange differences | 565 | - | 73 | - |
| <i>At fair value through income statement:</i> | | | | |
| Unrealised gains on derivative instruments | 872 | (14) | 2 627 | 437 |
| Unrealised exchange differences | - | (24) | 370 | 954 |
| Total financial income | 2 200 | 138 | 3 928 | 1 651 |
| Financial Charges | | | | |
| <i>Financial liabilities measured at amortised cost:</i> | | | | |
| Interest expense and financial fees | (7 841) | (6 434) | (14 680) | (13 137) |
| Exchange differences | - | (369) | - | (536) |
| <i>At fair value through income statement:</i> | | | | |
| Unrealised losses on derivative instruments | (375) | (11) | (375) | (11) |
| Unrealised exchange differences | (879) | - | - | - |
| Total financial charges | (9 095) | (6 814) | (15 055) | (13 684) |
| Net financial charges | (6 895) | (6 676) | (11 127) | (12 033) |

Realised financial income in the first six months of 2018 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, interest income from the Equity release on the IRS on High Freedom (following the sale of the vessel) amounting to US\$ 0.5 million and realised foreign exchange of US\$ 0.3 million, of which 0.2 million on derivative instruments.

Unrealised financial income in the first-half of 2018 include the ineffective portion (fair value) of the interest rate swaps cash-flow hedges of US\$ 2.6 million and exchange difference amounting to US\$ 0.4 million arising from the JPY financing provided to the joint venture DM Shipping (in H1 2017 the unrealised exchange difference was of US\$ 1.0 million).

Realised financial charges in the first-half of 2018 include interest expense amounting to US\$14.7 million arising from interest charges on bank loans, realised expenses on interest rate swaps, and the interest implicit in the financial lease of vessels (US\$ 2.9 million). Realised financial charges include also the amortization of financial fees amounting to US\$1.4 million.

Unrealised financial charges in the first-half of 2018 include an unrealised loss of US\$ 0.4 million arising from the valuation of interest rate derivatives not classified as hedging instruments.

In summary, in Q2 and the first-half of 2018 the unrealised gains amount to US\$ 0.9 million and US\$ 3.0 million, respectively, while the unrealised losses amount to US\$ 1.3 million and US\$ 0.4 million, respectively. In addition, in Q2 and the first-half of 2018, the realised gains amount to US\$1.3 million and US\$0.9 million, respectively, while the realised losses amount to US\$7.8 million and US\$14.7 million, respectively.

10. PROFIT SHARE OF EQUITY-ACCOUNTED INVESTEEs

The result from investment consists of DIS' share of the profit and loss of the investee accounted for with the equity method, amounting to a loss of US\$ 1 thousand and US\$ 3 thousand in H1 and Q2 2018 respectively; for the same periods of 2017 this result was a gain of US\$ 90 thousand and US\$ 9 thousand, respectively.

11. TAX

| <i>US\$ Thousand</i> | Q2 2018 | Q2 2017 | H1 2018 | H1 2017 |
|----------------------|----------------|----------------|----------------|----------------|
| Current income taxes | (67) | (206) | (268) | (383) |

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. (not consolidated) obtained the ruling commencing 1 January 2009 and Glenda International Shipping from January 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 first-half 2018 total tonnage tax provision for d'Amico Tankers d.a.c. and Glenda International Shipping d.a.c. amounts to US\$ 141 thousand (US\$ 70 thousand in Q2 2018). 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 in H1 2018 (US\$ 90 thousand in Q2 2018).

12. TANGIBLE ASSETS

| <i>US\$ Thousand</i> | Fleet on water | Vessels under construction | Leased asset | Dry-dock | Other assets | Total |
|----------------------------------|-----------------------|-----------------------------------|---------------------|-----------------|---------------------|----------------|
| At 1 January 2018 | | | | | | |
| Cost or valuation | 839 385 | 79 128 | 68 000 | 19 211 | 3 202 | 1 008 926 |
| Accumulated depreciation | (200 855) | - | (1 087) | (12 333) | (1 800) | (216 075) |
| Net book amount | 638 530 | 79 128 | 66 913 | 6 878 | 1 402 | 792 851 |
| Period ended 30 June 2018 | | | | | | |
| Opening net book amount | 638 530 | 79 128 | 66 913 | 6 878 | 1 402 | 792 851 |
| Additions | - | 43 826 | 28 000 | - | 206 | 72 032 |
| Vessel delivered | 46 522 | (46 522) | - | - | - | - |
| Disposals at cost | (32 721) | - | - | - | - | (32 721) |
| Reclassification | - | - | - | 18 | - | 18 |
| Depreciation charge | (15 842) | - | (1 769) | (1 006) | (276) | (18 893) |
| Depreciation write-back | 5 614 | - | - | - | - | 5 614 |
| From Held-for-sale to Fleet | 56 000 | - | - | - | - | 56 000 |
| Closing net book amount | 698 103 | 76 432 | 93 144 | 5 890 | 1 332 | 874 901 |
| At 30 June 2018 | | | | | | |
| Cost or valuation | 909 936 | 76 432 | 96 000 | 13 798 | 3 408 | 1 099 574 |
| Accumulated depreciation | (211 833) | - | (2 856) | (7 908) | (2 076) | (224 673) |

The following table shows, for comparison purposes, the changes in the fixed assets in the first half of 2017.

| <i>US\$ Thousand</i> | Fleet on water | Vessels under construction | Leased asset | Dry-dock | Other assets | Total |
|----------------------------------|-----------------------|-----------------------------------|---------------------|-----------------|---------------------|----------------|
| At 1 January 2017 | | | | | | |
| Cost or valuation | 881 913 | 86 844 | - | 17 847 | 2 113 | 988 717 |
| Accumulated depreciation | (166 405) | - | - | (9 880) | (1 704) | (177 989) |
| Net book amount | 715 508 | 86 844 | - | 7 967 | 409 | 810 728 |
| Period ended 30 June 2017 | | | | | | |
| 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 |
| Closing net book amount | 710 012 | 82 687 | 26 892 | 7 938 | 937 | 828 466 |
| At 30 June 2017 | | | | | | |
| 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) |

Tangible fixed assets are comprised of the following:

FLEET

The net book value of our fleet as at 30 June 2018 amounts to US\$ 873.6 million and comprises the net book value of the Fleet on the water, the book value of the vessels under construction and the net book value of dry-docks, as well as the capitalised and depreciated value of our financial leases obligations (our Rights of Use).

Additions for vessels under construction in the period ended 30 June 2018, include instalments paid to the yard, capitalised interest on pre-delivery bank loans, as well as newbuilding supervision costs and cost of first supply and additional equipment bought for the vessel, totalling US\$ 28.5 million on one vessel that was delivered in the month of January and US\$ 15.3 million on a further four vessels in the course of construction expected to be delivered between 2018 and 2019. Capitalized interest on pre-delivery bank loans in the first half of 2018 amount to US\$ 0.6 million (HY1 2017: 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 Freedom, which was sold and bareboat chartered back for a period of ten years to d'Amico Tankers d.a.c. in February 2018, for a consideration of US\$ 28.0 million. The contract includes a purchase obligation at the end of the 10th year, as well as options to repurchase the asset from the second anniversary from the sale date.

The total fair value of the Group fleet as 30 June 2018, based on broker valuations received for the vessels' charter-free market value, amounts to US\$ 764.2 million and includes – besides DTL owned vessels, DTL's leased assets, newbuilding contracts, DIS' share of the fleet value of Glenda International Shipping Ltd (a joint-operation, consolidated with the proportional method), and DIS' share of the vessels owned by the companies consolidated with equity method, amounting to US\$ 16.4 million.

Fleet's Recoverable Amount (Value in Use, Fair Value and 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 the last ten-years average demolition prices (iv) DIS current capital structure; (v) The figures have been discounted at a rate of 6.59% (before inflation), which represents the Company's weighted average cost of capital based on the Company's current cost of financing, DIS' estimate of its required 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 as at 30 June 2018, is of US\$ 80.0 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 2018 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; no vessels dry-docked in the first semester of 2018.

OTHER ASSETS

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

13. INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

| <i>US\$ Thousand</i> | As at 30 June 2018 | As at 31 December 2017 |
|------------------------------|-------------------------------|-----------------------------------|
| Eco Tankers Limited | 3 275 | 3 269 |
| DM Shipping d.a.c | - | - |
| Equity accounted investments | <u>3 275</u> | <u>3 269</u> |

As at 30 June 2018 investments accounted for using the equity method amounted to US\$ 3.3 million (31 December 2017: US\$ 3.3 million). The movement during the semester reflects DIS' share of the movement of Eco Tankers Limited's shareholder's equity.

14. OTHER FINANCIAL ASSETS

| <i>US\$ Thousand</i> | As at 30 June 2018 | | | As at 31 December 2017 | | |
|--------------------------------------|-------------------------------|------------|---------------|-----------------------------------|------------|---------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Long-term financing DM Shipping | 22 055 | - | 22 055 | 21 685 | - | 21 685 |
| Financial receivable | 4 000 | 32 | 4 032 | 5 200 | - | 5 200 |
| Fair value of derivative instruments | 1 481 | 786 | 2 267 | 559 | 322 | 881 |
| Deferred loss | 177 | 22 | 199 | 188 | 22 | 210 |
| Total | <u>27 713</u> | <u>840</u> | <u>28 553</u> | <u>27 632</u> | <u>344</u> | <u>27 976</u> |

The non-current amount of US\$ 27.9 million as at 30 June 2018 includes US\$ 22.1 million corresponding to the US Dollar equivalent of the JP¥ 2.4 billion d'Amico Tankers d.a.c.'s long-term financing to the jointly controlled entity DMS, provided as own capital to finance the acquisition of DMS' vessels; it also includes US\$ 4.0 million financial receivable from the sale of the vessels M/T High Endurance and M/T High Endeavour in Q1 of 2017, US\$ 1.5 million representing the non-current part of the valuation of the Interest Rate Swaps hedging instruments, US\$ 0.2 million corresponding to the deferred losses on the sale and leasebacks of the vessels M/T High Discovery and M/T High Priority.

15. ASSETS HELD FOR SALE

| <i>US\$ Thousand</i> | As at 30 June 2018 | As at 31 December 2017 |
|----------------------|-------------------------------|-----------------------------------|
| Assets held for sale | <u>8 000</u> | <u>77 750</u> |

Assets held for sale as at 30 June 2018, relates to the vessel that the Company intends to sell in 2018. As at 31 December 2017, the Company intended to sell four vessels, three of which it no longer intends to sell. For the vessel classified as held for sale as at 31 December 2017 and 30 June 2018, the M/T Cielo di Milano, the Company signed a Memorandum of Agreement for its disposal on 22 June 2018, but the vessel still was not delivered to its buyers. The liability associated with the asset is represented by US\$ 5.5 million term loan facility, as indicated in note 20.

16. INVENTORIES

| <i>US\$ Thousand</i> | As at 30 June 2018 | As at 31 December 2017 |
|----------------------|-----------------------|---------------------------|
| Inventories | 17 966 | 15 495 |

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 notes 3 and 6.

17. RECEIVABLES AND OTHER CURRENT ASSETS

| <i>US\$ Thousand</i> | As at 30 June 2018 | As at 31 December 2017 |
|--------------------------------------|-----------------------|---------------------------|
| Contractual receivables | 48 357 | 48 674 |
| Contract assets | 10 712 | 13 981 |
| Other debtors | 4 984 | 1 717 |
| Prepayments and other accrued income | 2 709 | 1 828 |
| Total | 66 762 | 66 200 |

As at 30 June 2018 Contractual receivables amounts to US\$ 48.4 million, net of allowance for credit losses of US\$ 1.4 million (2017: US\$ 0.6 million); contractual receivables are recognised when the right to consideration becomes unconditional, that is when the ship is made available to the customer in the case of Time Charter contracts or when the voyage is completed in the case of a Spot contract. The comparatives to 31 December 2017 were classified with the same criteria and an amount of US\$ 1.0 million has been moved to “other debtors”

Revenue-related contract assets, represent accrued income arising from the Group’s right to consideration for work completed but not billed at the reporting date on spot contracts (conditional right to consideration for the completed contractual performance) and amounts to US\$ 10.7 million. Contract assets were previously presented as part of the trade receivables. The amount of contract receivable increases as the controlled fleet increases, as freight and time-charter rates rise, as the proportion of the Company’s vessels employed on the Spot market rises, and if there are is an increase in delays relative to normal contractual payment terms. The amount of contract assets increase for the same reasons, except that they are not affected by payment delays and they are affected to larger extent by an increase in the proportion of vessels employed on the spot market.

Other current assets principally consist of other debtors amounting to US\$ 5.0 million and prepayments and other accrued income amounting to US\$ 2.7 million.

18. CASH AND CASH EQUIVALENTS

| <i>US\$ Thousand</i> | As at 30 June 2018 | As at 31 December 2017 |
|---------------------------|-----------------------|---------------------------|
| Cash and cash equivalents | 34 579 | 29 694 |

Cash and cash equivalents comprise US\$ 2.4 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 regularly, according to changes in the mark-to-market valuations of such contracts.

19. SHAREHOLDERS' EQUITY

Changes in the first six months of 2018 Shareholders' equity items are detailed in the relevant statement.

Share capital

As at 30 June 2018, the share capital of d'Amico International Shipping amounted to US\$ 65,321,531.80, corresponding to 653,215,318 ordinary shares with no nominal value.

Retained earnings

As at 30 June 2018, 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> | As at 30 June 2018 | As at 31 December 2017 |
|-------------------------------------|-------------------------------|-----------------------------------|
| Share premium reserve | 316 574 | 316 594 |
| Treasury shares | (18 122) | (18 122) |
| Share option reserve | 556 | 424 |
| Hedging reserve / through OCI | 4 245 | 964 |
| Retranslation reserve / through OCI | (346) | (247) |
| Legal reserve | 3 108 | 3 108 |
| Total | 306 015 | 302 721 |

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 December 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 deducted from the share premium reserve.

Treasury shares

Treasury shares as at 30 June 2018 consist of 7,760,027 ordinary shares (YE 2017: 7,760,027) amounting to US\$ 18.1 million (2017: US\$ 18.1 million), corresponding to 1.2% of the outstanding shares at the financial position date (YE 2017: 1.2%). 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 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 26.

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

This reserve is legally required in Luxembourg and is not distributable.

20. BANKS AND OTHER LENDERS

US\$ Thousand

Non-current liabilities

Banks and other lenders

Current liabilities

Banks and other lenders

Total

As at
30 June 2018

As at
31 December 2017

351 354

357 544

116 332

128 488

467 686

486 032

The following tables show the carrying amounts per each facility at the balance sheet closing dates of 30 June 2018 and 31 December 2017, expressed in US\$ thousand.

| Lender / Details | Asset | Repayment terms | interest% | Loan- to-value (1) | Financial Covenants | Short-term | Long-term | Total 30 June 2018 |
|---|---|---|--|--------------------|---|------------|-----------|--------------------|
| 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 Cielo di New York Cielo di Rotterdam Cielo di Cagliari Cielo di Houston Cielo di Londra | 19 or 20 consecutive quarterly instalments from draw-down + balloon at maturity (total balloon for the vessels already on water= US\$ 63.04m) | US\$ LIBOR + 2.0 % or + 2.15% according to vessel employment | < 76.9% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 13 541 | 111 667 | 125 208 |
| Crédit Agricole CIB & DNB NOR Bank ASA / July 2011 US\$ 48m Term Loan Facility | High Seas High Tide | 28 consecutive quarterly instalments + balloon payment of US\$ 12.3m for each vessel at maturity | US\$ LIBOR + 2.10% | < 74.1% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 27 016 | - | 27 016 |
| Danish Ship Finance A/S / Oct. 2013 US\$ 31.5m Term Loan facility | High Trust | 12 consecutive semi-yearly instalments + US\$ 12m balloon at maturity | US\$ LIBOR + 2.75% | < 80.0% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 1 333 | 16 000 | 17 333 |
| Danish Ship Finance A/S / Dec. 2013 US\$ 39m Term Loan Facility | High Freedom (sold Feb. 2018) High Loyalty | 14 consecutive semi-yearly instalments, + US\$ 10.4m balloon for each vessel at maturity | US\$ LIBOR + 2.35% | < 80.0% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 1 300 | 14 300 | 15 600 |
| DNB Bank ASA / Dec. 2016 US\$ 19.4m Term Loan Facility | High Voyager | 20 consecutive quarterly instalments + US\$ 11.7m balloon at maturity | US\$ LIBOR + 2.55% | < 76.9% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 1 482 | 15 434 | 16 916 |
| MPS Capital Services SpA / July 2015 US\$ 58m Term Loan Facility | Cielo Bianco Cielo Rosso | 10 consecutive half-yearly instalments from draw-down + balloon at maturity (US\$ 17.9m balloon at maturity for the vessel already on water) | US\$ LIBOR + 2.25% | < 80.0% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 30% | 13 314 | 23 202 | 36 516 |
| Skandinaviska Enskilda Banken AB / March 2015 US\$ 23.1m Term Loan Facility | High Trader | 24 consecutive quarterly instalments + US\$ 13.8m balloon at maturity | 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 | 17 376 | 18 788 |
| Crédit Agricole CIB / June 2015 US\$ 9.5m facility | Cielo di Guangzhou | 16 consecutive quarterly instalments + US\$ 5.5m balloon at maturity | US\$ LIBOR + 2.10% | < 74.1% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 1 000 | 6 250 | 7 250 |
| Banca IMI SpA / Oct. 2014 US\$ 45.1m 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% | < 75.0% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 3 011 | 35 293 | 38 304 |
| ABN Amro Bank N.V. / Dec. 2016 US\$ 19.5m Term Loan Facility | Cielo di Gaeta | 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% | 1 760 | 14 144 | 15 904 |
| Tokyo Century Corp. / Dec. 2014 US\$ 41.6m Term Loan Facility | Cielo di Hanoi Cielo di Salerno | 24 consecutive quarterly instalments + US\$ 12.5m balloon for each vessel at maturity | US\$ LIBOR + 2.3% | < 86.9% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 2 776 | 34 313 | 37 089 |
| Tokyo Century Corp. / November 2015 US\$ 21.8m facility | High Challenge | 24 consecutive quarterly instalments + US\$ 13.1m balloon at maturity | US\$ LIBOR + 2.2% | < 86.9% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 1 452 | 18 513 | 19 965 |

continues

continuing

| | | | | | | | | |
|--|--|--|----------------------------------|--------|---|----------------|----------------|----------------|
| Tokyo Century 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% | 1 904 | 5 726 | 7 630 |
| ING Bank N.V. - London Branch / July 2017 US\$6.6m Term Loan Facility | Cielo di Milano (2) | 18 consecutive quarterly instalments + US\$ 0.2m balloon at maturity | US\$ LIBOR + 2.5% | <80.0% | Liquid asset > US\$ 25 m Net worth > US\$ 100 m Equity ratio > 35% | 5 506 | - | 5 506 |
| Intesa Sanpaolo-Bank of Ireland/ 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 | 7 500 | 22 500 |
| Intesa Sanpaolo / Sept.2014 Hot money US\$10m | n.a. | within 12 months | n.a. | n.a. | n.a. | 4 940 | - | 4 940 |
| Intesa Sanpaolo SpA/ Overdraft for working capital | n.a. | n.a. | n.a. | n.a. | n.a. | 5 062 | - | 5 062 |
| Bank of Ireland / Overdraft for working capital | n.a. | n.a. | n.a. | n.a. | n.a. | 5 809 | - | 5 809 |
| GIS | | | | | | | | |
| Commerzbank AG / June 2008 US\$ 195 m Term Loan Facility | Glenda Melanie Glenda Melissa Glenda Melody Glenda Megan Glenda Meryl Glenda Meredith | 40 consecutive quarterly instalments + 62.8m total balloon at maturity | US\$ LIBOR + spread 0.9% to 1.1% | <76.9% | n.a. | 5 370 | 37 383 | 42 753 |
| DIS | | | | | | | | |
| Cassa Lombarda / Overdraft for working capital | n.a. | n.a. | n.a. | n.a. | n.a. | 1 094 | - | 1 094 |
| Unicredit SpA/ Overdraft for working capital | n.a. | n.a. | n.a. | n.a. | n.a. | 4 894 | - | 4 894 |
| Financial Fees | | | | | | (2 644) | (5 747) | (8 391) |
| Total 30 June 2018 | | | | | | 116 332 | 351 354 | 467 686 |

| Lender / Details | Asset | Repayment terms | interest% | Loan-to-value (1) | Financial covenants | Short-term | Long-term | Total 31 Dec. 2017 |
|---|---|---|--|-------------------|---|------------|-----------|--------------------|
| 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 Cielo di New York Cielo di Rotterdam Cielo di Cagliari Cielo di Houston Cielo di Londra | 19 or 20 consecutive quarterly instalments from draw-down + balloon at maturity (total balloon for the vessels already on water= US\$ 41.35m) | US\$ LIBOR + 2.0 % or + 2.15% according to vessel employment | <76.9% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 11 967 | 88 151 | 100 118 |
| Crédit Agricole CIB & DNB NOR Bank ASA / July 2011 US\$ 48m Term Loan Facility | High Seas High Tide | 28 consecutive quarterly instalments + balloon payment of US\$ 12.3m for each vessel at maturity | US\$ LIBOR + 2.10% | <74.1% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 3 088 | 25 472 | 28 559 |
| Danish Ship Finance A/S / Oct. 2013 US\$ 31.5m Term Loan facility | High Trust | 12 consecutive semi-yearly instalments + US\$ 12m balloon at maturity | US\$ LIBOR + 2.75% | <80.0% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 1 333 | 16 667 | 18 000 |
| 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 | US\$ LIBOR + 2.35% | <80.0% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 2 600 | 28 600 | 31 200 |
| DNB Bank ASA / Dec. 2016 US\$ 19.4m Term Loan Facility | High Voyager | 20 consecutive quarterly instalments + US\$ 11.7m balloon at maturity | US\$ LIBOR + 2.55% | <76.9% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 1 482 | 16 175 | 17 657 |
| Intesa Sanpaolo-Bank of Ireland/ 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 | 15 000 | 30 000 |

continues

continuing

| | | | | | | | | |
|---|--|--|---|--------|--|---------|----------|---------|
| Intesa Sanpaolo / 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 (2) | 24 consecutive quarterly instalments from draw-down + US\$ 3.1m balloon at maturity | US\$ LIBOR + 2.05% | <76.9% | Liquid assets > = US\$ 25 m Net worth > = US\$ 100m Equity ratio > = 35% | 6 762 | - | 6 762 |
| MPS Capital Services SpA / July 2015 US\$ 58m Term Loan Facility | Cielo Bianco Cielo Rosso | 10 consecutive half-yearly instalments from draw-down + balloon at maturity (US\$ 17.9m balloon at maturity for the vessel already on water) | US\$ LIBOR + 2.25% | <80.0% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 30% | 1 764 | 35 634 | 37 398 |
| Skandinaviska Enskilda Banken AB / March 2015 US\$ 23.1m Term Loan Facility | High Trader | 24 consecutive quarterly instalments + US\$ 13.8m balloon at maturity | 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 | 18 083 | 19 495 |
| Crédit Agricole CIB / June 2015 US\$ 9.5m facility | Cielo di Guangzhou | 16 consecutive quarterly instalments + US\$ 5.7m balloon at maturity | US\$ LIBOR + 2.10% | <74.1% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 1 000 | 6 750 | 7 750 |
| 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% | <75.0% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 3 011 | 36 799 | 39 810 |
| ABN Amro Bank N.V. / Dec.2016 US\$19.5m Term Loan Facility | Cielo di Gaeta | 24 consecutive quarterly instalments + US\$ 9.7m balloon at maturity | US\$ LIBOR + 2.4% per annum during the initial charter period, thereafter 2.30% | <76.9% | Liquid asset > US\$ 25 m Net worth > US\$ 100m Equity ratio > 35% | 1 921 | 14 943 | 16 864 |
| Tokyo Century Corp. / Dec.2014 US\$ 41.6m Term Loan Facility | Cielo di Hanoi (2) Cielo di Salerno (2) | 24 consecutive quarterly instalments + US\$ 12.5m balloon for each vessel at maturity | US\$ LIBOR + 2.3% | <87.0% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 38 477 | - | 38 477 |
| Tokyo Century Corp. / November 2015 US\$ 21.8m facility | High Challenge | 24 consecutive quarterly instalments + US\$ 13.1m balloon at maturity | US\$ LIBOR + 2.2% | <87.0% | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 1 452 | 19 239 | 20 691 |
| Tokyo Century Corp. / August 2016 US\$ 10.5m general working capital facility | High Challenge Cielo di Hanoi (2) Cielo di Salerno (2) | 22 consecutive quarterly instalments, no balloon | US\$ LIBOR + 2.45% | n.a. | Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35% | 6 062 | 2 520 | 8 582 |
| ING Bank N.V. - London Branch / July 2017 US\$6.6m Term Loan Facility | Cielo di Milano (2) | 18 consecutive quarterly instalments + US\$ 0.2m balloon at maturity | US\$ LIBOR + 2.5% | <80.0% | Liquid asset > US\$ 25 m Net worth > US\$ 100 m Equity ratio > 35% | 6 219 | - | 6 219 |
| Bank of Ireland / Overdraft for working capital | n.a. | n.a. | | n.a. | n.a. | 5 997 | - | 5 997 |
| GIS | | | | | | | | |
| Commerzbank AG / June 2008 US\$ 195 m Term Loan Facility | Glenda Melanie Glenda Melissa Glenda Melody Glenda Megan Glenda Meryl Glenda Meredith | 10year maturity from vessel delivery, + 62.8m total balloon | US\$ LIBOR + spread 0.9% to 1.1% | <76.9% | n.a. | 5 370 | 40 068 | 45 438 |
| DIS | | | | | | | | |
| Cassa Lombarda / Overdraft for working capital | n.a. | n.a. | | n.a. | n.a. | 1 108 | - | 1 108 |
| Unicredit SpA/ Overdraft for working capital | n.a. | n.a. | | n.a. | n.a. | 4 921 | - | 4 921 |
| Financial Fees | | | | | | (2 458) | (6 557) | (9 015) |
| Total 31 December 2017 | | | | | | 128 488 | 357 544 | 486 032 |

- (1) Maximum percentage specified in the financing contract;
(2) Held-for-sale

All bank loans are guaranteed and comply with the covenants.

21. 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> | As at 30 June 2018 | As at 31 December 2017 |
|---|-------------------------------|-----------------------------------|
| Total future minimum lease payments (gross investment) | 131 816 | 96 048 |
| due within one year | 10 644 | 7 797 |
| due in one to five years | 48 378 | 38 025 |
| due over five years | 72 794 | 50 226 |
| Present value of minimum lease payments | 92 279 | 66 411 |
| due within one year | 4 592 | 3 267 |
| due in one to five years | 28 127 | 22 650 |
| due over five years | 59 560 | 40 494 |
| Finance charge included in the minimum lease payments | 39 537 | 29 637 |
| of which pertaining to the period | 2 883 | 1 825 |

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.12; the annual rate of return on these leases reflect current market rates.

22. SHAREHOLDERS' FINANCING

| <i>US\$ Thousand</i> | As at 30 June 2018 | | | As at 31 December 2017 | | |
|----------------------|-------------------------------|---------|--------|-----------------------------------|---------|-------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Total | 25 000 | 2 000 | 27 000 | - | - | - |

The non-current balance on 30 June represents a US\$ term revolving facility for corporate purpose up to US\$ 30.0 million granted at the end of June by the main shareholder at an interest rate equal to the 3 months US\$ LIBOR plus 2.0% margin. The facility maturity will be three years from the effective date. The borrower has the right to prepay partially or in whole the outstanding amount at any time, while the lender can demand the partial or entire repayment at any time with a notice of one year and one day.

The current balance represents the working capital facility utilised in the month of June and reimbursed at the beginning of July.

23. OTHER FINANCIAL LIABILITIES

| <i>US\$ Thousand</i> | As at 30 June 2018 | | | As at 31 December 2017 | | |
|--------------------------------------|-------------------------------|---------|--------|-----------------------------------|---------|--------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Other financial liabilities | 712 | 8 034 | 8 746 | 222 | 7 308 | 7 530 |
| Fair value of derivative instruments | 1 597 | 1 857 | 3 454 | 5 247 | 2 735 | 7 982 |
| Total Other financial liabilities | 2 309 | 9 891 | 12 200 | 5 469 | 10 043 | 15 512 |

The balance of other financial liabilities as at 30 June 2018 represents the fair value of the Interest Rate Swap hedging instruments and accrued commitment fees on vessels under construction US\$ 3.5 million, it includes US\$ 3.0 million relating to the outstanding financial payable to Solar Shipping for the purchase of the vessel M/T Cielo di Guangzhou and US\$ 1.0 million upstream financing from Glenda International Shipping d.a.c.. The derivatives instruments fair value calculation techniques and disclosure about financial market risk are shown in note 26.

24. PAYABLES AND OTHER CURRENT LIABILITIES

| <i>US\$ Thousand</i> | As at 30 June 2018 | As at 31 December 2017 |
|--|-----------------------|---------------------------|
| Trade payables* | 47 482 | 41 923 |
| Contract liabilities – time charter contracts* | 2 911 | 1 491 |
| Other creditors | 2 853 | 2 211 |
| Accruals & deferred income | 4 114 | 5 186 |
| Total | 57 360 | 50 811 |

* Reclassified amounts as at 31 December 2017, refer to note below.

Payables and other current liabilities as at 30 June 2018, mainly include trade payables, of which US\$ 10.2 million due to the related party, Rudder SAM (bunkers). Contract liabilities refer to time-charter contracts for which the payment was received and the performance of the service has not been completed; they were recognised within Accruals and deferred income before application of IFRS 15: here in the note, comparatives have been reclassified following this criteria (from deferred income to contract liabilities). The amount indicated on 31 December 2017 as a contractual liability was recognised as revenues during 2018.

25. CURRENT TAX PAYABLE

| <i>US\$ Thousand</i> | As at 30 June 2018 | As at 31 December 2017 |
|-------------------------|-----------------------|---------------------------|
| Current tax liabilities | 5 | 37 |

The balance as at 30 June 2018 reflects the balance of income taxes and tonnage taxes payable by the subsidiaries and the net wealth tax payable by the holding company.

26. 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, the Company is a multinational that has operations throughout the world, and is therefore 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 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 2017, note 27; DIS' risk situation as described has not changed significantly in the six months to 30 June 2018. 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 as the present value of the estimated future cash-flow 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 2018 | | | | | | |
|---|-----------------------|------------------------|---------|------------|---------|-------|
| US\$ Thousand | Loans and receivables | Derivative instruments | Total | Fair Value | | Total |
| | | | | Level 1 | Level 2 | |
| Assets | | | | | | |
| Non-current financial assets | 26 232 | 1 481 | 27 713 | - | 1 481 | 1 481 |
| Receivables and other current assets | 66 762 | - | 66 762 | - | - | - |
| Other current financial assets | 54 | 786 | 840 | - | 840 | 840 |
| Cash and cash equivalents | 34 579 | - | 34 579 | - | - | - |
| Liabilities | | | | | | |
| Loans and borrowings | 467 686 | - | 467 686 | - | - | - |
| Liabilities from financial leases | 92 279 | - | 92 279 | - | - | - |
| Shareholders' financing | 27 000 | - | 27 000 | - | - | - |
| Other non-current financial liabilities | 712 | 1 597 | 2 309 | - | 1 597 | 1 597 |
| Other financial liabilities | 8 034 | 1 857 | 9 891 | - | 1 857 | 1 857 |
| Payables and other current liabilities | 57 360 | - | 57 360 | - | - | - |

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2017.

| 31 December 2017 | | | | | | |
|---|--------------------------|---------------------------|---------|------------|---------|-------|
| US\$ Thousand | Loans and receivables | Derivative instruments | Total | Fair Value | | Total |
| | | | | Level 1 | Level 2 | |
| Assets | | | | | | |
| Non-current financial assets | 27 073 | 559 | 27 632 | - | 559 | 559 |
| Receivables and other current assets | 66 200 | - | 66 200 | - | - | - |
| Other current financial assets | 22 | 322 | 344 | - | 322 | 322 |
| Cash and cash equivalents | 29 694 | - | 29 694 | - | - | - |
| Liabilities | | | | | | |
| Banks and other lenders | 486 032 | - | 486 032 | - | - | - |
| Liabilities from financial lease | 66 411 | - | 66 411 | - | - | - |
| Other non-current financial liabilities | 222 | 5 247 | 5 469 | - | 5 247 | 5 247 |
| Payables and other current liabilities | 50 811 | - | 50 811 | - | - | - |
| Other current financial liabilities | 7 308 | 2 735 | 10 043 | - | 2 735 | 2 735 |

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.

27. RELATED PARTY TRANSACTIONS

Pursuant to IAS 24, the Company's 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, 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 Internazionale 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 2018 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.

The effects of related party transactions on the Group's consolidated income statement for the first half of 2018 and first half of 2017, are the following:

| <i>US\$ Thousand</i> | H1 2018 | | H1 2017 | |
|------------------------------------|----------|--------------------------|----------|--------------------------|
| | Total | Of which related parties | Total | Of which related parties |
| Revenue | 202 362 | 5 404 | 188 102 | 3 939 |
| Voyage costs | (76 713) | (318) | (59 438) | (164) |
| Time charter hire costs | (65 665) | (6 473) | (59 615) | (6 014) |
| Other direct operating costs | (42 067) | (3 935) | (39 689) | (5 018) |
| General and administrative costs | (8 100) | (2 255) | (7 293) | (2 563) |
| Result on disposal of fixed assets | 252 | - | 2 638 | - |
| Net financial income (charges) | (11 127) | (119) | (12 033) | (138) |

The effects of related party transactions on the Group's consolidated balance sheets as at 30 June 2018 and 31 December 2017 not elsewhere disclosed in the present report, are the following:

| <i>US\$ Thousand</i> | As at 30 June 2018 | | As at 31 December 2017 | |
|---|--------------------|--------------------------|------------------------|--------------------------|
| | Total | Of which related parties | Total | Of which related parties |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 874 901 | - | 792 851 | - |
| Investment in jointly controlled entities | 3 275 | - | 3 269 | - |
| Other Non-current financial assets | 27 713 | 22 055 | 27 632 | 21 685 |
| Current assets | | | | |
| Assets held for sale | 8 000 | - | 77 750 | - |
| Inventories | 17 966 | - | 15 495 | - |
| Receivables and other current assets | 66 762 | 3 009 | 66 200 | 1 721 |
| Current financial assets | 840 | - | 344 | - |
| Cash and cash equivalents | 34 579 | - | 29 694 | - |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Banks and other lenders | 351 354 | - | 357 544 | - |
| Liabilities from financial leases | 87 687 | - | 63 144 | - |
| Shareholders' financing | 25 000 | 25 000 | - | - |
| Other non-current financial liabilities | 2 309 | - | 5 469 | - |
| Current liabilities | | | | |
| Banks and other lenders | 116 332 | - | 128 488 | - |
| Liabilities from financial leases | 4 592 | - | 3 267 | - |
| Shareholders' financing | 2 000 | 2 000 | - | - |
| Payables and other current liabilities | 57 360 | 17 194 | 50 811 | 16 731 |
| Other financial current liabilities | 9 891 | 3 000 | 10 043 | 3 000 |
| Current taxes payable | 5 | - | 37 | - |

28. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at June 30 2018, the Group's capital commitments amounted to US\$ 105.0 million, of which payments over the next 12 months amounted to US\$ 105.0 million.

| <i>US\$ Million</i> | As at 30 June 2018 | As at 31 December 2017 |
|---------------------|-----------------------|---------------------------|
| Within one year | 105.0 | 91.9 |
| Between 1 – 3 years | 0.0 | 52.5 |
| Total | 105.0 | 144.4 |

Capital commitments relate to the payment for 4 Hyundai-Mipo dockyard 75,000 dwt (LR1) Product/chemical tanker newbuilding vessels. All DIS's newbuilding vessels are expected to be delivered between Q3 2018 and Q1 2019.

Operating leases – chartered-in vessels

As at 30 June 2018, the Group's minimum operating lease rental commitments amounted to US\$ 449.4 million, of which payments over the next 12 months amounted to US\$ 126.7 million.

| <i>US\$ Million</i> | As at 30 June 2018 | As at 31 December 2017 |
|---------------------|-----------------------|---------------------------|
| Within one year | 106.4 | 126.7 |
| Between 1 – 3 years | 121.1 | 129.1 |
| Between 3 – 5 years | 89.8 | 91.5 |
| More than 5 years | 80.7 | 102.1 |
| Total | 398.0 | 449.4 |

As at 30 June 2018, the Group operated 27.5 vessel equivalents on time charter-in contracts as lessee. These had an average remaining contract period of 2.6 years as at that date (3.2 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 and 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 January 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.

29. D'AMICO INTERNATIONAL SHIPPING GROUP'S COMPANIES

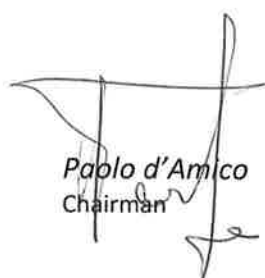
The table below shows the complete list of Group main companies, and for each of these companies d'Amico International Shipping's percentage ownership, its method of consolidation, registered office, share capital and currency.

| Name | Registered Office | Share Capital | Currency | Interest % | Consolidation Method |
|--------------------------------------|-------------------|---------------|----------|------------|----------------------|
| d'Amico International Shipping S.A. | Luxembourg | 65,321,531.80 | 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% | Integral |
| 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 2018 does not differ with respect to the 2017 consolidated accounts.

31 July 2018

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 as Chief Financial Officer of d'Amico International Shipping SA (the "Company") declares to the best of his knowledge, that the half yearly/second quarter 2018 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

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

Leudelange, July 31, 2018

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, 2018 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