d'Amico International Shipping S.A.
Half-Yearly / Second Quarter 2016 Financial Report

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d'Amico International Shipping S.A.

Registered office at 25C Boulevard Royal, Luxembourg

Share capital US$ 42,851,035.60 as at 30 June 2016

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BOARD OF DIRECTORS AND CONTROL BODIES

BOARD OF DIRECTORS

Chairman
Paolo d'Amico

Chief Executive Officer
Marco Fiori

Directors
Cesare d'Amico
Massimo Castrogiovanni
Stas Andrzej Jozwiak
Giovanni Battista Nunziante
John Joseph Danilovich
Heinz Peter Barandun
Antonio Carlos Balestra di Mottola

INDEPENDENT AUDITORS

PricewaterhouseCoopers, Societé Coopérative

KEY FIGURES

Financials

Q2 2016 UNREVIEWED	Q2 2015	*US$ Thousand*	H1 2016	H1 2015
69 399	81 157	Time charter equivalent (TCE) earnings	144 479	158 125
18 570	23 432	EBITDA	40 156	45 081
26.76%	*28.87%*	*as % of margin on TCE*	*27.79%*	*28.51%*
9 222	17 734	EBIT	21 945	29 755
13.29%	*21.85%*	*as % of margin on TCE*	*15.19%*	*18.82%*
6 400	18 690	Net profit / (loss)	13 591	30 050
9.22%	*23.03%*	*as % of margin on TCE*	*9.41%*	*19.00%*
0.015	0.044	Earnings / (loss) per share	0.032	0.071
14 533	19 121	Operating cash flow	40 035	30 202
(25 156)	(42 873)	Gross CAPEX	(63 744)	(70 894)
			As at 30 June 2016	**As at 31 December 2015**
		Total assets	925 563	909 964
		Net financial indebtedness	462 858	422 547
		Shareholders' Equity	377 688	384 713

Other Operating Measures

Q2 2016 UNREVIEWED	Q2 2015 UNREVIEWED		H1 2016 UNREVIEWED	H1 2015 UNREVIEWED
15 803	17 619	**Daily operating measures** - TCE earnings per employment day (US$)[1]	16 389	17 281
49.0	52.1	**Fleet development** - Total vessel equivalent	49.3	52.1
26.5	23.0	- Owned	26.1	22.8
22.5	29.1	- Chartered	23.2	29.3
1.5%	2.8%	Off-hire days/ available vessel days[2] (%)	1.7%	3.0%
48.7%	43.7%	Fixed rate contract/ available vessel days[3] (coverage %)	47.7%	44.2%

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

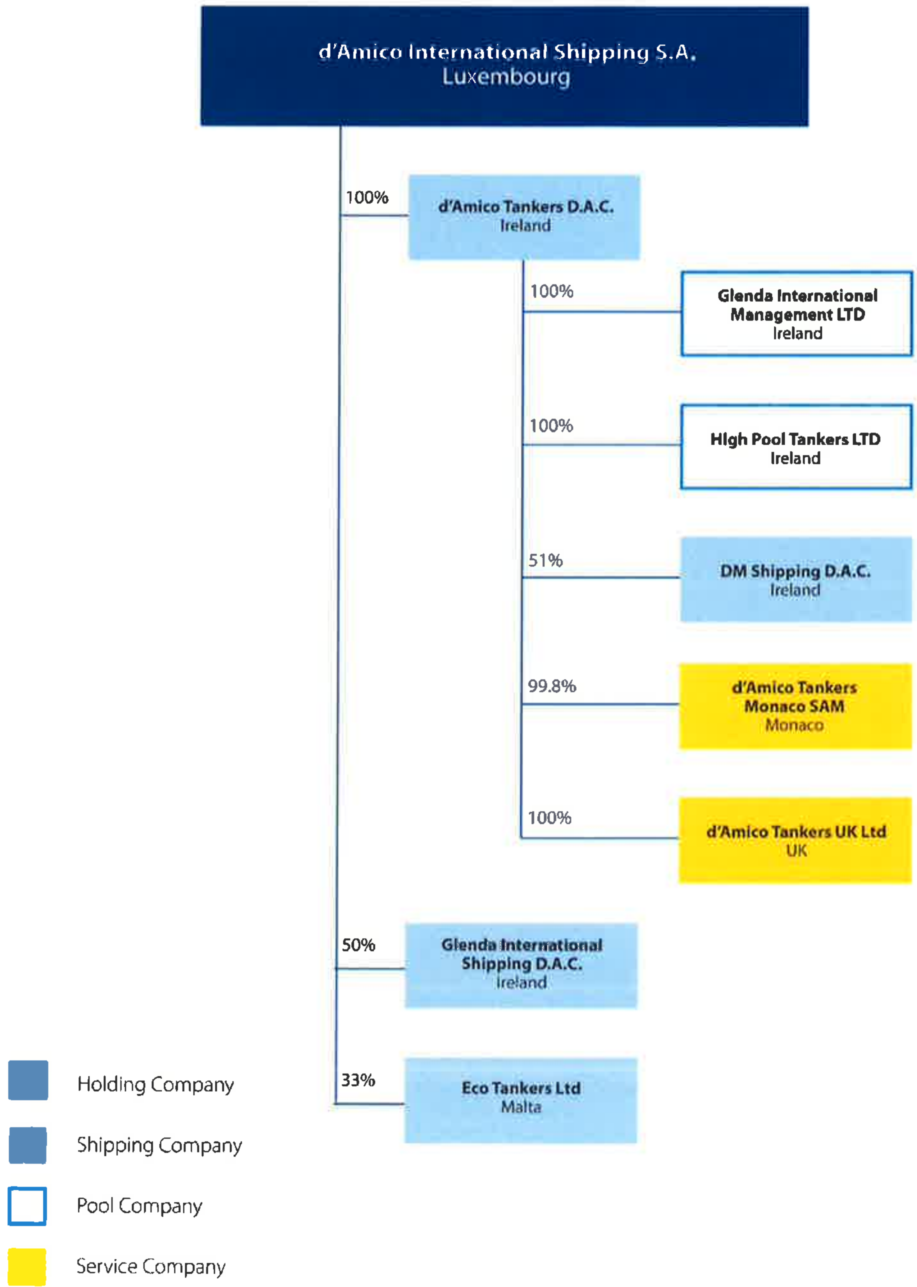
[2] This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

[3]Fixed rate contract days/available vessel days (coverage ratio): this figure represents how many vessel days were employed on time charter contracts, inclusive of off-hire days.

INTERIM MANAGEMENT REPORT

GROUP STRUCTURE

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



D'AMICO INTERNATIONAL SHIPPING GROUP

d'Amico International Shipping S.A. (DIS, the Group or d'Amico International Shipping) is an international marine transportation company, part of the d'Amico Group that traces its origins to 1936. d'Amico International Shipping operates, mainly through its fully owned subsidiary d'Amico Tankers d.a.c. (Ireland), a fleet with an average age as at 30 June 2016 of approximately 7.7 years, compared with an average in the product tankers industry of 9.5 years (source: Clarkson). All DIS vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to major oil companies and trading houses. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), with the requirements of oil-majors and energy-related companies and other relevant international standards. Based on MARPOL/IMO rules, cargoes such as palm oil, vegetable oil and other chemicals can only be transported by vessels that meet certain requirements (IMO Classed). As at June 30 2016, 67% of the DIS fleet was IMO Classed, allowing the Group to transport a large range of products.

Fleet

The following tables set forth information about the DIS fleet as at June 30 2016, which consists of 49.8 vessels (June 30, 2015: 51.8)

MR fleet

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

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

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
Time chartered with purchase option				
High Pearl	48,023	2009	Imabari, Japan	-
High Enterprise	45,800	2009	Shin Kurushima, Japan	-
Time chartered without purchase option				
Carina	47,962	2010	Iwagi Zosen, Japan	-
High Strength[1]	46,800	2009	Nakai Zosen, Japan	-
High Force	53,603	2009	Shin Kurushima, Japan	-
High Efficiency[1]	46,547	2009	Nakai Zosen, Japan	-
High Current	46,590	2009	Nakai Zosen, Japan	-
High Beam	46,646	2009	Nakai Zosen, Japan	-
Freja Baltic	47,548	2008	Onimichi Dockyard, Japan	-
High Glow	46,846	2006	Nakai Zosen, Japan	-
Citrus Express	53,688	2006	Shin Kurushima, Japan	-
Freja Hafnia	53,700	2006	Shin Kurushima, Japan	-
High Power	46,874	2004	Nakai Zosen, Japan	-
Port Said	45,999	2003	STX, South Korea	IMO II/III
Port Stanley	45,996	2003	STX, South Korea	IMO II/III
Port Union	46,256	2003	STX, South Korea	IMO II/III
Port Moody	44,999	2002	STX, South Korea	IMO II/III

Handysize fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
Owned				
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[2]	38,877	2006	Guangzhou, China	IMO II
Time chartered without purchase option				
Cielo di Milano	40,081	2003	Shina Shipbuilding Co., South Korea	IMO II/III
Port Stewart	38,877	2003	Guanzhou, China	-
Port Russel	37,808	2002	Guanzhou, China	IMO II/III
SW Cap Ferrat I[3]	36,032	2002	STX, South Korea	IMO II/III

[1] Vessels owned by the joint venture DM Shipping d.a.c. (in which DIS has 51% interest) and time chartered to d'Amico Tankers d.a.c.
[2] Vessel previously in bare-boat charter contract to d'Amico Tankers and then purchased in December 2015
[3] Ex-Cielo di Salerno sold by d'Amico Tankers in December 2015 and taken back in time charter

Fleet Employment and Partnership

As at June 30 2016, d'Amico International Shipping directly employed 49.8 Vessels: 20.8 MRs ('Medium Range') and 4 Handy-size vessels on fixed term contract, whilst 20 MRs and 5 Handy-size vessels are currently employed on the spot market. In addition to this, the Group employs a portion of its controlled vessels through joint ventures.

Glenda 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., 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 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 96 owned and chartered-in vessels, of which 49.8 are part of the DIS fleet, operating in the product tanker market, while the remaining 46.2 vessels are mainly dry-bulk carriers controlled by other companies of the d'Amico Group. d'Amico International Shipping benefits from a strong brand name and a well-established reputation in the international markets due to the long operating history of the d'Amico Group. In addition, it benefits from the expertise of the d'Amico Group, which provides support for technical management services, as well as safety, quality and technical products and services to DIS' vessels, including crewing and insurance arrangements.

d'Amico International Shipping operates from Luxembourg, Ireland, UK, Monaco, Singapore and the USA. As at June 30 2016, the Group employed 649 seagoing personnel and 36 onshore personnel.

Financial review

The IEA in their recent report have revised Global oil demand growth in Q1 2016 upwards to 1.6 million b/d and 1.4 million b/d in Q2 2016, with an expansion for the whole of 2016 of 1.3 million b/d. In 2017 they expect the same annual volume growth of 1.3 million b/d with demand reaching 97.4 million b/d on average for the year. As in previous years Non-OECD nations will provide most of the expected demand gains this year and next. The forecasted annual growth rates have risen since 2015 due to the decrease in crude oil prices. The strong year-on-year growth in H1 2016 is, however, fairly modest compared with the year-on-year increase in demand in the same period las year of 2.4 million b/d. which was highest it had been in 5 years.

Robust demand growth in Q2 2016 was driven mainly by increases in gasoline demand in countries like India and China. In China vehicles sales were of 2.1 million in June 2016, equal to a 14% increase month on month. Imports of petroleum products into India in June 2016 were 60% higher than a year ago and they were mainly made up of gasoline and naphtha. Demand for gasoline in the United States is also still very healthy as it normally is at this time of year, at close to 10 million b/d in May 2016. The United States is still a net exporter of products at 1.6 million b/d in Q2 2016 and total exports averaged close to 4 million b/d in May and June 2016.

Despite the robust demand growth in Q2 2016, time-charter equivalent earnings declined throughout the quarter due to various factors, including:

- The large number of newbuildings delivered in the period – at the end of the Q2 there were close to 70 more MR tankers trading in the Atlantic basin compared with the same period last year.
- A decline in refinery throughput – crude oil prices rallied to a 2016 high above US$51 per barrel in June, mainly due to continued supply disruptions in Nigeria and Canada as well as a steady decline in US production. This in turn put pressure on refinery margins which have been in decline all year. Refinery throughput was also down but mainly due to unforeseen outages. As the oil price recovered so did the price of bunkers, which increased some 60% throughout the second quarter. The IEA expects refinery throughput to increase in Q3 2016 as all maintenance planned and unforeseen, is completed;
- High refined products inventories – by the end of the Q2 gasoline stocks in the United States were 25 million barrels higher than a year earlier, of which 13 million in the eastern seaboard alone.

The one year time-charter rate is always the best indicator of spot market expectations. In Q2 2016 the one year rate for a conventional MR went from US$17,000 to US$14,500 per day.

DIS recorded a Net Profit of US$ 13.6 million in H1 2016 vs. US$ 30.1 million posted in the same period last year. The variance compared with the first semester of 2015 is mainly due to a weaker product tanker market especially in the second quarter of the current year and to the positive impact arising from the Company's risk management activity (mainly on Foreign Exchange, Bunker Costs and Interest Rates) which benefited last year's result.

In this scenario, **DIS daily spot rate was US$ 16,848 in H1 2016** vs. US$ 19,026 achieved in the same period last year. In particular, after a first quarter substantially in line with the previous year (Q1 2016: US$ 18,076 vs. Q1 2015: US$ 18,503), the spot market went through a correction in Q2, which saw DIS achieving a daily spot rate of US$ 15,560 compared with US$ 19,533 in the same quarter of 2015.

Also during H1 2016, 47.7% of DIS' total employment days, were covered through 'time charter' contracts at an average daily rate of US$ 15,885, a higher percentage and average rate compared with the same period last year (H1 2015: 44% coverage at an average rate of US$ 15,081). Therefore DIS total Daily Average Rate (which includes both the spot and the time charter activity) was US$ 16,389 in the first six months of the current year compared with US$ 17,281 in H1 2015.

Even in a relatively weaker market, DIS achieved an **EBITDA of US$ 40.2 million in H1 2016** (US$ 18.6 million in Q2 2016) compared with US$ 45.1 million in H1 2015 (US$ 23.4 million in Q2 2015). Consequently, DIS' **'EBITDA Margin on TCE Earnings' was 27.8% in H1 2016** vs. 28.9% in the first six months of 2015.

Such a strong level of EBITDA together with a good trend in working capital led to a **positive operating cash flow of US$ 37.8 million in H1 2016**, compared with US$ 30.2 million generated in the same period last year.

In H1 2016, DIS had **US$ 63.7 million in 'capital expenditures'**, mainly in relation to its newbuilding plan. Since 2012, DIS has ordered a total of **22 'Eco design' product tankers**[1] (10 MR, 6 Handysize and 6 LR1 vessels), of which 12[2] vessels have been already delivered as at the end of June 2016. This corresponds to an overall **investment plan** of approximately **US$ 755.0 million** and is in line with the Company's strategy to modernize its fleet through newbuildings with an eco-design. In addition, DIS has already fixed 14 of its newbuilding vessels on long-term time-charter contracts with three Oil-majors and a leading refining company, all at profitable levels.

OPERATING PERFORMANCE

Q2 2016 UNREVIEWED	Q2 2015	US$ Thousand	H1 2016	H1 2015
86 517	110 113	Revenue	179 891	212 115
(17 118)	(28 956)	Voyage costs	(35 412)	(53 990)
69 399	**81 157**	**Time charter equivalent earnings**	**144 479**	**158 125**
(29 417)	(37 383)	Time charter hire costs	(60 852)	(72 162)
(17 147)	(16 722)	Other direct operating costs	(35 275)	(33 963)
(4 217)	(3 678)	General and administrative costs	(8 196)	(7 112)
(48)	58	Other operating income	-	193
18 570	**23 432**	**EBITDA**	**40 156**	**45 081**
(9 348)	(5 698)	Depreciation	(18 211)	(15 326)
9 222	**17 734**	**EBIT**	**21 945**	**29 755**
2 742	5 249	Net financial income	3 334	9 963
(5 415)	(3 772)	Net financial (charges)	(11 401)	(8 533)
85	92	Share of profit of associate	65	177
6 634	**19 903**	**Profit / (loss) before tax**	**13 942**	**31 362**
(234)	(613)	Income taxes	(351)	(1 312)
6 400	**18 690**	**Net profit / (loss)**	**13 591**	**30 050**

Revenue was US$ 179.9 million in H1 2016 (US$ 212.1 million in H1 2015) and US$ 86.5 million in Q2 2016 (US$ 110.1 million in Q2 2015). The decrease in gross revenues compared with the previous year was mainly a consequence of the lower number of vessels operated on average by DIS in the first six months of 2016 (H1 2016: 49.3 vs. H1 2015: 52.1). The off-hire days percentage in H1 2016 (1.7%) was lower than the same period of the previous year (3.0%), mainly due to the timing of dry-docks.

Voyage costs reflected the vessel employment mix, in the form of spot and time charter contracts. These costs, which occur only for vessels employed on the spot market, amounted to US$ 35.4 million in H1 2016 and US$ 17.1 million in Q2 2016 (US$ 54.0 million and US$ 29.0 million respectively in the same periods of 2015).

Time charter equivalent earnings were US$ 144.5 million in H1 2016 (US$ 158.1 million in H1 2015) and US$ 69.4 million in Q2 2016 (US$ 81.2 million in Q2 2015). The variance compared with the first quarter of last year is due to the softer product tanker market of H1 2016 and to the lower number of vessels operated in the first six months of the current year.

In particular, DIS realized a **Daily Average Spot Rate of US$ 16,848 in H1 2016** compared with US$ 19,026 in H1 2015. After a very positive first quarter (Q1 2016: US$ 18,076), the spot market softened in the following three months, with DIS achieving a Daily Average Spot Rate of US$ 15,560 in Q2 2016, compared with US$ 19,533

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

recorded in the same quarter of 2015.

At the same time and according to its strategy, DIS maintained a **high level of 'coverage'** (fixed contracts) throughout the first half of the year, securing an average of **47.7%** (H1 2015: 44.2%) of its revenue at a **Daily Average Fixed Rate of US$ 15,885** (H1 2015: US$ 15,081). Other than securing revenue and supporting the operating cash flow generation, these contracts pursue the objective of strengthening DIS' historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

Therefore, **DIS' total daily average TCE (Spot and Time Charter)** was **US$ 16,389 in H1 2016 vs. US$ 17,281 in H1 2015.**

DIS TCE daily rates (US dollars)	2015					2016 UNREVIEWED		
	Q1	*Q2*	***H1***	*Q3*	*Q4*	*Q1*	*Q2*	***H1***
Spot	18,503	19,533	**19,026**	21 219	15 673	18 076	15,560	**16,848**
Fixed	15,010	15,153	**15,081**	15 220	15 461	15 706	16,059	**15,885**
Average	16,939	17,619	**17,281**	18 411	15 570	**16 970**	15,803	**16,389**

Time charter hire costs relate to the chartered-in vessels and amounted to US$ 60.9 million in H1 2016 and US$ 29.4 million in Q2 2016 (US$ 72.2 million in H1 2015 and US$ 37.4 million in Q2 2015). The decrease compared with the same period last year is due to the lower average number of chartered-in vessels operated in the first six months of 2016 (H1 2016: 23.2 vs. Q1 2015: 29.3).

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$ 35.3 million in H1 2016 (US$ 34.0 million in H1 2015) and US$ 17.1 million in Q2 2016 (US$ 16.7 million in Q2 2015). The increase in absolute values compared with the previous year, is mainly due to the larger number of owned vessels in H1 2016, following the delivery of 11[1] 'eco-design' newbuilding tankers in the last two years. The operating costs are constantly monitored, while focusing on crew with appropriate skills, high SQE (Safety, Quality & Environment) standards and remaining in full compliance with very stringent market regulations. Maintaining a 'high quality' fleet represents an essential part of the d'Amico vision and strategy.

The ***General and administrative costs*** were US$ 8.2 million in H1 2016 (US$ 7.1 million in H1 2015) and US$ 4.2 million in Q2 2106 (US$ 3.7 million in Q2 2015). These costs mainly relate to onshore personnel, together with office costs, consultancies, travel expenses and others. The increase compared with the first half of last year is mainly due to a higher level of commercial and promotion activity and partially to a timing effect.

Other operating income was zero in H1 2016 (US$ 0.2 million in H1 2015). This amount refers to chartering commissions from third party vessels operated through pools until 2015.

EBITDA was US$ 40.2 million in the first half of the current year and US$ 18.6 million in Q2 2016, compared with US$ 45.1 million in H1 2015 and US$ 23.4 million in Q2 2015. The decreased compared with last year, is mainly due to the lower 'TCE Earnings' and higher 'Other direct operating costs', partially compensated by lower 'Time charter hire costs'. Consequently, DIS' **'EBITDA margin on TCE Earnings'** was **27.8% in H1 2016** vs. 28.5% in H1 2015.

Depreciation amounted to US$ 18.2 million in H1 2016 vs. US$ 15.3 million in H1 2015 and to US$ 9.3 million in Q2 2016 vs. 5.7 million in Q2 2015. Such increase compared with the previous year is mainly attributable to the higher number of owned vessels in H1 2016, following the newbuilding tankers delivered during 2015 and the first semester of 2016.

EBIT for the first six months of the year was **positive for US$ 21.9 million,** compared with **US$ 29.8 million** booked in the same period of last year. Q2 2016 EBIT was positive for US$ 9.2 million vs. US$ 17.7 million in the same quarter last year.

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

Net financial charges were negative, amounting to US$ (8.1) million in H1 2016 vs. US$ 1.4 million in H1 2015 and to US$ (2.7) million in Q2 2016 vs. US$ 1.5 million in Q2 2015. Last year's amount included US$ 8.8 million positive impact arising from the Company's treasury activity and the pre-hedge interest rate swaps (IRS) agreements.

The Company's ***Profit before tax*** for H1 2016 was US$ 13.9 million (H1 2015: US$ 31.4 million) and profit of US$ 6.6 million in Q2 2016 (Q2 2015: US$ 19.9 million).

Income taxes were US$ 0.4 million in H1 2016 (US$ 1.3 million in H1 2015) and to US$ 0.2 million in Q2 2016 (US$ 0.6 million in Q2 2015). The high expenses for this item in H1 2015 is attributable to the taxation of a part of DIS' financial income which is subject to the Irish standard corporate tax rate of 12.5%, since it is not included in the tonnage tax scheme.

DIS' ***Net Profit*** was US$ 13.6 million in H1 2016 compared with US$ 30.1 million in H1 2016, whilst Q2 2016 Net result was positive for US$ 6.4 million compared with US$ 18.7 million posted in Q2 2015.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US$ Thousand	**As at 30 June 2016**	**As at 31 December 2015**
ASSETS		
Non current assets	844 989	797 831
Current assets	80 574	112 133
Total assets	**925 563**	**909 964**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	377 688	384 713
Non-current liabilities	442 840	396 337
Current liabilities	105 035	128 914
Total liabilities and shareholders' equity	**925 563**	**909 964**

Non-current assets mainly relate to DIS' owned vessels net book value and it includes also the portion relating to the newbuildings under construction. The balance at the end of H1 2016 is higher than the previous year, mainly due to the yard instalments paid on DIS' newbuilding program during the semester (including the last instalment due in connection with the delivery of two newbuilding vessels delivered respectively in Q1 and Q2). According to the valuation report provided by a primary broker, the estimated market value of DIS' owned fleet as at June 30 2016 was of US$ 746.2 million.

Gross Capital expenditures were US$ 63.7 million in the first six months of the year and US$ 25.2 million in Q2 2016. This amount mainly comprises the instalments paid on the newbuiding vessels under construction at Hyundai-Mipo. Dry-dock costs pertaining to owned vessels are also included in capitalized costs.

Current assets as at June 30 2016 were US$ 80.6 million. Other than the working capital items (inventories and trade receivables amounting to US$ 10.2 million and US$ 37.4 million respectively), current assets include 'Cash and cash equivalent' of US$ 32.5 million and current financial receivables of US$ 0.5 million.

Non-current liabilities were US$ 442.8 million as at 30 June 2016 and mainly consist of the long-term portion of debt due to banks, disclosed under the Net Indebtedness section of the report.

The balance of ***Current liabilities***, other than the debt due to banks and other lenders (see the following section), includes the working capital items amounting to US$ 25.9 million (essentially relating to trade and other payables) and US$ 9.9 million of financial liabilities.

The **Shareholders' equity** balance as at June 30 2016 was of US$ 377.7 million (US$ 384.7 million as at December 31 2015). The variance with the previous year is primarily due to the Net Profit generated in the current year, the valuation of cash-flow hedges and the capital increase in connection with the Third and Final Exercise Period of the 'd'Amico International Shipping Warrants 2012 – 2016', ended in January 2016.

NET INDEBTEDNESS

DIS' Net debt as at June 30 2016 amounted to US$ 462.9 million vs. US$ 422.5 at the end of 2015. The increase compared with the previous year is mainly attributable to the implementation of DIS' **US$ 755.0 million newbuilding plan**, with total investments of US$ 63.7 million in H1 2016.

US$ Thousand	**As at 30 June 2016**	**As at 31 December 2015**
Liquidity - *Cash and cash equivalents*	32 513	45 485
Current financial receivables	459	1 038
Total current financial assets	**32 972**	**46 523**
Bank loans and other lenders – current	68 800	86 775
Other current financial liabilities – 3rd p.ties	9 953	8 547
Total current financial debt	**78 753**	**95 322**
Net current financial debt	**45 781**	**48 799**
Other non-current financial assets	25 763	22 589
Total non-current financial assets	**25 763**	**22 589**
Bank loans non-current	420 027	381 017
Other non-current financial liabilities – 3rd p.ties	22 813	15 320
Total non-current financial debt	**442 840**	**396 337**
Net non-current financial debt	**417 077**	**373 748**
Net financial indebtedness	**462 859**	**422 547**

The balance of *Total Current Financial Assets* (*Cash and cash equivalents* together with some short-term financial receivables) was of US$ 33.0 million at the end of H1 2016.

Total Non-Current Financial Assets mainly shows 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 2016 amounted to US$ 488.8 million, of which US$ 68.8 million are due within one year. Other than some short term credit lines, DIS' debt structure as at June 30 2016 is mainly based on 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 7 existing vessels and provide financing for 6 newbuilding vessels, with an outstanding debt of US$ 86.2 million; (ii) Intesa loan facility of US$ 52.5 million outstanding debt; (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 of US$ 33.2 million outstanding debt; (iv) Danish Ship Finance 6 years term loan facility to finance the purchase of the second-hand vessel M/T High Prosperity in 2012 and for an MR vessel built and delivered in January 2016, for US$ 28.6 million outstanding debt; (v) ING Bank 6 years term loan facility to finance 2 MR vessels built in 2005 for a total of US$ 16.1 million outstanding debt; (vi) Crédit Agricole-CIB 6 years term loan facility to finance 2 MR vessels built in 2014 for total US$ 34.8 million outstanding debt; (vii) Danish Ship Finance 7 years term loan facility to finance 2 MR vessels built in 2014 and 2015 for total US$ 35.1 million outstanding debt; (viii) DnB NOR Bank 6 years term loan facility to finance 2 Handysize and 1 MR vessels built in 2014 for a total of US$ 52.7 million outstanding debt; (ix) IMI (Intesa Group) 7 years term loan facility to finance 2 Handysize vessels built respectively in 2015 and 2016 for total US$ 44.3 million outstanding debt; (x) Skandinaviska Enskilda Banken (SEB) 6 years term loan facility to finance 1 MR vessel built in 2015 for total US$ 21.6 million outstanding debt; (xi) Crédit Agricole CIB

4 years term loan facility to finance 1 Handysize vessel built in 2006 and purchased in 2015 for a total of US$9.3 million outstanding debt; (xii) MPS 5 year term loan facility to finance 2 LR1 vessels under construction at Hyundai-Mipo and expected to be delivered in 2017, with an outstanding debt of US$ 14.4 million. In addition, DIS' debt comprises also: the portion of the bank loans of its joint venture 'Glenda International Shipping d.a.c.' with Commerzbank AG Global Shipping and Credit Suisse for US$ 53.5 million, to finance the 6 Glenda International Shipping d.a.c. vessels, delivered between 2009 and 2011.

Other Non-current financial liabilities includes the negative valuation of derivatives hedging instruments (mainly interest rate swap agreements) and some deferred incomes on option premiums, for total US$ 22.8 million.

CASH FLOW

DIS' **Net Cash Flow for H1 2016 was negative for US$ 13.0 million**, mainly due to US$ 63.7 million gross capital expenditures, partially compensated by US$ 37.9 million positive operating cash flow and US$ 12.9 million positive financing cash flow.

Q2 2016 UNREVIEWED	Q2 2015 UNREVIEWED	*US$ Thousand*	H1 2016	H1 2015
14 533	19 121	Cash flow from operating activities	40 035	30 202
(25 156)	(42 873)	Cash flow from investing activities	(63 744)	(70 894)
1 422	929	Cash flow from financing activities	10 737	(1 602)
(9 201)	**(22 823)**	**Change in cash balance**	**(12 972)**	**(42 294)**
41 714	48 912	Cash and cash equivalents at the beginning of the period	45 485	68 383
32 513	**26 089**	**Cash and cash equivalents at the end of the period**	**32 513**	**26 089**

Cash flow from operating activities was **positive for US$ 40.0 million** in the first six months of the current year (of which US$ 14.5 million were generated in Q2 2016), compared with US$ 30.2 million realized in H1 2015 (US$ 19.1 million in Q2 2015).

The net ***Cash flow from investing activities*** was US$ 63.7 million (outflow) in H1 2016 (US$ 25.2 million in Q2) and comprises capital expenditures in connection with the installments paid on the newbuiding vessels under construction at Hyundai-Mipo, as well as dry-dock expenses.

Cash flow from financing activities was positive for US$ 12.9 million in H1 2016 (positive for US$ 3.6 million in Q2 2016). This figure mainly includes: (i) US$ 2.9 million arising from the Third Exercise Period of the 'd'Amico International Shipping Warrants 2012 – 2016' ended on January 31 2016, in which 17,003,874 Warrants were exercised at a price of Euro 0.46 per ordinary share; (ii) US$ 0.6 million investment from DIS' buyback program; (iii) US$ 137.0 million bank loan drawdown mainly in relation to the refinancing of 7 existing vessels and the financing of instalments for 2 newbuildings, as part of the total US$ 250 million Term Loan facility granted by a pool of nine financial institutions; (iv) US$ 114.9 million in bank debt repayments; (v) US$ 12.4 million in dividends for shareholders paid in the second quarter of 2016.

SIGNIFICANT EVENTS OF THE FIRST SEMESTER

In H1 2016 the following main events occurred in d'Amico International Shipping Group's business activities:

d'Amico International Shipping:

- **Results of d'Amico International Shipping Warrants 2012-2016 – Third and Final Exercise Period ended in January 2016:** In February 2016 – d'Amico International Shipping S.A. ("DIS") announced that the Third and Final Exercise Period of the "d'Amico International Shipping Warrants 2012 – 2016" (ISIN code LU0849020044) had ended on 29 January, 2016. During this Third and Final Exercise Period 17,003,874 Warrants, reaching a conversion rate in the third period of 80%, were exercised at the price of Euro 0.46 per ordinary share. In accordance with the terms and conditions of the Warrant Regulations, DIS issued on the 8th of February 2016, based on the Warrants Ratio of one (1) Warrant Share for every three (3) Warrants exercised, no. 5,667,958 Warrant Shares with same rights (including that to dividends) and features of DIS ordinary outstanding shares at the issue date to those Warrant holders who validly exercised their Warrants during the Third and Final Exercise Period. In accordance with the Warrant Regulations, warrants which were not exercised during the recently ended Third and Last Exercise Period automatically lapsed. After the capital increase occurred at the end of the Third and Final Exercise Period, DIS' share capital now amounts to US$ 42,851,035.60 divided into 428,510,356 ordinary shares without unit value.

- **Buyback program:** In accordance with the authorization issued by the Shareholders' meeting of 29 March 2011 and following the Board of Directors resolution of 5 July 2011, d'Amico International Shipping S.A. - as provided by the Consob Resolution n. 16839 of 19 March 2009 and of article 4.4, therein recalled, of the Commission Regulation (CE) n. 2273/2003 of 22 December 2003 - disclosed that during the period between January 11 and March 11 2016, it repurchased on the regulated market managed by Borsa Italiana S.p.A., nr. 1,180,000 own shares, representing 0.275% of the outstanding share capital of the Company, at the average price of €0.467, for a total consideration of €551,116.
  The five years period for the execution of the repurchase of DIS own shares expired on 29 March, 2016. At the end of the authorized period the Company held n° 7,760,027 own shares (including those repurchased during previously authorized periods) without nominal value corresponding to 1.81% of the Company's current share capital (the "Treasury Stock"). In May 2016, the Board of Directors of d'Amico International Shipping S.A., resolved to start the new buy-back program pursuant to the authorization issued by the annual general meeting of shareholders held on 20 April 2016 and no buy back was performed so far, the Company's own shares still being n° 7,760,027.

- **Long-Term Incentive Plan:** In March 2016, the Board of Directors of d'Amico International Shipping S.A. approved, with prior approval of the Nomination and Remuneration Committee, the guidelines of a long-term incentive plan called "Stock Option Plan DIS 2016/2019", submitted and approved by the Annual Shareholders' General Meeting on 20 April 2016. The Incentive Plan is designed for directors, employees and contractors of DIS (or its subsidiaries) that were be selected among those persons who hold important roles or serve relevant functions in, or for, the Company and for whom it is justified an action that reinforces loyalty and greater involvement with a view to a long- term value creation. The Incentive Plan is based on the free allocation of options, not-transferable, which grant the beneficiaries the right to (i) acquire treasury shares of the Company or (ii) subscribe newly issued shares of the Company in the ratio of one share for each exercised option, or (iii) being chosen by the Board of Directors, receive the payment of an eventual capital gain, equal to the difference between (a) the market value of each share at its exercise date (corresponding to the arithmetic average of the official price of DIS shares on the month before the exercise date) and (b) the exercise price of each share. The exercise price of the options will was determined based on the arithmetic average of the closing prices of the share in the last thirty days before the date of approval of the Plan by the Annual Shareholders' General Meeting and is equivalent to €0.452823 per share. The exercise of the options by the beneficiaries is subject to the achievement of certain quantitative objectives (stock market performance of the shares and financial results in terms of operating profit (EBIT) accumulated during the period 2016-2018). The exercise of the options may take place — if the abovementioned quantitative targets have been achieved — within the period between 1 June 2019 and 31 May 2020 (or such other period as may be determined by the Board of Directors). The maximum number of options dedicated to the Plan is 8,500,000 for the purchase/subscription of the maximum number of 8,500,000 shares of the

Company. The number of Options granted as at 30 June 2016 was of 7,970,000. If all options were exercised and the Company decided to meet all the requests received by granting the right to subscribe newly issued shares, the overall increase of 8,500,000 shares would result in a dilution of the share capital of 1.945%.

- **Annual General Shareholders' Meeting:** On 20 April 2016 the Annual General Shareholders' meeting of d'Amico International Shipping S.A. approved the 2015 statutory and consolidated financial statements of the Company and resolved the payment of a dividend of US$ 0.0295 gross per issued share to be paid out of the distributable reserves including the share premium reserve.

  The Annual General Shareholders' meeting of DIS further resolved the following: to grant discharge to the members of the Board of Directors for the proper exercise of their mandate for the fiscal year ended 31 December 2015, in accordance with applicable Luxembourg laws; to approve the aggregate fixed gross amount of the Directors' fees (tantièmes) for the 2016 fiscal year and acknowledge the Company's 2016 general remuneration policy as described in section I of the 2015 Board of Directors' report on remuneration drafted in compliance with article 123-ter, clause 6, of Italian Legislative Decree 58/98; to approve the stock option plan of the Company as illustrated in the Information Document and related report of the Board of Directors both approved on 3 March 2016 and available on the Company's web site; to authorise the renewal of the authorization to the Board of Directors of the Company to effect on one or several occasions – for the purposes illustrated in the report of the board of directors, as available on the Company website, and according to all applicable laws and regulations – repurchases and disposals of Company shares on a regulated market on which the Company shares are admitted for trading, or by such other means resolved by the Board of Directors during a period of five (5) years from the date of the current Annual General Shareholders' meeting, up to 42,851,356 ordinary shares of the Company, within a price range from: i) a price per share not lower than 10% below the shares' official price reported in the trading session on the day before carrying out each individual transaction; to ii) a price per share no higher than 10% above the shares' official price reported in the trading session on the day before carrying out each individual transaction.

- **Dividend Payment:** On 25 May 2016, d'Amico International Shipping S.A. paid to its shareholders a gross dividend of US$ 0.0295 per issued share (US$ 0.025075 net of the maximum applicable 15% withholding tax) for a gross total of US$ 12.4 million with related coupon n. 4 detachment date occurring on 23 May 2016 and record date on 24 May 2016 (no dividend was paid with reference to the 7,760,027 shares repurchased by the Company, treasury shares not carrying a dividend right).

d'Amico Tankers d.a.c.:

- **Newbuilding Vessels:** In January 2016, M/T High Trust, an 'Eco' newbuilding MR (Medium Range – 50,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to d'Amico Tankers d.a.c. Starting from March 2016, the Vessel is employed with one of the main oil-majors on a 3 years' time charter contract, at a profitable daily rate.
  In May 2016, M/T Cielo di Capri, an 'Eco' newbuilding MR (Handysize – 39,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to d'Amico Tankers d.a.c. Starting from May 2016, the Vessel is employed with one of the main oil-majors on a 24-35 months' time charter contract, at a profitable daily rate.

- **'Second-Hand Owned Vessels':** in March 2016, d'Amico Tankers d.a.c. purchased M/T Cielo di Milano, a 40,081 dwt handysize product tanker, built in 2003 by Shina Shipbuilding shipyard (South Korea), from d'Amico Shipping Italia S.p.A., for a consideration of US$ 14.0 million. Such consideration was determined according to a market value estimate by a specialized independent company; moreover, since it is considered as "operation with related parties" it was approved by the Board of Directors and evaluated by the Control and Risk committee in accordance with company procedures.

- **New financing:** In March 2016, d'Amico Tankers d.a.c. (Ireland) has secured a new US$ 250 million Term Loan Facility at very attractive terms with 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, Crédit Industriel et Commercial, DnB. The purpose of this new Facility is to: i) refinance 7 existing vessels (all built between considered as "operation with related parties" it was approved by the Board of Directors and evaluated by the Control and Risk committee in accordance with company procedures.

- **New financing:** In March 2016, d'Amico Tankers d.a.c. (Ireland) has secured a new US$ 250 million Term Loan Facility at very attractive terms with 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, Crédit Industriel et Commercial, DnB. The purpose of this new Facility is to: i) refinance 7 existing vessels (all built between 2004 and 2006) extending their current debt maturity from 2017 to 2021; and ii) provide financing for 6 newbuilding vessels. The Facility has a very competitive interest rate and a final maturity of five years from the drawdown date for the existing vessels and from the delivery date for the newbuilding vessels. The covenants and other conditions are consistent with the d'Amico Tankers d.a.c.'s existing credit facilities, duly guaranteed by the Company. As of today and following this last loan facility, d'Amico Tankers d.a.c. has already secured 100% of its long-term debt requirements for the US$ 755.0 million investment plan started in 2012.

- **'Time Charter-Out' Fleet:** In January 2016, d'Amico Tankers d.a.c. extended a time charter contract with a main oil major due to expire in February 2016 for another year, at a very profitable rate. In the same month, d'Amico Tankers d.a.c. extended another time charter contract with a leading refining company due to expire in January 2016 for another year, at a very profitable rate.

- **'Time Charter-In' Fleet:** In January 2016, M/T Baizo, an MR vessel built in 2004 and time-chartered-in by d'Amico Tankers d.a.c. since 2014, was redelivered back to her Owners.

  In February 2016, M/T Cielo di Roma, a Handysize vessel built in 2003 and time-chartered-In by d'Amico Tankers d.a.c. since 2014, was redelivered back to her Owners.

  In February 2016, the contract on M/T Carina, an MR vessel built in 2010 and time-chartered-In by d'Amico Tankers d.a.c. for 3 years since 2013, was extended for further 2 year period with an option for an additional year.

  In March 2016, M/T Port Louis, a Handysize vessel built in 2002 and time-chartered-In by d'Amico Tankers d.a.c. since 2014, was redelivered back to her Owners.

  In March 2016, the contracts on: M/T Port Moody (MR vessel built in 2002), M/T Port Said (MR vessel built in 2003), M/T Port Union (MR vessel built in 2003), M/T Port Stanley (MR vessel built in 2003), M/T Port Russel (Handysize vessel built in 2002) and M/T Port Stewart (Handysize vessel built in 2003), all time chartered-In by d'Amico Tankers since Q3/Q4 2014 were all extended until 2017/2018.

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK

d'Amico Tankers d.a.c.:

Second-Hand Owned Vessels': M/T Cielo di Milano, a 40,081 dwt handysize product tanker, built in 2003 by Shina Shipbuilding shipyard (South Korea) and purchased in March 2016, was delivered to d'Amico Tankers d.a.c. in July 2016.

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

	As at 30 June 2016 UNREVIEWED			As at 28 July 2016 UNREVIEWED		
	MR	Handysize	Total	MR	Handysize	Total
Owned	22.3	5.0	27.3	22.3	6.0	28.3
Time chartered	18.5	4.0	22.5	18.5	3.0	21.5
Total	40.8	9.0	49.8	40.8	9.0	49.8

Business Outlook

The Asian gasoil market is improving as demand has increased due to the drought curtailing hydropower generation. Demand has increased in India, Pakistan and Malaysia. Gasoil demand is mainly from the power sector but also to a lesser extent for air conditioning. China is expected to continue to export high levels of gasoil as domestic stocks remain high, while India is expected to continue importing significant volumes, as product demand currently averages around 4.3 million b/d. The US Gulf to Europe diesel trade has started to ease as stocks of this product in northwest Europe are high. Gasoline demand in the United States in June 2016 was just less than 10 million b/d. However stocks remain 22 million barrels higher than a year earlier. Refinery throughput should improve by about 2 million b/d and exceed 80 million b/d in total in Q3 2016.

The key drivers that should affect the product tanker freight markets and d'Amico International Shipping's performance are (i) global oil supply (ii) the crude oil price and refinery margins (iii) demand for refined products and (iv)the product tankers fleet growth rate. The factors that could mitigate and partially off-set the current scenario for the Product Tanker demand and supply in the longer term are disclosed in more details below:

Product Tanker Demand

- The International Energy Agency reports a new oil demand growth of 1.4 million b/d in 2016 compared with their earlier estimates of 1.3 million b/d.
- In 2017, global demand is forecast to rise by a further 1.3 million b/d to 97.4 million b/d on average for the year. The majority of the projected upside in 2017 is attributable to non-OECD consumers, and particularly Asia, with the fastest demand growth worldwide in 2017 expected to occur in India, with an increase of 280k b/d, closely followed by China.
- Chinese gasoline imports this year have all but vanished, according to the latest customs data, while nearly 800 thousand tonnes were exported last in June 2016, and this trend is forecast to continue.
- European oil products demand reached a five-quarter high in Q2 2016. At 13.8 million b/d, Q2 2016 oil products demand stood at its highest level since Q3 2015, when global growth peaked at a near five-year high.
- Australia total refined product demand is was in June this year of 1.14 million b/d and 50,000 b/d higher than in the same month last year. Gains are mainly attributable to improved gasoil and diesel demand.
- Indian gasoline demand has risen by over 13% year-on-year with diesel posting near 8% gains – as domestic vehicle sales continue to rise sharply. Reported domestic vehicle sales in May was of just over 230 thousand.
- After adding new refinery capacity Saudi Arabia exported in June 2016 in excess of 9 million b/d of oil of which 17% represents petroleum products. This is an increase in exports of petroleum products of around 570,000 b/d from a year ago.
- According to Clarksons, total seaborne volume of petroleum products have grown at a 4% CAGR from 2000 to 2015, driven by refinery expansion and throughput.
- In 2016, imports of jet fuel and gasoline into Asia, sourced mainly from the Middle East and Europe, have increased year-on-year by 9% and 17% respectively.
- 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 type of product produced and demanded, the type and quality of oil products produced by refineries, and the margins achieved by refineries due to different prices of crude oil used, of energy consumed and of their technological sophistication. The global refinery map is constantly changing and bringing about product supply imbalances between regions. This could lead to longer haul voyages effectively reducing the supply of tonnage. As these mismatches grow the product tanker demand will increase.

Product Tanker supply

- The orderbook for MR tankers that have or are "scheduled" to be delivered in 2016 is according to various reports of between 114 and 151 vessels.
- As at the end of June 2016, 62 MR ships have been delivered, which is slightly lower than the number of MRs delivered in the first half of last year.

- Therefore, as was the case last year, in 2016 a relatively large amount of new buildings are scheduled to be delivered. However, from 2017 the net growth in tonnage is slowing down.
- Slippage, cancellations and order changes have reduced deliveries by about 30% over the last five years.
- The ordering of new tankers has slowed compared with previous years. Only 12 new orders for MR tankers has been placed so far this year as at the end of June.
- On average MR tankers are scrapped after 22-25 years. There are 201 ships older than twenty years of age or 10% of the existing fleet. As of next year this figure will be closer to 400 ships in the MR segment.
- Active capacity in South Korea is almost entirely at first-tier yards (98%), and these yards had an utilisation rate of 95% in 2015. There are 26 active yards in the country: 13 first-tier and 13 second-tier yards. However, nine of the second-tier yards emptied their order books over the course of 2015 and received no new order during the first quarter of 2016 and are therefore candidates for closure or consolidation in 2016, if they have not already closed down. In South Korea first-tier yards have reduced their capacity by 6%, but the number of yards has gone up by a couple of yards since 2008 and over the same period second-tier yard capacity has been reduced by 80%.
- Port delays and increasing length of voyages has been a factor in trading product tankers and are effectively reducing the available supply of tonnage.

D'AMICO INTERNATIONAL SHIPPING GROUP
CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2016

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

Q2 2016	Q2 2015	*US$ Thousand*	Note	H1 2016	H1 2015
86 517	110 113	Revenue	(2)	179 891	212 115
(17 118)	(28 956)	Voyage costs	(3)	(35 412)	(53 990)
69 399	**81 157**	**Time charter equivalent earnings**	(4)	**144 479**	**158 125**
(29 417)	(37 383)	Time charter hire costs	(5)	(60 852)	(72 162)
(17 147)	(16 722)	Other direct operating costs	(6)	(35 275)	(33 963)
(4 217)	(3 678)	General and administrative costs	(7)	(8 196)	(7 112)
(48)	58	Other operating income	(8)	-	193
18 570	**23 432**	**EBITDA**		**40 156**	**45 081**
(9 348)	(5 698)	Depreciation	(12)	(18 211)	(15 326)
9 222	**17 734**	**EBIT**		**21 945**	**29 755**
2 742	5 249	Net financial income	(9)	3 334	9 963
(5 415)	(3 772)	Net financial (charges)		(11 401)	(8 533)
85	92	Profit share of equity method investees	(10)	65	177
6 634	**19 903**	**Profit / (loss) before tax**		**13 942**	**31 362**
(234)	(613)	Income taxes	(11)	(351)	(1 312)
6 400	**18 690**	**Net profit / (loss)**		**13 591**	**30 050**
The net result is attributable to the equity holders of the Company					
0.015	**0.044**	**Earnings /(loss) per share in US$ [1]**		**0.032**	**0.071**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Q2 2016	Q2 2015	*US$ Thousand*	H1 2016	H1 2015
6 400	18 690	Profit / (loss) for the period	13 591	30 050
		Items that can subsequently be reclassified into Profit or Loss		
(2 919)	658	Cash flow hedges	(10 521)	(712)
3 481	**19 348**	**Total comprehensive income for the period**	**3 070**	**29 338**

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 420,750,329 and 419,036,098 in the second quarter and first half of 2016 respectively, while in the second quarter and first half of 2015 basic e.p.s. was calculated on an average of 416,864,812 and 414,462,866 shares outstanding, respectively. There wasn't a potential dilution to e.p.s. in Q2/H1 2016, while diluted earnings per share, including conversion of warrants, amounted to US$ 0.071 in H1 2015 and US$ 0.044 in Q2 2015.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

US$ Thousand	Note	As at 30 June 2016	As at 31 December 2015
ASSETS			
Tangible assets	(12)	816 278	770 738
Equity-accounted investees	(13)	2 947	4 504
Other non-current financial assets	(14)	25 764	22 589
Total non-current assets		**844 989**	**797 831**
Inventories	(15)	10 187	10 276
Receivables and other current assets	(16)	37 415	55 334
Other Current financial assets	(14)	459	1 038
Cash and cash equivalents	(17)	32 513	45 485
Total current assets		**80 574**	**112 133**
Total assets		**925 563**	**909 964**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	(18)	42 851	42 284
Retained earnings	(18)	92 057	77 310
Other reserves	(18)	242 780	265 119
Total shareholders' equity		**377 688**	**384 713**
Loans and borrowings	(19)	420 027	381 017
Other non-current financial liabilities	(21)	22 813	15 320
Total non-current liabilities		**442 840**	**396 337**
Loans and borrowings	(19)	68 800	86 775
Payables and other current liabilities	(20)	25 934	33 233
Other current financial liabilities	(21)	9 953	8 547
Current tax payable	(22)	348	359
Total current liabilities		**105 035**	**128 914**
Total shareholders' equity and liabilities		**925 563**	**909 964**

28 July 2016
On behalf of the Board

Paolo d'Amico
Chairman

Marco Fiori
Chief Executive Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Q2 2016 UNREVIEWED	Q2 2015 UNREVIEWED	*US$ Thousand*	H1 2016	H1 2015
6 400	**18 690**	**Profit (loss) for the period**	**13 591**	**30 050**
9 348	5 698	Depreciation, amortisation and write-down	18 211	15 326
234	613	Current and deferred income tax	351	1 312
4 790	(1 404)	Financial charges (income)	11 067	(1 447)
(2 117)	(98)	Fair value gains on foreign currency retranslation	(2 999)	17
(85)	(92)	Profit share of equity-accounted investment	(65)	(177)
21	19	Other non-cash items	-	(1)
18 591	**23 426**	**Cash flow from operating activities before changes in working capital**	**40 156**	**45 080**
(1 307)	(990)	Movement in inventories	89	(559)
4 377	1 529	Movement in amounts receivable	17 919	(10 169)
(4 003)	(1 688)	Movement in amounts payable	(7 054)	2 792
(644)	(416)	Taxes paid	(718)	(428)
(2 481)	(2 740)	Interest and other financial income received	(10 357)	(6 514)
14 533	**19 121**	**Net cash flow from operating activities**	**40 035**	**30 202**
(25 156)	(42 873)	Net acquisition of fixed assets	(63 744)	(70 894)
(25 156)	**(42 873)**	**Net cash flow from investing activities**	**(63 744)**	**(70 894)**
-	-	Share capital increase	2 921	405
1 110	111	Other changes in shareholder's equity	1 467	111
-	-	Treasury shares	(609)	-
(12 412)	-	Dividend paid	(12 412)	-
21	-	Share option reserve	21	-
31	-	Movement in other financial receivables	372	-
-	-	Movement in other financial payable	(1 000)	-
(14 633)	(11 768)	Bank loan repayments	(117 037)	(52 904)
27 316	12 586	Bank loan draw-downs	137 014	50 786
1 422	**929**	**Net cash flow from financing activities**	**10 737**	**(1 602)**
(9 201)	**(22 823)**	**Net increase/ (decrease) in cash and cash equivalents**	**(12 972)**	**(42 294)**
41 714	48 912	Cash and cash equivalents at the beginning of the period	45 485	68 383
32 513	**26 089**	**Cash and cash equivalents at the end of the period**	**32 513**	**26 089**

INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

US$ Thousand	**Share capital**	**Retained earnings**	**Other Reserves**		**Total**
			Other	*Cash-Flow hedge*	
Balance as at 1 January 2016	**42 284**	**77 310**	**268 300**	**(3 181)**	**384 713**
Capital increase	567	-	2 354	-	2 921
Treasury shares	-	-	(609)	-	(609)
Share option cost	-	-	(21)	-	(21)
Dividend paid	-		(12 412)	-	(12 412)
Other changes	-	1 155	(1 129)	-	26
Total comprehensive income	-	13 591	-	(10 521)	3 070
Balance as at 30 June 2016	**42 851**	**92 056**	**256 483**	**(13 702)**	**377 688**

US$ Thousand	**Share capital**	**Retained earnings**	**Other Reserves**		**Total**
			Other	*Cash-Flow hedge*	
Balance as at 1 January 2015	**42 196**	**22 837**	**269 289**	**583**	**334 905**
Capital increase	89	-	316	-	405
Other changes (consolidation reserve)		-	(87)	-	(87)
Total comprehensive income	-	30 050	-	(712)	29 338
Balance as at 30 June 2015	**42 285**	**52 887**	**269 518**	**(129)**	**364 561**

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

NOTES

d'Amico International Shipping S.A. (the "Company", DIS) a Sociéte Anonyme, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The interim consolidated financial statements have been prepared in accordance with provisions of Art. 4 of the Luxembourg Law dated 11 January 2008, which transposed Directive 2004/109/EC of the European Parliament and of Council of 15 December 2004 in the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

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

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

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

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 SA, and its subsidiaries for the period ended 30 June 2016, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

The interim condensed consolidated financial statements 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 2015.

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 2015.

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

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

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

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

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change has occurred. Further information about fair value calculation is found in Note 23.

Segment Information

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

Seasonality

In the Product Tankers business and for d'Amico International Shipping as a global Product Tanker player, there is some element of seasonality however it is not always predictable and that other factors can have a much more important influence on Tanker demand and earning potential.

Accounting principles

Accounting principles adopted from 1st of January 2016
No new accounting principles have been applied with respect to the 2016 consolidated financial statements, apart from the following:

Equity Compensation Plans (Share Based Payments)

The Group provides additional benefits to certain members of senior management through an equity compensation plan (stock option plan); information about this scheme is set out in note 7. In accordance with IFRS 2 – Share-based Payment, this plan represents a component of the recipient's remuneration.

The fair value is measured using the Black Scholes pricing model, in line with IFRS guidelines and market practice. The inputs used in the model are based on management's best estimate, including market and non-market performance conditions. The compensation expense, corresponding to the fair value of the options at the grant date, is recognized in the income statement on a straight-line basis over the period from the grant date to the vesting date, with the offsetting credit recognized directly in equity. At the end of each period the entity revises its estimates of the number of options that are expected to vest based on the actual service conditions.

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

IFRS 15 – *Revenue from contract with customers*, was issued in May 2014 by the IASB, with the aim of bringing together the rules actually existing in various standards and to set-up a frame of basic principles to be applied to all categories of transactions including revenues, basically requiring a company to recognize revenue upon the transfer of *control* of goods or services to a customer at an amount reflecting the consideration expected to be received, in *five steps.* The guidance requires as well additional disclosure about the nature, amount, timing and certainty of revenues and cash-flows arising from contracts with customers. The standard will be effective from January 2018, although early adoption is permitted. IFRS 15 is not expected to have a significant impact on the net assets, financial position and results of operations of the DIS Group, but will have a significant impact on the disclosures to be presented in the financial statements.

IFRS 9 – *Financial Instruments* was issued in July 2014 and is not yet endorsed by the EU; it should be applied retrospectively in financial years from 1 January 2018; the enhancements introduced will replace the rules for the recognition and measurement of financial instruments as set out in IAS 39. In more detail, financial assets will be divided in two categories: the ones measured at amortised cost and those measured at fair value, the first group comprising those financial assets for which the contractual terms give rise on specific dates to cash-flows that are solely payment of principal and interest and for which the business model is to hold them for collecting the contractual cash-flows; the second group will entail all other financial assets (fair value measurement). While the rules applied to financial liabilities are mostly the same as set out in IAS 39, amended guidance is introduced on the classification through other comprehensive income of modification in the fair value of certain debt instruments, depending on the own credit risk, that is, the changes in the amount of fair values of the liability will be split into the amount of the change that is attributable to the changes in the credit risk of the liability – to be presented in other comprehensive income – and the remaining amount of the change in the fair value of the liability, which shall be presented in the statement of profit or loss. The new hedging rules align hedge accounting more closely with the Group's risk management practices; as a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principle-based approach. The new standard introduces expanded disclosure requirements and changes in presentation; the new impairment model is an expected credit loss model which may result in earlier recognition of credit losses. The Group has not yet assessed how its own hedging arrangements and impairment provisions would be affected by the new rules.

IFRS 16 – *Leases* was issued in January 2016, with the aim to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, with some exemptions. This information would give a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash-flows of the entity: in-fact, leasing is a means of gaining access to assets, of obtaining finance and of reducing an entity's exposure to the risk of asset ownership. The new approach to leases will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019, and subject to EU endorsement, the Company will apply IFRS 16 from its effective date. The Company is currently assessing the impact of IFRS 16. The Company has gathered a working group with the aim of analysing the impact on the net assets, financial position and results of operations of DIS Group and will provide its conclusions in the course of next financial year.

2. Revenue

US$ Thousand	Q2 2016	Q2 2015	H1 2016	H1 2015
Revenue	86 517	110 113	179 891	212 115

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

3. Voyage costs

US$ Thousand	Q2 2016	Q2 2015	H1 2016	H1 2015
Bunkers (fuel)	(7 748)	(15 618)	(16 791)	(30 609)
Commissions	(1 894)	(2 755)	(3 501)	(4 856)
Port charges	(7 372)	(10 441)	(14 411)	(17 471)
Other	(104)	(142)	(709)	(1 054)
Total	(17 118)	(28 956)	(35 412)	(53 990)

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

4. TIME CHARTER EQUIVALENT EARNINGS

US$ Thousand	Q2 2016	Q2 2015	H1 2016	H1 2015
Time charter equivalent earnings	69 399	81 157	144 479	158 125

Time charter equivalent earnings represent revenue less voyage costs. In the first half of 2016 about 47.7 % of the Time Charter Equivalent earnings came from fixed contracts (contracts longer than 12 months) (HY1 2015: 44%).

5. TIME CHARTER HIRE COSTS

US$ Thousand	Q2 2016	Q2 2015	H1 2016	H1 2015
Time charter hire costs	(29 417)	(37 383)	(60 852)	(72 162)

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

6. OTHER DIRECT OPERATING COSTS

US$ Thousand	Q2 2016	Q2 2015	H1 2016	H1 2015
Crew costs	(8 925)	(8 245)	(17 675)	(16 367)
Technical expenses	(5 155)	(5 571)	(10 989	(10 409)
Luboil	(720)	(647)	(1 488)	(1 364)
Technical and quality management	(2 410)	(2 060)	(4 949)	(4 130)
Other costs	63	(199)	(174)	(1 693)
Total	(17 147)	(16 722)	35 275	(33 963)

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 2016 d'Amico International Shipping SA and its subsidiaries had 685 employees, of which 649 seagoing personnel and 36 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

US$ Thousand	Q2 2016	Q2 2015	H1 2016	H1 2015
Personnel	(2 070)	(1 577)	(3 615)	(3 043)
Other general and administrative costs	(2 147)	(2 101)	(4 581)	(4 069)
Total	(4 217)	(3 678)	(8 196)	(7 112)

Personnel costs relate to on-shore personnel salaries, including the amount of US$ 22.0 thousand in H1 and Q2 2016, representing the notional cost for the share based option plan granted to senior management.

On 3 March 2016, the Board of Directors of d'Amico International Shipping S.A. has approved, with the prior favourable opinion of the Nomination and Remuneration Committee, the proposal to submit to the annual general shareholders' meeting the adoption, in accordance with art. 114-bis of Legislative Decree no. 58, 24 February 1998 as amended and supplemented ("TUF"), of the incentive plan "Stock Option Plan DIS 2016/2019" or "the Plan".

The annual general shareholders' meeting, held on 20 April 2016, approved the adoption of the Plan and delegated the Board of Directors for the definition of terms, conditions, and procedures for the Plan implementation.

The terms and conditions, and the procedures for the Plan implementation are defined by a Regulation as approved by the Board of Directors on 4 May 2016: the Plan is available to everyone at the registered office of the Company and on its website (www.damicointernationalshipping.com) in the Corporate Governance/Information Document section.

Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The amount of options that will vest depend the service and performance conditions included in the Plan over a three year period, as participants needs to remain employed at the expiry date of the Plan. Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share at a pre-agreed strike price. The Board has the discretion to settle in cash the conversion requests

Set out below is a summary of options granted under the plan:

	Average price per share option	Number of options
As at 1 January	-	-
Granted during the period	€ 0.0852	7,970,000
Exercised during the period	-	-
Forfeited during the period	-	-
As at 30 June	€ 0.0852	7,970,000

No options expired during the periods covered by the above table. Share option at the end of the period have the following expiry date and exercise price

Grant date	Expiry date	Exercise price	Share Options June 30, 2016
31 May 2016	31 May 2019	€ 0.452823	7,970,000

The fair value of the options at grant date is determined using the Black Scholes Model taking into account the following assumptions:

Share price on 1st June 2016	€ 0.4479	
Expected volatility	34.5%	last three years average
Expected dividend yield	3.12%	Average of dividend yield since 2007 using market capitalization at the end of each year
Risk-free interest rate	(0.396)%	4YEUR Luxembourg Government Bond Yield

Sensitivity calculation

The valuation model is particularly sensitive to dividend yield and volatility of the share price.

€UR	**Share price volatility**		**Dividend yield**	
	+10%	**-10%**	**+10%**	**-10%**
	Increase	Decrease	Decrease	Increase
Share Option Cost	€0.0959	€0.0743	€0.0825	€0.0879
Variation	*+12.6%*	*-12.7%*	*-3.1%*	*3.2%*

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 2016 and US$ 1.1 million in Q2 2016.

8. OTHER OPERATING INCOME

US$ Thousand	Q2 2016	Q2 2015	H1 2016	H1 2015
Other operating income	(48)	58	-	193

Other operating income represents chartering commissions earned for services provided by DIS' group personnel to third parties customers in the Pools; as the existing Pools are winding up, no chartering commissions were registered in 2016.

9. NET FINANCIAL INCOME (CHARGES)

US$ Thousand	Q2 2016	Q2 2015	H1 2016	H1 2015
Income				
Loans and receivables at amortised cost:				
Interest Income	97	46	139	98
Realized on financial activities	-	393	-	3 124
Exchange differences	131	-	-	-
At fair value through income statement:				
Gains on derivative instruments	524	4 810	195	6 606
Exchange differences	1 991	-	3 000	135
Total Financial Income	2 742	5 249	3 334	9 963
Charges				
Financial liabilities measured at amortised cost:				
Interest expense	(4 875)	(3 336)	(8 997)	(6 605)
Financial fees	(540)	(436)	(989)	(954)
Realized on financial activities	-	-	(1 303)	-
At fair value through income statement:				
Losses on derivative instruments	-	-	-	(974)
Exchange differences	-	-	(113)	-
Total financial charges	(5 415)	(3 772)	(11 402)	(8 533)
Net Financial Charges	(2 673)	1 477	(8 068)	1 430

The total financial income in H1 and Q2 2016 comprises mainly the variation relating to the financing provided by d'Amico Tankers d.a.c.. to DM Shipping d.a.c., which nominal value is in JPY, together with the valuation of the ineffective part of the interest rate swaps hedging the financial interest on bank loans (2015: H1 mainly realized and unrealized gains on the risk management activity and Q2 mainly valuation of hedging instruments).

Total financial charges in H1 2016 comprise mainly from interest expense on bank loans amounting to US$9.0 million,financial fees amounting to US$1.0 million, and realized losses on foreign exchange financial instruments hedging General and administrative costs amounting to US$ 1.3 million; in the second quarter of 2016 financial charges include interest expense and financial fees (In 2015 H1 and Q2 financial charges comprise mainly interest expense and financial fees).

10. PROFIT SHARE OF EQUITY-ACCOUNTED INVESTEES

The result consists of DIS' share of the profit and loss of the investee accounted for with the equity method, amounting to US$ 65 thousand and US$ 85 thousand in H1 and Q2 2016 respectively; for the same period of 2015 this result was of US$ 177 thousand and US$ 92 thousand respectively.

11. TAXES

US$ Thousand	Q2 2016	Q2 2015	H1 2016	H1 2015
Current income taxes	(234)	(613)	(351)	(1 312)

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

The tax liability under the tonnage tax regime is based on the controlled fleet's notional shipping income, which in turn depends on the total net tonnage of the controlled fleet. The 2016 tonnage tax provision for d'Amico Tankers d.a.c.. and Glenda International Shipping amounts to US$ 0.1 million. 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%.

12. TANGIBLE ASSETS

US$ Thousand	Fleet on water	Vessels under construction	Dry-dock	Other assets	Total
At 1 January 2016					
Cost or valuation	831 147	120 096	21 714	2 073	975 031
Accumulated depreciation	(193 905)	-	(8 826)	(1 561)	(204 293)
Net book amount	**637 242**	**120 096**	**12 888**	**512**	**770 738**
Period ended 30 June 2016					
Opening net book amount	637 242	120 096	12 888	512	770 738
Additions	-	62 868	874	12	63 754
Vessel delivered	65 267	(65 267)	-	-	-
Disposals at cost	-	-	-	-	-
Depreciation and impairment write-back	-	-	-	-	-
Depreciation charge	(16 150)	-	(1 941)	(120)	(18 211)
Exchange differences	-	-	-	(3)	(3)
Closing net book amount	**686 359**	**117 697**	**11 821**	**401**	**816 278**
At 30 June 2016					
Cost or valuation	896 414	117 697	22 588	2 085	1 038 784
Accumulated depreciation	(210 055)	-	(10 767)	(1 683)	(222 505)
Net book amount	**686 359**	**117 697**	**11 821**	**401**	**816 278**

The following table shows, for comparison purposes, the changes in the fixed assets in the first half of 2015.

US$ Thousand	Fleet on water	Vessels under construction	Dry-dock	Other assets	Total
At 1 January 2015					
Cost or valuation	752 222	77 180	9 397	1 999	840 798
Accumulated depreciation	(187 170)	-	(5 100)	(1 361)	(193 631)
Net book amount	**565 052**	**77 180**	**4 297**	**638**	**647 167**
Period ended 30 June 2015					
Opening net book amount	565 052	77 180	4 297	638	647 167
Additions	132	65 326	5 434	1	70 893
Vessel delivered	33 754	(33 754)	-	-	-
Disposals at cost	-	-	(1 720)	-	(1 720)
Depreciation and impairment write-back	-	-	1 720	-	1 720
Depreciation charge	(13 483)	-	(1 715)	(127)	(15 325)
Exchange differences	-	-	-	2	2
Closing net book amount	**585 455**	**108 752**	**8 016**	**514**	**702 737**
At 30 June 2015					
Cost or valuation	786 108	108 752	13 111	2 001	909 972
Accumulated depreciation	(200 653)	-	(5 095)	(1 488)	(207 236)
Net book amount	**585 455**	**108 752**	**8 016**	**514**	**702 737**

Tangible fixed assets are comprised of the following:

FLEET

Fleet includes the purchase costs for owned vessels, and payments to yards for vessels under construction. Additions include instalments totalling US$ 42.6 million on two vessels that were delivered during the first six months of 2016 and instalments of US$ 20.3 million on a further ten vessels in the course of construction expected to be delivered between 2016 and 2018. Capitalized instalments at Group level for HY1 2016 were US$ 65.3 million. Mortgages are secured on all the vessels owned by the Group.

The total fair value of the Group Fleet amounts to US$ 1 059 million and includes also the vessels of the JV Eco Tankers Ltd and DM Shipping Ltd and Joint operation Glenda International Shipping Ltd consolidated respectively at equity and proportional method.

Measurement of Fair Value – Valuation technique – Impairment testing

The fair value measurement for the Fleet has been categorised as Level 2 based on the information given on the valuation techniques in note n.1. The disclosures envisaged for Level 3 categories of fair value are not applicable to the current measurement.

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

For impairment test purposes, management estimates take into consideration the market information available, including reported sales of similar vessels, as well as past experience and future expectations and have been based on the following key assumptions: (i) Earnings under contracts concluded and the estimate of future rates; (ii) Useful economic life of 25 years; (iii) Estimated economic value at end of vessels' life based on current steel demolition prices (iv) Costs reflect d'Amico's current corporate structure; (v) The figures have been discounted at a rate of 7.0%, which represents the Company's weighted average cost of capital based on the current cost of financing and DIS' estimate of its required of return on equity. Freight rate forecasts assume vessel days currently not committed under contracts will be employed at the last ten-year average charter rates. Management notes that the calculations are particularly sensitive to changes in the key assumptions of future charter rates and discount rates. The headroom against the net book value on 30 June 2016 is of US$ 21.8 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 2016 and carefully considering the remaining values in use calculation for the rest of the year.

DRY-DOCK

Dry-dock includes expenditure for the fleet's dry docking programme and resulting amortization; a total of four vessels dry-docked in the first semester of 2016.

OTHER ASSETS

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

13. INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

US$ Thousand	As at 30 June 2016	As at 31 December 2015
Eco Tankers Limited	2 947	4 504
DM Shipping d.a.c	-	-
Equity accounted investments	2 947	4 504

As at 30 June 2016 investments accounted for using the equity method amounted to US$ 2.9 million (31 December 2015: US$ 4.5 million). The movement during the semester is due mainly to the dividend declared by Eco Tankers Limited in Q2 2016, of US$ 1.5 million.

14. OTHER FINANCIAL ASSETS

US$ Thousand	As at 30 June 2016			As at 31 December 2015		
	Non-current	Current	Total	Non-current	Current	Total
Long-term financing DM Shipping	23 763	-	23 763	20 589	-	20 589
Fair value of derivative instruments	-	-	-	-	438	438
Other financial assets	2 000	459	2 459	2 000	600	2 600
Total	25 763	459	26 222	22 589	1 038	23 627

Other non-current financial assets amounting to US$ 25.8 million as at 30 June 2016 comprises a long-term financing to the jointly controlled entity DM Shipping of JP¥ 2.4 billion (equivalent to US$ 23.7 million as at the same date) , and a receivable of US$ 2.0 million resulting from the sale of the vessel Cielo di Salerno. As at 31 December 2015 the long-term financing to DM Shipping amounted to JP¥ 2.4 billion (equivalent to US$ 22.6 million as at the same date).

Other current financial assets amounting to US$ 0.5 million as at 30 June 2016 represent the receivable from d'Amico Finance, a related party, arising from financial products already settled (As at 31 December 2015 Other current financial assets amounted to US$ 1.0 million).

15. INVENTORIES

US$ Thousand	As at 30 June 2016	As at 31 December 2015
Inventories	10 187	10 276

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

16. RECEIVABLES AND OTHER CURRENT ASSETS

US$ Thousand	As at 30 June 2016	As at 31 December 2015
Trade receivables	35 466	34 217
Other debtors	796	396
Prepayments and accrued income	1 153	20 721
Total	37 415	55 334

Trade receivables as at 30 June 2016 amounted to US$ 35.5 million, net of an allowance for credit losses of US$ 1.0 million. As at 31 December 2015 Trade receivables amounted to US$34.2 million, net of an allowance for credit losses of US$0.5 million.

17. CASH AND CASH EQUIVALENTS

US$ Thousand	**As at 30 June 2016**	**As at 31 December 2015**
Cash and cash equivalents	32 513	45 485

Cash and cash equivalents as at 30 June 2016 is mainly represented by short-term deposits and includes approximately US$ 0.77 million of cash held by High Pool Tankers Ltd (which represents the proportionally consolidated amount). The balance includes also US$ 16.8 Million secured in connection with the derivative instruments margin call deposit.

18. SHAREHOLDERS' EQUITY

Changes in first six months of 2016 Shareholders' equity items are detailed in the relevant statement.

Share capital

As at t 30 June 2016 the share capital of d'Amico International Shipping amounted to US$ 42,851,035.60, corresponding to 428,510,356 ordinary shares with no nominal value.

In the month of February, following the third and last exercise of the warrants attached to the shares issued at the moment of the 2012 capital increase, with a ratio of one share for every three warrants, 5,667,958 new ordinary shares were issued at a price of € 0.46 each.

Retained earnings

As at 30 June 2016 the item includes previous years and current net results after deductions for dividends distributed.

Other reserves

The other reserves include the following items:

US$ Thousand	**As at 30 June 2016**	**As at 31 December 2015**
Share premium reserve	271 745	282 958
Treasury shares	(18 122)	(17 513)
Hedging reserve	(13 702)	(3 181)
Share option reserve	21	-
Other / Translational reserves	2 836	2 854
Total	242 780	265 119

Share premium reserve

The share premium reserve arose initially from DIS' IPO and related share capital increase (May 2007) and thereafter from further capital increases occurring in December 2012, February 2014, February 2015 and February 2016. It decreased in 2016 due to the payment of a dividend of US$12.4 million.

Treasury shares

Treasury shares at 30 June 2016 consist of 7,760,027 ordinary shares (YE 2015: 6,580,027) for an amount of US$ 18.1 million (2015: US$ 17.5 million), corresponding to 1.8% of the outstanding shares at the financial position date (YE 2015: 1.56%). These shares were acquired, as part of DIS' authorised buyback programme.

Hedging reserve

The fair value reserve arose as a result of the valuation of interest rate swap agreements connected to some of DIS' bank facilities, with a fair value of US$ 18.1 million (liability). Details of the fair value of the derivative financial instruments are set out in note 23.

Other Reserve, Translational reserve

Other reserves include the Legal reserve as mandated by the Luxembourg Law on Commercial Companies, the translational reserve is the result of the conversion into US$ of the shareholders' equity of the Group companies having functional currency denominated into currencies different from US$.

19. BANKS AND OTHER LENDERS

US$ Thousand	**As at 30 June 2016**	**As at 31 December 2015**
Non-current liabilities		
Banks and other lenders	420 027	381 016
Current liabilities		
Banks and other lenders	68 800	86 775
Total	488 827	467 791

Banks and other lenders includes a new facility of US$250 million with Credit Agricole Corporate and Investment Bank and a syndicate of eight other primary financial institutions, for the purpose of refinancing 7 vessels on the water and up to 6 new-buildings to be delivered; the outstanding amount at 30t June 2016 for this facility was of US$86.2 million. The remaining debt outstanding relates to the facilities already existing at 31 December 2015.

Bank loans movement in the first six months of 2016 relates to US$ 137.0 million bank loan drawdown mainly in relation to the refinancing of 7 existing vessels and the financing of instalments for 2 newbuildings, and US$ 117.0 million in bank debt repayments. The total bank debt increased by net US$ 21.0 million over the period as a result of the net drawdown of loans financing new -buildings (please see note 12) for US$ 2.8 Million with Monte Paschi di Siena, US$ 20.0 million with Danish Ship Finance and US$ 22.5 million with Banca Intesa, net of loan repayments and the amortisation of arrangement and commitment fees on those loans.

20. PAYABLES AND OTHER CURRENT LIABILITIES

US$ Thousand	**As at 30 June 2016**	**As at 31 December 2015**
Trade payables	20 170	24 628
Other creditors	805	1 422
Accruals & deferred income	4 959	7 183
Total	25 934	33 233

Payables and other current liabilities as at 30 June 2016, mainly include trade payables, of which an amount of US$ 3.0 million relates to the related party, Rudder SAM (bunkers).

21. Other financial liabilities

US$ Thousand	As at 30 June 2016			As at 31 December 2015		
	Non-current	Current	Total	Non-current	Current	Total
Other financial liabilities	3 046	5 603	8 649	4 000	4 242	8 242
Fair value of derivative instruments	19 767	4 350	24 117	11 320	4 305	15 625
Total Other financial liabilities	22 813	9 953	32 766	15 320	8 547	23 867

The balance as at 30 June 2016 mainly represents other financial liabilities relating to the fair value of the Interest Rate Swap hedging instruments and accrued commitment fees. The derivatives instruments fair value calculation techniques and disclosure about financial market risk are shown in note 23. The total of US$ 32.8 million also includes US$ 5.0 million relating to the outstanding financial payable to Solar Shipping for the purchase of the vessel Cielo di Guangzhou.

22. Current tax payable

US$ Thousand	As at 30 June 2016	As at 31 December 2015
Current tax liabilities	348	359

The balance as at 30 June 2016 mainly reflects the patrimonial tax payable by the holding, while at the end of the first semester 2015 it represented income taxes and tonnage tax payable by the subsidiaries.

23. Risk Management

Uncertainty about future global economic trends continues. The shipping industry is highly sensitive to market fluctuations, which can determine significant changes in freight rates and tonnage prices. Furthermore, as a multinational Group that has operations throughout the world, it is exposed to the market risk of changes in foreign currency exchange rates. Since deposits and credit facilities necessary to fund investments in new-building 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 strategy, which aims to reduce the DIS' exposure to some of the above market risks.

These half-year condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements and for a detailed description of this information they should be read in conjunction with the Group's annual financial statements as at 31 December 2015, note 25; DIS' risk situation as described has not changed significantly in the six months to 30 June 2016.There have been no changes in the risk management policies since the year end.

Financial Instruments – Fair values and risk management

Fair value risk and valuation techniques

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

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

maturities of the contracts. *Interest rates swaps* are measured at the present value of the future cash-flow estimated and discounted based on the applicable yield curves derived from quoted interest rates.

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

Accounting classification and fair values

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

	30 June 2016					
US$ Thousand	**Loans and receivables**	**Derivative instruments**	**Total**	**Fair Value Level 1**	**Fair Value Level 2**	**Total**
Assets						
Non-current financial assets	25 764	-	25 764	-	-	-
Receivables and other current assets	37 415	-	37 415	-	-	-
Other current financial assets	459	-	459	-	459	459
Cash and cash equivalents	32 513	-	32 513	-	-	-
Liabilities						
Loans and borrowings	488 827	-	488 827	-	-	-
Other non-current financial liabilities	3 046	19 767	22 813	-	19 767	19 767
Payables and other current liabilities	25 934	-	25 934	-	-	-
Other current financial liabilities	5 603	4 350	9 953	-	4 350	4 350
Current tax payable	348	-	348	-	-	-

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2015.

	31 December 2015					
US$ Thousand	**Loans and receivables**	**Derivative instruments**	**Total**	**Fair Value Level 1**	**Fair Value Level 2**	**Total**
Assets						
Non-current financial assets	22 589	-	22 589	-	-	-
Receivables and other current assets	55 334	-	55 334	-	-	-
Other current financial assets	600	438	1 038		438	438
Cash and cash equivalents	45 842	-	45 842	-	-	-
Liabilities						
Banks and other lenders	467 791	-	467 791	-	-	-
Other non-current financial liabilities	4 000	11 320	15 320	-	11 320	11 320
Payables and other current liabilities	33 233	-	33 233	-	-	-
Other current financial liabilities	4 242	4 305	8 547	-	4 305	4 305
Current tax payable	359	-	359	-	-	-

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

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

The realised losses in the first-half of 2016 amount to US$ 1.3 million while the unrealised gains amount to US$ 3.2 million and the unrealised losses amount to US$ 0.1 million.

24. RELATED PARTY TRANSACTIONS

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

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

During the first six months of 2016 the most significant financial transactions included a management service agreement (for technical, crewing and IT services) with d'Amico Group companies, a brand fee with d'Amico Società di Navigazione S.p.A., a personnel service agreement with d'Amico Shipping Singapore and d'Amico Shipping USA and a service agreement for the purchase of Intermediate Fuel Oil and Marine Diesel Oil, from Rudder SAM, a d'Amico Group controlled company, included in the bunker cost of the year.

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of related party significant transactions on the Group's consolidated income statement for the first six months of 2016 and 2015 – not elsewhere disclosed in the present report - are the following:

	H1 2016		H1 2015	
US$ Thousand	Total	Of which related parties	Total	Of which related parties
Revenue	179 891	3 689	212 115	-
Voyage costs	(35 412)	(249)	(53 990)	-
Time charter hire costs	(60 852)	(8 970)	(72 162)	(7 781)
Other direct operating costs	(35 275)	(3 715)	(33 963)	(2 336)
General and administrative costs	(8 196)	(3 447)	(7 112)	(1 255)
Other operating income	-	-	193	-
Net financial income (charges)	(8 068)	(337)	1 430	-

The effects of related party transactions on the Group's consolidated balance sheets as at 30 June 2016 and 31 December 2015 not elsewhere disclosed in the present report, are the following:

	As at 30 June 2016		As at 31 December 2015	
US$ Thousand	**Total**	**Of which related parties**	**Total**	**Of which related parties**
ASSETS				
Non-current assets				
Tangible assets	816 278	-	770 738	-
Investment in jointly controlled entities	2 947	-	4 504	-
Other non-current financial assets	25 764	23 076	22 589	20 589
Current assets				
Inventories	10 187	-	10 276	-
Receivables and other current assets	37 415	2 076	55 334	1 031
Current financial assets	459	-	1 038	-
Cash and cash equivalents	32 513	-	45 485	-
LIABILITIES				
Non-current liabilities				
Banks and other lenders	420 027	-	381 017	-
Other non-current financial liabilities	22 813	-	15 320	-
Current liabilities				
Banks and other lenders	68 800	-	86 775	-
Payables and other current liabilities	25 934	5 151	33 323	3 655
Other current financial liabilities	9 953	-	8 547	-
Current taxes payable	348	-	359	-

25. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 30 June 2016, the Group's capital commitments amounted to US$ 282.8 million, of which payments over the next 12 months amounted to US$ 125.3 million.

US$ Million	**As at 30 June 2016**	**As at 31 December 2015**
Within one year	125.3	126.9
Between 1 – 3 years	157.5	215.0
	282.8	341.9

Capital commitments relate to the payment for: 2 Hyundai-Mipo dockyard 39,000 dwt Product/chemical tanker newbuilding vessels, 2 Hyundai-Mipo dockyard 50,000 dwt Product/chemical tanker newbuilding vessels and 6 Hyundai-Mipo dockyard 75,000 dwt Product/chemical tanker newbuilding vessels. All DIS newbuilding vessels are expected to be delivered between Q3 2016 and Q3 2018.

Operating Lease rental commitments

As at June 30 2016, the Group's minimum operating lease rental commitments amounted to US$501.5 million, of which payments over the next 12 months amounted to US$120.6 million.

US$ Million	As at 30 June 2016	As at 31 December 2015
Within one year	112.4	102.0
Between 1 – 3 years	153.1	151.0
Between 3 – 5 years	71.4	78.1
More than 5 years	142.4	157.4
	479.3	488.5

As at June 30 2016, the Group operated 22.5 vessel equivalents on time charter-in contracts as lessee. The existing time charters had an average remaining contract period of 1.7 years at the end of June 2016 (2.0 including optional periods). Further, 6 additional MR (50,000 dwt) product/chemical tanker newbuilding vessels are expected to be delivered in time charter to d'Amico Tankers between 2017 and H1 2018, with an average contract period of 7.7 years (9.7 years including optional periods).

Purchase options

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

Ongoing disputes

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

Tonnage tax deferred taxation

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

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

26. 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	42 851 036	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	90.5%	Proportional
Glenda International Management Ltd	Dublin / Ireland	2	USD	100.0%	Integral
Glenda International Shipping d.a.c..	Dublin / Ireland	202	USD	50.0%	Proportional
DM Shipping d.a.c.	Dublin / Ireland	100 000	USD	51.0%	Equity
Eco Tankers Limited	Malta	50 000	USD	33.0%	Equity
d'Amico Tankers Monaco SAM	Monaco	150 000	EUR	100.0%	Integral
d'Amico Tankers UK Ltd	London / UK	25 450	GBP	100.0%	Integral

The consolidation area in H1 2016 does not differ with respect to the 2015 consolidated accounts.

28 July 2016

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. Antonio Carlos Balestra di Mottola, in his capacity of Chief Financial Officer of d'Amico International Shipping SA (the "Company") declares to the best of his knowledge, that half yearly/second quarter 2016 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.

Antonio Carlos Balestra di Mottola
Chief Financial Officer

Report on review of the condensed consolidated interim financial information

To the Shareholders of
d'Amico International Shipping S.A.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of d'Amico International Shipping S.A. (DIS) and its subsidiaries as of 30 June 2016 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 interim 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 presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union. 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 the 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 IAS 34, "Interim financial reporting" as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 28 July 2016

Veronique Lefebvre

PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu