

## d'Amico International Shipping S.A. Interim Management Statements – Third Quarter 2008

**Luxembourg, 5 November 2008** - The Board of Directors of d'Amico International Shipping S.A. approves Q3 2008 Results.

***“Steady Net Profit growth through the year; US\$90.3 million (US\$ 16.0 million in Q3), up by 35.1%, in the first nine months of 2008. Daily average TCE rate of US\$22,750 and a coverage at 54% in Q3 2008 ”***

The third quarter was a healthy contributor to the overall strong performance of the first nine months. This was achieved despite the continued influx of new ships. Key margins are solid, with an EBITDA margin of 42.4%, and a net profit margin of 23.0% (as a percentage of TCE, and excluding result on disposal of vessels).

### THIRD QUARTER 2008 RESULTS

- Time charter equivalent earnings (TCE) of US\$67.6 million, (US\$57.7 in 2007)
- Gross Operating Profit/EBITDA of US\$29.6 million, +23% vs. 2007 (43.8% on TCE)
- Operating profit/EBIT of US\$19.2 million, +14.3% vs. 2007 (28.4% on TCE)
- Net profit of US\$16.0 million, (23.6% on TCE)
- Cash Flow from Operating Activities of US\$ 26.1 million
- EPS of US\$0.11 (US\$0.12 in 2007)

### FIRST 9 MONTHS 2008 RESULTS

- Time charter equivalent earnings (TCE) of US\$188.1 million, (US\$197.5 in 2007)
- Gross Operating Profit/EBITDA of US\$126.9 million, +44.5% vs. 2007 (42.4% on TCE, excluding vessel disposals)
- Operating profit/EBIT of US\$99.9 million, +52.6% vs. 2007 (28.0% on TCE, excluding vessel disposals)
- Net profit of US\$90.3 million, +35.1% vs. 2007 (22.9% on TCE, excluding vessel disposals)
- Net indebtedness of US\$ 252.3 million following relevant capital expenditure of US\$230.1 million in the first nine months of 2008
- Cash Flow from Operating Activities of US\$66.3 million
- EPS of US\$0.60, +33.3% vs. 2007

### OUTLOOK

- Given the current worldwide financial and economic turmoil and the general demand slowdown, the product tanker market rates could remain under pressure. The sector can benefit, however, from several positive factors, such as the increase of long haul voyages given the refinery dislocation and the higher demand for IMO classed vessels. The overall outlook remains cautious, but d'Amico International Shipping is very well positioned to maximize its potential during this period. The Group has a strong balance sheet, cash flow generation and profitability, which will allow sustaining the strategy and planning the future growth.

*Today at 16.00 hours (CET), DIS will hold a telephone conference. The participants should dial the following numbers: Italy: + 39 02 8058811 - UK: + 808 23 89 561 - USA: + 1 1866 63 203 28. The presentation slides can be downloaded before the conference call from the Investor Relations page on DIS web site: [www.damicointernationalshipping.com](http://www.damicointernationalshipping.com). Further information: Investor Relation Manager, Anna Franchin, tel. +352 26 26 29 29 01*

This press release relating to the third quarter 2008 results, which have not been audited, represents the interim management statements prepared in accordance with provisions of Art. 5 of the Luxembourg Law dated 11 January 2008, which transposed Directive 2004/109/EC of the European Parliament and of Council of 15 December 2004 in the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

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d'Amico International Shipping S.A.

Registered office at 25C Boulevard Royal, Luxembourg  
Share capital US\$149,949,907 as at 30 September 2008

## CONTENTS

<b>KEY FIGURES .....</b>	<b>3</b>
<b>D'AMICO INTERNATIONAL SHIPPING GROUP .....</b>	<b>5</b>
<b>FINANCIAL REVIEW .....</b>	<b>9</b>
<b>SIGNIFICANT EVENTS OF THE THIRD QUARTER.....</b>	<b>15</b>
<b>SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK.....</b>	<b>16</b>
<b>D' AMICO INTERNATIONAL SHIPPING GROUP_CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2008 .....</b>	<b>17</b>
• CONSOLIDATED INCOME STATEMENT .....	17
• CONSOLIDATED BALANCE SHEET .....	18
• CONSOLIDATED CASH FLOW STATEMENT .....	19
• STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY.....	20
• EXPLANATORY NOTES.....	21

## KEY FIGURES

### FINANCIALS

3 <sup>rd</sup> Quarter 2008	3 <sup>rd</sup> Quarter 2007	(US\$ Thousand)	9 months 2008	9 months 2007
67 646	57 695	Time charter equivalent (TCE) earnings	188 072	197 453
29 605	24 009	Gross operating profit / EBITDA	126 937	87 849
19 178	16 766	Operating profit / EBIT	99 886	65 868
15 959	17 854	Net profit	90 334	66 888
<b>Excluding result on disposal of vessels</b>				
29 605	24 009	Gross operating profit / EBITDA	79 783	87 849
43.8%	41.6%	<i>as % of margin on TCE</i>	42.4%	44.5%
19 178	16 766	Operating profit / EBIT	52 732	65 868
28.4%	29.1%	<i>as % of margin on TCE</i>	28.0%	33.4%
15 959	17 854	Net profit	43 179	66 888
23.6%	30.9%	<i>as % of margin on TCE</i>	23.0%	33.9%
US\$0.106	US\$0.119	Earnings per share	US\$0.602	US\$0.446
26 124	27 401	Operating cash flow	66 275	73 576
64 762	6 770	Gross CAPEX	230 100	8 717
<b>As at 30 September 2008</b>	<b>As at 31 December 2007</b>			
684 023	500 699	Total assets		
252 338	157 911	Net financial indebtedness		
336 562	282 689	Shareholders' Equity		

## OTHER OPERATING MEASURES

3 <sup>rd</sup> Quarter 2008	3 <sup>rd</sup> Quarter 2007		9 months 2008	9 months 2007
<b>Daily operating measures</b>				
22 750	19 738	TCE earnings per employment day (US\$) <sup>1</sup>	21 438	22 073
<b>Fleet development</b>				
36.7	34.5	Total vessel equivalent	36.0	35.5
17.0	13.0	-Owned	16.9	13.0
14.8	18.2	-Chartered	14.4	19.6
4.9	3.2	-Indirectly chartered	4.7	3.0
Vessel equivalent %:				
46.3%	37.8%	-Owned	46.9%	36.6%
40.3%	52.9%	-Chartered	40.1%	55.1%
13.4%	9.4%	-Indirectly chartered	13.0%	8.3%
1.6%	0.7%	Off-hire days/ available vessel days <sup>2</sup> (%)	1.7%	1.7%
54.3%	55.7%	Fixed rate contract/ available vessel days <sup>3</sup> (coverage %)	51.4%	48.4%

<sup>1</sup> This figure represents time charter ("TC") equivalent earnings for vessels employed on the spot market and time charter contracts, divided by the number of on-hire days, net of commissions charged by external brokers and commercial managers. Calculations exclude chartered vessels in which the Group has an indirect interest, since distributions paid on these vessels are net of charter expenses, and would therefore require pro-forma adjustments to make it comparable to the remaining vessels. Calculations also exclude earnings from VPC Logistics Ltd, the company in which the Group manages back to back contracts between vessel operators and customers for the purposes of transporting vegetable and palm oil cargos.

<sup>2</sup> This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days, which is defined as the number of vessel days between delivery and redelivery for the period being considered.

<sup>3</sup> Fixed rate contract days/available vessel days (coverage ratio): this figure represents how many vessel days were employed on time charter contracts and COAs, inclusive of off-hire days, divided by the number of available vessel days, defined as the number of days between delivery and redelivery for all of our vessels, for the period being considered.

## d'AMICO INTERNATIONAL SHIPPING GROUP

d'Amico International Shipping S.A. (DIS, the Group or d'Amico International Shipping) is an international marine transportation group, part of the d'Amico Group that traces its origins to 1936. d'Amico International Shipping operates, through d'Amico Tankers Limited (Ireland), a young fleet, with an average age of approximately 4.0 years, compared to an average in the product tanker industry of 10.1 years, according to Clarkson. All of the Group's vessels are double-hulled, and are primarily engaged in the transportation of refined petroleum products, providing worldwide shipping services to major oil companies and trading houses, such as ExxonMobil, Total, Shell, Glencore and Vitol. All the vessels are built in accordance with international industry standards and are compliant with IMO (International Maritime Organization) regulations and MARPOL (the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978) as well as other international standards. In addition, DIS is in compliance with the stringent requirements of major oil and energy-related companies. Based on revisions to Annexes I and II to MARPOL, adopted by the IMO cargos, such as palm oil, vegetable oil, and a range of other chemicals can only be transported by vessels that meet the requirements stated in these revised annexes (IMO Classed). Approximately 76% of DIS's fleet as at 30 September 2008 was IMO Classed, expanding the range of products the Group can transport.

As at 30 September 2008, d'Amico International Shipping directly employed seven MRs and two handysize vessels, through long-term time charter contracts with Exxon, Total, Glencore and Borgship Tankers. The Group employs a significant portion of its controlled vessels through three partnership arrangements. These commercial partnerships enable DIS to deploy, collectively with the partners, a fleet of vessels with significant scale and geographic coverage. As a result, these partnerships allow DIS to provide a comprehensive service to its customers and to enhance the geographic exposure to advantageous business opportunities, which in turn results in greater flexibility in deploying the Group's fleet.

Since 2001, d'Amico International Shipping, through its operating subsidiary d'Amico Tankers Limited (Ireland), has been a member of the Handytankers Pool, together with A.P. Moller-Maersk, Sealand Shipping Management and Motia Compagnia di Navigazione S.p.A. This is currently the largest handysize product tanker pool in the world, operating 89 vessels as at 30 September 2008. For the first nine months of 2008, this pool included an average of 5.8 handysize product tankers from the Group fleet, and 11 indirectly chartered-in handysize product tankers in which DIS had a partial interest amounting to 4.7 vessel equivalents. In 2003, the Group established High Pool Tankers Limited with Nissho Shipping Co. Limited (Japan). This pool operated seven MR product tankers as at 30 September 2008, including six of DIS controlled MRs. Under the pool arrangements d'Amico International Shipping is exclusively responsible for the pool's commercial management, in particular chartering, vessel operations and administration. In May 2005, DIS entered into a commercial arrangement with Glencore – St Shipping (GLENDA International Management Limited) to trade the vessels under a single brand name, 'GLENDA'. As at 30 September 2008, GLENDA International Management Limited operated 23 MR product tankers, including six owned and five of the Group chartered in MRs. In addition to the pools and commercial agreements, DIS has also established two joint ventures for the combined control of vessels, with key strategic partners. The first such venture, DM Shipping Ltd, allows d'Amico International Shipping to broaden the scope of its relationship with the Mitsubishi Group, and has a new building programme involving two MR vessels to be delivered in 2009. The second joint-venture, GLENDA International Shipping, reinforces the commercial partnership with the Glencore Group. The joint venture company has an order book for the purchase of ten new MR product / chemical tankers to be delivered between July 2009 and March 2011.

d'Amico International Shipping is part of the d'Amico Group, one of the world's leading privately-owned marine transportation companies with over 70 years of experience in the shipping business, whose ultimate parent company is d'Amico Società di Navigazione S.p.A. (d'Amico Società di Navigazione) (Italy). Today, the d'Amico Group manages and controls about 75 owned and chartered in vessels, of which 35.9 are vessels of DIS fleet, operating in the oil product tanker market, while the remaining 39 include 37 dry-bulk vessels controlled by d'Amico Dry Limited and d'Amico Shipping Italia S.p.A., and 2 container vessels controlled by d'Amico Shipping Italia S.p.A. d'Amico International Shipping benefits from a strong brand name and an established reputation in the international market due to the long operating history of the d'Amico Group. In addition, the Group benefits from the expertise of the d'Amico Group, which provides support for technical management services, as well as all safety, quality and technical products and services to DIS' vessels, including crewing and insurance arrangements.

d'Amico International Shipping has offices in Luxembourg, Dublin, London, Monaco and Singapore. In addition, it is also represented through the offices of the partnerships in New York, Copenhagen, Venice and Tokyo. As at 30 September 2008, the Group employed 402 seagoing personnel and 48 onshore personnel.

## **FLEET**

The following tables set forth information about DIS fleet as at 30 September 2008:

<b>MR current fleet</b>				
<b>Name of vessel</b>	<b>Dwt</b>	<b>Year built</b>	<b>Builder, country</b>	<b>IMO classed</b>
<b>Owned</b>				
High Venture	51,087	2006	STX, South Korea	IMO III
High Progress	51,303	2005	STX, South Korea	IMO III
High Performance	51,303	2005	STX, South Korea	IMO III
High Valor	46,975	2005	STX, South Korea	IMO III
High Courage	46,975	2005	STX, South Korea	IMO III
High Endurance	46,992	2004	STX, South Korea	IMO III
High Endeavour	46,992	2004	STX, South Korea	IMO III
High Challenge	46,475	1999	STX, South Korea	IMO III
High Spirit	46,473	1999	STX, South Korea	IMO III
High Wind	46,471	1999	STX, South Korea	IMO III
High Presence	48,700	2005	Imbari, Japan	-
High Priority	46,847	2005	Nakai Zosen, Japan	-
High Harmony	45,913	2005	Shin Kurushima, Japan	-
High Consensus	45,896	2005	Shin Kurushima, Japan	-
<b>Time chartered with purchase option</b>				
High Century	48,676	2006	Imabari, Japan	-
High Prosperity	48,711	2006	Imabari, Japan	-
High Nefeli	45,976	2003	STX, South Korea	IMO III
<b>Time chartered without purchase option</b>				
High Saturn	51,149	2008	STX, South Korea	IMO III
High Mars	51,149	2008	STX, South Korea	IMO III
High Mercury	51,149	2008	STX, South Korea	IMO III
High Glory	45,700	2006	Minami Nippon, Japan	-
High Glow	46,846	2006	Nakai Zosen, Japan	-
High Trader	45,879	2004	Shin Kurushima, Japan	-
High Energy	46,874	2004	Nakai Zosen, Japan	-
High Power	46,874	2004	Nakai Zosen, Japan	-

### Handysize current fleet

Name of vessel	Dwt	Year built	Builder, country	IMO classed
<b>Owned</b>				
Cielo di Salerno	36,032	2002	STX, South Korea	IMO III
Cielo di Parigi	36,032	2001	STX, South Korea	IMO III
Cielo di Londra	35,985	2001	STX, South Korea	IMO III
<b>Bare Boat without purchase option</b>				
Cielo di Guangzhou	38,877	2006	Guangzhou, China	-
<b>Time chartered without purchase option</b>				
Cielo di Milano	40,083	2003	Shina, South Korea	IMO III
Cielo di Roma	40,096	2003	Shina, South Korea	IMO III
Cielo di Napoli	40,081	2002	Shina, South Korea	IMO III

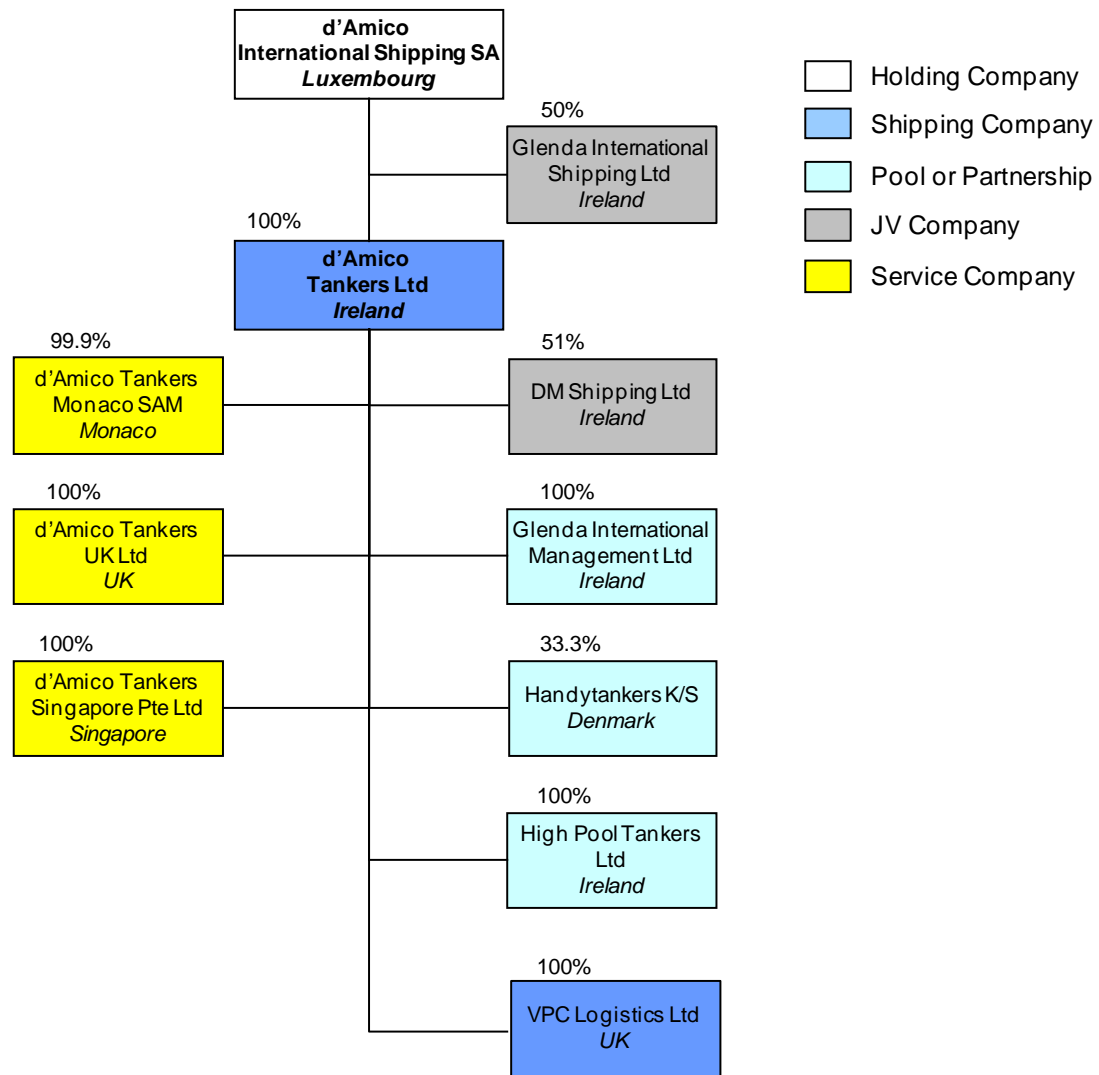
### Handysize indirectly chartered current fleet

Name of vessel	Dwt	Year built	Builder, country	Partial interest	IMO classed
Handytanker Spirit	34,671	2006	Dalian, China	50%	IMO III
Handytanker Unity	34,620	2006	Dalian, China	33%	IMO III
Handytanker Liberty	34,620	2006	Dalian, China	33%	IMO III
Tevere	37,178	2005	Hyundai, South Korea	50%	IMO III
Fox	37,025	2005	Hyundai, South Korea	50%	IMO III
Ocean Quest	34,999	2005	Dalian, China	25%	IMO III
Elbtank Denmark <sup>1</sup>	37,274	2002	Hyundai, South Korea	50%	IMO III
Torm Ohio <sup>1</sup>	37,999	2001	Hyundai, South Korea	50%	IMO III
<b>Time chartered with purchase option</b>					
Handytankers Miracle	38,877	2008	Guangzhou, China	25%	IMO III
Melody	38,500	2008	Guangzhou, China	25%	IMO III
Malbec	38,499	2008	Guangzhou, China	100%	IMO III

<sup>1</sup> Elbtank Denmark was previously named Orontes, and Torm Ohio was previously named Ohio.

## GROUP STRUCTURE

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





## FINANCIAL REVIEW

### *SUMMARY OF THE RESULTS IN THE THIRD QUARTER AND FIRST NINE MONTHS OF 2008*

During the nine month period ended 30 September 2008, the Group achieved a net profit of US\$90.3 million, and gross operating profit (EBITDA) of US\$126.9 million. Excluding, for comparison purposes, the gain from the disposal of the two vessels M/T High Trust and M/T High Peace occurred during the period, the Group's key financials were, as expected, somewhat lower than the first nine months of 2007, but very strong. The operating profit in Q3 2008 was of US\$19.2 million, exceeding the result of US\$16.8 million of Q3 2007. Key margins are solid, with an EBITDA margin of 42.4%, and a net profit margin of 23.0% (as a percentage of TCE, and excluding result on disposal of vessels).

Compared to the previous year, the nine months of 2008 performance was driven mainly by lower TCE rates in the first part of the current year (-3% on a nine month basis), and by higher time charter hire costs for new vessels and other operating costs. The Group's average TCE rate improved steadily throughout the current year to date, with Q3 showing a TCE earnings per employment day of US\$22,750, compared to US\$20,234 in Q1 and US\$21,271 in Q2. The Group result was also enhanced by its expanding fleet, which increased from an average of 35.2 vessels in Q1 2008 to an average of 36.7 vessels in Q3.

The spot market performed very well in Q3, also considering that this period is historically one of the weakest quarters of the year. Performance in July was very similar to that of June (being the strongest month of the year to date), and although August and September eased off a bit, third quarter earnings were still the best quarter earnings so far in 2008. This resulted in Time Charter Equivalent earnings improving year-to-date for the full nine months. Primary reasons for this include increased long haul exports from Europe and Asia into West Coast and East Coast of America to cover winter demand, thus reducing tonnage supply. The hurricanes this year did not cause any substantial damage, but did disrupt product inventories and supply in the United States. Towards the end of Q3, distillate imports resumed into Europe. Asia was also affected within this period but primarily due to planned refinery maintenance and tonnage supply shortfall within the Middle East region.

Time Charter enquiry remained firm during the third quarter, with likely the highest 1 year and 3 year Time Charter contracts being concluded so far within the first nine months of 2008. Short time charters of up to three months and time charter trips for the palm oil trade all performed at all time high levels. Sale and Purchase of second hand tonnage also remained firm though the third quarter, with likely record prices being achieved for the sale of M/T High Harmony and M/T High Consensus.

DIS coverage stood at 51% in 2008 (+6% with respect to the previous year), protecting the company's position, mainly over the first part of the year, against weaker markets. This percentage is within the range of Group policy (coverage between 40%-60%), which should avoid losing out on attractive spot market opportunities when they arise also.

Following the purchase of four previously time chartered-in vessels in vessels H1 2008, in advance with respect to their original exercise dates and at prices significantly below their market values, and the sale of M/T High Trust and M/T High Peace in H1 realizing a profit on disposal of US\$47.2 million, the Group has continued its activity trading vessels, which is an integral part of the business. In August the Group announced the sale of M/T High Harmony and M/T High Consensus for US\$56.5 million each, which will generate a further profit on disposal of about US\$58 million when they are delivered in Q4 2008.

In summary, the third quarter was a healthy contributor to the overall strong performance of the first nine months. This was achieved despite the continued influx of new ships and historically high bunker prices, which reached almost US\$750/ton during the period.

## OPERATING PERFORMANCE

3 <sup>rd</sup> Quarter 2008	3 <sup>rd</sup> Quarter 2007	(US\$ Thousand)	9 months 2008	9 months 2007
94 740	70 532	Revenue	251 972	242 620
(27 094)	(12 837)	Voyage costs	(63 900)	(45 167)
<b>67 646</b>	<b>57 695</b>	<b>Time charter equivalent earnings</b>	<b>188 072</b>	<b>197 453</b>
(21 356)	(22 524)	Time charter hire costs	(59 407)	(72 583)
(11 010)	(8 331)	Other direct operating costs	(34 583)	(24 776)
(6 069)	(4 042)	General and administrative costs	(18 168)	(14 941)
394	1 211	Other operating Income	3 869	2 696
-	-	Result on disposal of vessels	47 154	-
<b>29 605</b>	<b>24 009</b>	<b>Gross operating profit / EBITDA</b>	<b>126 937</b>	<b>87 849</b>
(10 427)	(7 243)	Depreciation	(27 051)	(21 982)
<b>19 178</b>	<b>16 766</b>	<b>Operating profit / EBIT</b>	<b>99 886</b>	<b>65 868</b>
(3 034)	954	Net financial income (charges)	(8 912)	(8 876)
<b>16 144</b>	<b>17 719</b>	<b>Profit before tax</b>	<b>90 974</b>	<b>56 992</b>
(185)	135	Income taxes	(640)	9 896
<b>15 959</b>	<b>17 854</b>	<b>Net profit</b>	<b>90 334</b>	<b>66 888</b>

**Revenue** for the first nine months of 2008 amounted to US\$252.0 million, compared to US\$242.6 million for the same period in 2007. Revenue for Q3 2008 and Q3 2007 was US\$94.7 million and US\$70.5 million respectively. The increase mostly reflects exceptionally high bunker prices experienced in 2008, which were absorbed by the market. The average number of vessels in the fleet was slightly higher for the first nine months of 2008 compared to 2007, at 36.0 and 35.5 respectively. The percentage of off-hire to available days was the same for both periods, at 1.7%.

**Voyage costs** increased from US\$45.2 million for the first nine months of 2007 to US\$63.9 million for the same period in 2008. As previously noted, bunker prices reached record levels in 2008, having a major impact on this line. Also contained in voyage costs were time charter in costs associated with vessels not part of the Group's fleet, which include those vessels operated by VPC Logistics Ltd. These charter in costs amounted to US\$8.6 million for the first nine months of 2008 (2007: nil).

**Time charter equivalent earnings** for the nine months ended 30 September 2008 were US\$188.1 million (2007: US\$197.5 million). The gap between 2008 and 2007 closed significantly in Q3, with TCE earnings of US\$67.6 million in Q3 2008, compared to US\$57.7 million in Q3 2007. The cumulative decrease is attributable to weaker product tanker market conditions mostly towards the beginning of 2008, causing a decrease in TCE per employment day of 2.9% for the first nine months, to US\$21,438 (2007: US\$22,073). Q3 2008 daily TCE at US\$22,750 was 15% higher than Q3 2007 daily TCE, and the average number of vessels in Q3 2008 was also higher than the same period in 2007, at 36.7 and 34.5 respectively.

**Time charter hire costs** for the first nine months of 2008 were US\$59.4 million, 18% lower than those for the same period in 2007. This reduction is mainly attributable to a reduction in the average number of vessels on time charter-in following the exercise of several vessels purchase options since the last quarter of 2007. There was an average of 14.4 time chartered vessels for the first three quarters of 2008, compared to 19.6 for 9 months 2007.

**Other direct operating costs** include crew, technical, luboil, and insurance expenses. These costs, which mainly arise from the operation of owned vessels, and to a lesser extent from the operation of vessels on time charter-in, amounted to US\$34.6 million for the nine month period ended 30 September 2008, compared to US\$24.8 million for the nine month period ended 30 September 2007. Crew costs for the 2008 period under review were US\$16.5 million (2007: US\$11.4 million), while technical costs amounted to US\$8.9 million (US\$5.9 million for 9 months 2007). The increase is mainly attributable to the increase in the average number of owned vessels in 2008, together with an increase in the average daily cost for crews, due to the shortage of skilled seagoing personnel. Technical costs were also influenced by the timing of expenditure on vessels, which was weighted towards the first half of the year in 2008.

**General and administrative expenses** for the nine months ended 30 September 2008 amounted to US\$18.2 million, higher than those recorded for the nine months ended 30 September 2007 (US\$14.9 million). This variance was expected as the costs are not comparable with the previous year, with the company having floated in the middle of Q2 2007, and now incurring costs associated with being a listed company, together with significantly increasing the number of staff. Staff costs for the first three quarters of 2008 also include a US\$1.3 million charge representing non-cash items related to the portion of the fair value of share options granted to top management in September 2007. Salaries and benefits were also negatively impacted by the unfavourable US dollar exchange rate during the period, with the majority of managers and employees being paid in Euro.

**Other operating income** for the nine months ended 30 September 2008 (US\$3.9 million), includes chartering commission from the Handytankers Pool, and also insurance compensation relating to the loss of earnings following certain damages and claims occurred.

**Result on disposal of vessels** (US\$47.2 million) represents the significant gain on sale of M/T High Trust in Q1 (US\$22.2 million) and M/T High Peace in Q2 (US\$24.9 million).

**Gross operating profit (EBITDA)** for the nine month period ended 30 September 2008 amounted to US\$126.9 million (US\$79.8 million excluding gain from disposal of vessels), compared to US\$87.8 million for the period ended 30 September 2007. EBITDA for Q3 2008 was US\$29.6 million, compared to US\$24.0 million for Q3 2007. As a percentage of time charter equivalent earnings, the gross operating profit margin for 9 months 2008 was 42.4% (excluding gain from disposals) compared to 44.5% for 9 months 2007 (Q3 2008: 43.8%; Q3 2007: 41.6%). The variance in margins is essentially attributable to the already disclosed decrease in TCE earnings driven by the overall weaker market conditions, in the first part of the year, with the gap between 2007 and 2008 closing in Q3. This effect has been mitigated by the improvement in the operating costs structure, following the increase in the percentage of owned vessels (from 36.6% for 9 months 2007 to 46.9% for 9 months 2008).

**Depreciation** for the first three quarters of 2008 amounted to US\$27.1 million, compared to US\$22.0 million for the same period in 2007. The increase is attributable to the growth from 13.0 to 16.9 in the number of owned vessels for the first nine months of 2008 compared to 2007. Q3 2008 also included a significant additional charge for depreciation, following the reduction in scrap steel prices since Q2 2008, increasing depreciable amounts for vessels without affecting the cash flow.

**Operating profit (EBIT)** for the nine months ended 30 September 2008 amounted to US\$99.9 million, compared to US\$65.9 million for 9 months 2007. As a result of the good condition of the operating market in the quarter Q3 2008 EBIT was US\$19.2 million, significantly higher than the amount of US\$16.8 million realized in Q3 2007.

**Net financial charges** for the nine months ended 30 September 2008 (US\$8.9 million) were in line with the previous year (US\$8.8 million). The Group confirms its financial flexibility through various large loan facilities negotiated, including the 10 years revolving facility for US\$350 million which commenced at the end of Q1 2007, and the JPY 10 billion Yen facility which was concluded in September 2008. Q3 2008 financial charges were US\$3.0 million, compared to net financial income of US\$1.0 million in Q3 2007, when the recognition of a gain on financial instruments occurred.

**Profit before tax** for the nine months ended 30 September 2008 amounted to US\$90.3 million (US\$43.8 million excluding gain from disposal of vessels), compared to US\$57.0 million for the nine months ended 30 September 2007. Despite an overall weakened market, the Group maintained a very robust profit margin for the first three

quarters of 2008 compared to 2007 (23.3% and 28.9% respectively on a comparable basis, excluding 2008 gain on vessels' disposal).

**Income taxes** mainly arise from the Group's key operating entity, d'Amico Tankers Ltd (Ireland). Entry into the Irish Tonnage Tax regime in 2007 led to the recognition of taxes for the period based on the notional income of vessels, which is dependent on the size of the vessel, rather than on the company's profit. This led to a tax credit of US\$9.9 million being recognised for the nine month period ended 30 September 2007, following a write back of deferred tax liabilities in that period. This compares to a charge of US\$0.6 million for the same period in 2008.

**Net profit** for the nine months ended 30 September 2008 amounted to US\$90.3 million, compared to US\$66.9 million for the nine months ended 30 September 2007. Net profit for Q3 2008 was US\$16.0 million, compared to US\$17.9 million for Q3 2007.

### CONSOLIDATED BALANCE SHEET

<i>US\$ Thousand</i>	<b>As at 30 September 2008</b>	<b>As at 30 June 2008</b>	<b>As at 31 December 2007</b>
<b>ASSETS</b>			
Non current assets	574 949	520 648	430 609
Current assets	109 074	91 686	70 090
<b>Total assets</b>	<b>684 023</b>	<b>612 334</b>	<b>500 699</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Shareholders' equity	336 562	322 474	282 689
Non current liabilities	291 960	242 788	178 482
Current liabilities	55 501	47 072	39 528
<b>Total liabilities and shareholders' equity</b>	<b>684 023</b>	<b>612 334</b>	<b>500 699</b>

**Non current assets** are comprised almost entirely of the fleet (owned vessels), whose book value (cost less depreciation) is significantly lower than its market value of US\$918.2<sup>1</sup> million as at 30 September 2008, according to the average of two valuation reports provided by two different brokers in October 2008.

During the first nine months of the year *gross capital expenditures* was US\$230.1 million, while in Q3 2008 the amount was US\$64.8 million, relating mainly to progress payments made for MR vessels under construction and the acquisition of High Presence, which was delivered to the Group in Q3 2008. Also included in capitalised costs are dry-docks relating to the d'Amico International Shipping's owned vessels.

**Current assets**, excluding cash and cash equivalents (US\$45.2 million as at 30 September 2008 and US\$34.6 million as at 30 June 2008), mainly refer to working capital items (trade receivables and inventories).

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

<sup>1</sup> Includes d'Amico International Shipping's share of yard payments for ten vessels under construction which are part of the Glenda International Shipping joint venture, amounting to US\$110.7 million, two vessels under construction which are part of the d'Amico Mitsubishi Shipping joint venture, amounting to US\$6.4 million, and two vessels under construction which were contracted by d'Amico Tankers Ltd in July 2008 amounting to US\$20.2 million. The market value figure also includes US\$56.5 million each for High Harmony and High Consensus, which were contracted for sale at these prices in August 2008, and were delivered in October 2008.

The increase in **shareholders' equity** from US\$282.7 million as at 31 December 2007, to US\$336.6 million as at 30 September 2008, is attributable primarily to the consolidated net profit for the nine months of US\$90.3 million, and to the dividend payment of US\$34.3 million during the second quarter of the year.

### NET INDEBTEDNESS

In the first three quarters of 2008 the Group incurred net capital expenditures amounting to US\$124.2 million, aimed at sustaining the owned fleet growth. During the period, US\$110.2 million was paid for four purchase options exercised in advance, together with progress payments amounting to US\$116.9 million being made on ten MR vessels under construction as part of the GLENDA International Shipping joint venture, two vessels under construction as part of the d'Amico Mitsubishi joint venture, and two vessels under construction which were contracted by d'Amico Tankers Ltd in July 2008. Two MR vessels were also sold during the period, generating proceeds of US\$105.9 million. As a result, net debt amounted to US\$252.3 million as at 30 September 2008, compared to US\$157.9 million as at 31 December 2007. The ratio of net debt to shareholder's equity was 0.75 at 30 September 2008.

<i>(US\$ Thousand)</i>	<b>As at 30 September 2008</b>	<b>As at 30 June 2008</b>	<b>As at 31 December 2007</b>
<b>Liquidity</b>			
Cash and cash equivalents	45 222	34 578	24 926
<b>Total current financial assets</b>	<b>45 222</b>	<b>34 578</b>	<b>24 926</b>
<b>Other current financial liabilities</b>			
Due to third parties (irs fair value)	5 600	3 620	4 355
<b>Total current financial debts</b>	<b>5 600</b>	<b>3 620</b>	<b>4 355</b>
<b>Net current financial indebtedness</b>	<b>(39 622)</b>	<b>(30 958)</b>	<b>(20 571)</b>
<b>Bank loans – non current</b>	291 960	242 788	178 482
<b>Total non current financial debt</b>	<b>291 960</b>	<b>242 788</b>	<b>178 482</b>
<b>Net financial indebtedness</b>	<b>252 338</b>	<b>211 830</b>	<b>157 911</b>

US\$233.7 million of the bank loans outstanding as at 30 September 2008 is attributable to the 10 year revolving facility between d'Amico Tankers Ltd (Ireland) and Caylon, arranged in March 2007 (which is syndicated by other primary banking institutions, namely Intesa Sanpaolo S.p.A., Fortis Bank (Nederland) N.V., The Governor and the Company of the Bank of Ireland, Norddeutsche Landesbank Girozentrale, and Scotiabank (Limited)).

The remaining US\$58.3 million relates to the loans granted by Commerzbank AG Global Shipping and Credit Suisse, for the GLENDA International Shipping Ltd Joint Venture ten new-building 47,000 dwt MR Product Tankers, under construction at Hyundai and SLS shipyards, Korea.

## CASH FLOW

Net cash flow for the nine months ended 30 September 2008 amounted to US\$20.3 million, increasing cash and cash equivalents to US\$45.2 million at that date, from US\$24.9 million at the end of December 2007. Of this, net cash increased by US\$10.6 million in Q3 2008.

3 <sup>rd</sup> Quarter 2008	3 <sup>rd</sup> Quarter 2007	(US\$ Thousand)	9 months 2008	9 months 2007
26 124	27 401	Cash flow from operating activities	66 275	73 576
(64 761)	(6 771)	Cash flow from investing activities	(124 241)	(6 803)
49 281	(38 495)	Cash flow from financing activities	78 262	(41 499)
<b>10 644</b>	<b>(17 864)</b>	<b>Change in cash balance</b>	<b>20 296</b>	<b>25 275</b>
<b>10 644</b>	<b>(17 864)</b>	<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>20 296</b>	<b>25 275</b>
34 578	57 070	Cash & cash equivalents at the beginning of the period	24 926	13 932
<b>45 222</b>	<b>39 206</b>	<b>Cash &amp; cash equivalents at the end of the period</b>	<b>45 222</b>	<b>39 207</b>

**Cash flow from operating activities** for the nine months ended 30 September 2008 amounted to US\$66.3 million, compared to US\$73.6 million for 9 months 2007. The decrease was mainly driven by lower TCE earnings in the first part of 2008, partially offset by lower interest payments in that period also.

**Cash flow from investing activities** amounted to a net outflow of US\$124.2 million for the first nine months of 2008, compared to a US\$6.8 million net outflow for 9 months 2007, when no significant capital expenditure occurred. Additions to fixed assets in 2008 included the exercise of purchase options on M/T High Harmony, M/T High Consensus, M/T High Peace and M/T High Presence, amounting to US\$110.2 million, and d'Amico International Shipping's share of yard payments on vessels under construction amounting to US\$116.9 million. The disposal of M/T High Trust in Q1 2008 and M/T High Peace in Q2 2008 generated a cash inflow of US\$105.9 million in the period.

**Cash flow from financing activities** for the nine months ended 30 September 2008 includes a net drawdown of US\$55.2 million from the Caylon revolving facility and a drawdown of US\$58.3 million from the Commerzbank and Credit Suisse loans. A shareholders dividend of US\$34.3 million was paid in Q2 2008, and other financing activity movements relate to changes in forex balances and other movements in shareholder's equity.

## SIGNIFICANT EVENTS OF THE THIRD QUARTER

### *EXPANSION OF CONTROLLED FLEET*

On 18 July 2008, the M/T High Mercury, a medium range chartered in vessel in which the Group has a 100% interest, was delivered to d'Amico Tankers Limited for a period of 7 years. This is a modern double-hull IMO classed vessel of 51,149 dwt.

The operating subsidiary d'Amico Tankers Limited (Ireland) entered, on 18 July 2008, into contracts for the construction of two additional new product/chemical tanker vessels (being medium range 46,000 dwt) with Hyundai Mipo Dockyard Co Ltd, Korea, for expected delivery in January and October 2011, for a consideration of US\$50.5 million each. These double-hulled vessels are modern, flexible, IMO classed vessels.

DIS total fleet comprised of 34.9 vessels as at 30 September 2008. This is expected to grow to 44.9 vessels by the end of 2011 based on the Group's new building and chartering programme. Furthermore, DIS still has purchase options over several vessels with significant value compared to current market prices. Overall, DIS holds purchase options on 6.1 vessels exercisable by the end of 2017. Of these, options on 2.3 vessels are exercisable by the end of 2011.

### *VESSEL OPTIONS EXERCISE*

On 19 August 2008, the M/T High Presence was delivered to d'Amico Tankers Limited (Ireland). This is a 47,000 dwt double-hull MR product tanker vessel built in 2005, in Imbari Shipbuilding Co Ltd Japan, for which on 10 June 2008, the Group announced the exercise in advance of its purchase option. The agreed purchase price for the vessel was Yen 3.15 billion (about US\$30 million), significantly lower than the current market value of the vessel, which is currently about US\$48 million. The vessel was originally chartered in by d'Amico Tankers Ltd in 2005.

### *SALE OF VESSELS*

On 27 August 2008, d'Amico Tankers Limited (Ireland) agreed to sell to United Arab Chemical Carriers Limited of Dubai, UAE, the M/T High Harmony (45,913 dwt) and the M/T High Consensus (45,896 dwt), two medium range double-hull product tankers built in 2005 by the Shin Kurushima Shipyard in Japan. The sale price for each vessel is US\$56.5 million generating a gain on disposal of about US\$29 million for each vessel, recognised at the delivery of the vessels... At the end of October 2008 the sale agreement was concluded, and until the sale price is paid, which is expected to take place in January 2009, the vessels have been delivered to the buyer under bareboat agreements. Prior to their sale, the two vessels were time chartered in and then owned by d'Amico Tankers Limited, which had exercised their purchase options earlier this year.

### *BUY BACK PROGRAMME*

In pursuance of the share buy-back program approved by the Board of Directors on 1 August 2007, d'Amico International Shipping SA between July and September 2008, repurchased, on the regulated market managed by Borsa Italiana S.p.A., a further 77,142 shares (0.051% of the share capital), at the average price of Euro 2.063, for a total consideration of Euro 159,127. As at 30 September 2008, d'Amico International Shipping SA held 3,191,150 of its own shares, corresponding to 2.128% of the outstanding share capital.

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

### *EXPANSION OF THE CONTROLLED FLEET*

On 15 October 2008, the M/T High Jupiter, a medium range chartered in vessel was delivered to d'Amico Tankers Limited for a period of 7 years. This is a modern double-hull IMO classed vessel of 51,149 dwt.

### *BUY BACK PROGRAMME*

In pursuance of the share buy-back program approved by the Board of Directors on 1 August 2007, d'Amico International Shipping SA during the period between 1 October and 31 October 2008, repurchased, on the regulated market managed by Borsa Italiana S.p.A., a further 1,199,345 shares (0.8% of the share capital), at an average price of Euro 1.6024, for a total consideration of Euro 1,919,410. As at the 5 November 2008, d'Amico International Shipping SA holds 4,390,495 of its own shares, corresponding to 2.9280% of the outstanding share capital.

### *BUSINESS OUTLOOK*

In the face of recent negative worldwide economic sentiment, the product tanker market has continued to show a remarkable robustness, with Q3 2008 earnings being the highest of any quarter so far this year. Given the current worldwide financial and economic turmoil and the general demand slowdown, the product tanker market rates could remain under pressure. The sector can benefit, however, from several positive factors.

- Reduced oil demand growth estimates for 2009 with further potential downside if demand from Asian economies continues to wane as a result of financial turmoil. Lower OPEC oil production could also hurt demand for the transportation of refined products;
- The arbitrage windows for various refined products, which largely occurred in last years should continue to positively affect the product tanker market and sustain the freight rates. This will also depend on the number of refinery projects coming on stream and on the demand growth. For the short term, US refineries are now arriving to replenish tight gasoline stocks, resulting in a somewhat buoyant outlook heading into the winter season;
- The large and diversified number of trade lanes and flexibility, with reference to both the geographical footprint than transported products, should mitigate the negative effects of a general slowdown in demand.
- The demand for IMO classed vessels to cover the strong market for the carriage of vegetable, palm oil and chemical products;
- An increase in requests for long-haul voyages driven by a dislocation between refining capacity and demand will contribute to stabilizing rates;
- Potential large influx on newbuilding, with net fleet growth predicted to be about 13% for the full year 2009 (source: Clarkson Research Services). While an acceleration of scrapping of older single-hull vessels is expected to occur before the 2010 IMO phase out regulations come into force, the timing of in the short term period will also depend on TCE rates and scrap values, with lower steel scrap prices and second-hand vessels prices level, which recently decreased;
- With financing more difficult to obtain to fund newbuildings, this is likely to lead to order cancellations and delays at shipyards, resulting in expected downside to the predicted net fleet growth through 2009, and therefore less pressure on rates during the period too;
- Tightening of vetting and screening procedures from oil companies favours modern double-hull vessels operated by owners with full in-house ship-management and crewing, with many large Asian refineries reducing the use of single-hull tankers before their phase out in 2010.

The overall outlook remains cautious, but d'Amico International Shipping is very well positioned to maximize its potential during this period. The Group has a strong balance sheet, cash flow generation and profitability, which will allow sustaining the strategy and planning the future growth.



**d' AMICO INTERNATIONAL SHIPPING GROUP**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2008**

**CONSOLIDATED INCOME STATEMENT**

<b>3rd Quarter 2008</b>	<b>3rd Quarter 2007</b>	<i>(US\$ Thousand)</i>	<b>9 months 2008</b>	<b>9 months 2007</b>
94 740	70 532	Revenue	251 972	242 620
(27 094)	(12 837)	Voyage costs	(63 900)	(45 167)
<b>67 646</b>	<b>57 695</b>	<b>Time charter equivalent earnings</b>	<b>188 072</b>	<b>197 453</b>
(21 356)	(22 524)	Time charter hire costs	(59 407)	(72 583)
(11 010)	(8 331)	Other direct operating costs	(34 583)	(20 312)
(6 069)	(4 042)	General and administrative costs	(18 168)	(14 941)
394	1 211	Other operating income	3 869	2 696
-	-	Result on disposal of vessels	47 154	-
<b>29 605</b>	<b>24 009</b>	<b>Gross operating profit</b>	<b>126 937</b>	<b>87 849</b>
(10 427)	(7 243)	Depreciation	(27 051)	(21 982)
<b>19 178</b>	<b>16 766</b>	<b>Operating profit</b>	<b>99 886</b>	<b>65 868</b>
(3 034)	953	Net financial income (charges)	(8 912)	(8 876)
<b>16 144</b>	<b>17 719</b>	<b>Profit before tax</b>	<b>90 974</b>	<b>56 992</b>
(185)	135	Income taxes	(640)	9 896
<b>15 959</b>	<b>17 854</b>	<b>Net profit</b>	<b>90 334</b>	<b>66 888</b>

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

<b>0.592</b>	<b>0.119</b>	<b>Earnings per share</b>	<b>0.602</b>	<b>0.446</b>
<b>0.105</b>		<b>Diluted earnings per share<sup>1</sup></b>	<b>0.106</b>	

<sup>1</sup> 9 months 2008 diluted earnings per share have been calculated assuming the issue of the total number of new shares provided by the share option plan (2,631,774)

## CONSOLIDATED BALANCE SHEET

<i>US\$ Thousand</i>	As at 30 September 2008	As at 31 December 2007
<b>ASSETS</b>		
<b>Non current assets</b>		
Tangible assets	574 945	430 605
Financial fixed assets	4	4
<b>Total non current assets</b>	<b>574 949</b>	<b>430 609</b>
<b>Current assets</b>		
Inventories	15 741	9 300
Receivables and other current assets	48 111	35 863
Cash and cash equivalents	45 222	24 926
<b>Total current assets</b>	<b>109 074</b>	<b>70 090</b>
<b>Total assets</b>	<b>684 023</b>	<b>500 699</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity</b>		
Share capital	149 950	149 950
Retained earnings	90 334	75 081
Other reserves	96 278	57 658
<b>Total shareholders' equity</b>	<b>336 562</b>	<b>282 689</b>
<b>Non current liabilities</b>		
Banks and other lenders	291 960	178 482
<b>Total non current liabilities</b>	<b>291 960</b>	<b>178 482</b>
<b>Current liabilities</b>		
Other financial current liabilities	5 600	4 355
Payables and other current liabilities	49 231	35 100
Current taxes payable	670	73
<b>Total current liabilities</b>	<b>55 501</b>	<b>39 528</b>
<b>Total liabilities and shareholders' equity</b>	<b>684 023</b>	<b>500 699</b>

## CONSOLIDATED CASH FLOW STATEMENT

3rd Quarter 2008	3rd Quarter 2007	(US\$ Thousand)	9 months 2008	9 months 2007
<b>15 959</b>	<b>17 854</b>	<b>Net profit</b>	<b>90 334</b>	<b>66 888</b>
10 427	7 243	Depreciation and amortisation	27 051	21 982
185	(135)	Current and deferred income tax	640	(9 896)
3 034	(954)	Financial charges	8 912	8 876
-	-	Result on disposal of fixed assets	(47 154)	-
(426)	2	Other non-cash items	(381)	2
<b>29 179</b>	<b>24 010</b>	<b>Cash flow from operating activities before changes in working capital</b>	<b>79 402</b>	<b>87 852</b>
(2 702)	2 025	Movement in stocks	(6 441)	15
(4 042)	801	Movement in amounts receivable	(12 248)	(153)
5 622	4 040	Movement in amounts payable	12 720	1 677
11	-	Taxes paid	219	(4 539)
(1 944)	(3 475)	Interest paid	(7 376)	(11 275)
<b>26 124</b>	<b>27 402</b>	<b>Net cash flow from operating activities</b>	<b>66 275</b>	<b>73 576</b>
(64 762)	(6 770)	Acquisition of fixed assets	(230 100)	(8 713)
2	1	Proceeds from the disposal of fixed assets	105 859	1 915
-	-	Acquisition of investments	-	(4)
<b>(64 760)</b>	<b>(6 769)</b>	<b>Net cash flow from investing activities</b>	<b>(124 241)</b>	<b>(6 803)</b>
-	-	Movement in amounts due from parent company	-	(38 914)
-	-	Share capital increase	-	94 556
245	(19)	Other changes in shareholders' equity	878	(593)
(136)	(3 554)	Treasury Shares	(1 821)	(3 554)
-	(35 000)	Bank loan repayments	(112 000)	(316 400)
49 171	79	Bank loan draw-downs	225 478	248 406
-	-	Dividend paid	(34 273)	(25 000)
<b>49 280</b>	<b>(38 494)</b>	<b>Net cash flow from financing activities</b>	<b>78 262</b>	<b>(41 499)</b>
<b>10 644</b>	<b>(17 864)</b>	<b>Change in cash balance</b>	<b>20 296</b>	<b>25 275</b>
<b>10 644</b>	<b>(17 864)</b>	<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>20 296</b>	<b>25 275</b>
34 578	57 070	Cash and cash equivalents at the beginning of the period	24 926	13 932
<b>45 222</b>	<b>39 206</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>45 222</b>	<b>39 206</b>

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

US\$ Thousand	Share capital	Retained earnings	Other reserves	Total
<b>Balance as at 1 January 2008</b>	<b>149 950</b>	<b>75 081</b>	<b>57 658</b>	<b>282 689</b>
Dividend paid	-	(34 273)	-	-
Other changes	-	(159)	(208)	(367)
Treasury Shares	-	-	(1 821)	(1 821)
Profit for the period	-	90 334	-	-
<b>Balance as at 30 September 2008</b>	<b>149 950</b>	<b>130 983</b>	<b>55 629</b>	<b>336 562</b>

US\$ Thousand	Share capital	Retained earnings	Other reserves	Total
<b>Balance as at 1 January 2007</b>	<b>159</b>	<b>154 367</b>	<b>(536)</b>	<b>153 990</b>
Initial paid in capital	35	-	-	35
Dividend paid	-	(25 000)	-	(25 000)
Share capital increase	149 807	(128 814)	73 528	94 521
Other changes	(51)	(553)	516	(107)
Treasury Shares	-	-	(3 554)	(3 554)
Profit for the period	-	66 888	-	66 888
<b>Balance as at 30 September 2007</b>	<b>149 950</b>	<b>66 888</b>	<b>69 935</b>	<b>286 773</b>

## EXPLANATORY NOTES

The Interim report has been prepared in accordance with provisions of Art. 5 of the Luxembourg Law dated 11 January 2008, which transposed Directive 2004/109/EC of the European Parliament and of Council of 15 December 2004 in the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

The d'Amico International Shipping S.A. group has adopted International Financial Reporting Standards (IFRS – International Financial Reporting Standards and IAS – International Accounting Standards) as issued by the 'IASB' (International Accounting Standards Board) and endorsed by the European Union. The designation 'IFRS' also includes all 'IAS', as well as all interpretations of the International Financial Reporting Interpretations Committee 'IFRIC', formerly the Standing Interpretations Committee 'SIC'. The financial statements' are expressed in U.S. dollars, being the functional currency of the Group.

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### 1. ACCOUNTING POLICIES

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The financial statements present the results of the parent company, d'Amico International Shipping SA, and its subsidiaries for the period ended 30 September 2008. d'Amico International Shipping SA was incorporated under Luxembourg law on 9 February 2007 and, following a reorganisation of the entities under d'Amico Group control, it acquired the shares of d'Amico Tankers Limited, comprising the tanker activities of the d'Amico Group. This report has been prepared in accordance with IAS 34 - *Interim Financial Reporting* applying the same accounting principles and policies used in the preparation of the consolidated financial statements at 31 December 2007.

The Company - according to the provisions of article 36, paragraph 1, letter b) and c) and paragraph 2, of the Consob Regulation in force implementing the provisions on Markets, although the above provisions are not applicable to the Company - obtained from its controlled subsidiaries established and regulated under the law of non-European Union countries and considered relevant as per the Consob Regulation in force implementing the provisions on Issuers both the relevant articles of association and the composition and powers of their controlling bodies. Moreover, the Company duly assessed that the above mentioned companies have adopted an internal audit system adequate for the regular submission to the management and to the auditors of the Company of the economic and financial data necessary for the compilation of the consolidated financial statements of the Company and so that the Company's auditor can perform its annual and interim audit of the accounts of the Company.

#### SCOPE OF CONSOLIDATION

With respect to the annual consolidated financial statements at 31 December 2007, no changes in the scope of consolidation took place during the first nine months of 2008.

#### CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATES

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

*Vessel carrying values.* The carrying value of vessels may significantly differ from their market value. It is affected by the management's assessment of the remaining useful lives of the vessels, their residual value and indicators of impairment. If the carrying value of vessels exceeds the recoverable amount then an impairment charge is recognised.

*Tax liabilities.* The tax liabilities are calculated based on our tax situation as affected by the regulatory frameworks of the jurisdiction in which we operate. The liability for tax may be affected by changes in the treatment or assessment of trading income, freight tax, tonnage tax and value added tax.

#### SEGMENT INFORMATION

d'Amico International Shipping only operates in one business segment: Product Tankers. With reference to geographical area, the Group only has one geographical segment, considering the global market as a whole, and the fact that individual vessels deployment is not limited to a specific area of the world. As a result, no segment information is needed.

#### ACCOUNTING PRINCIPLES

There are no new International Financial Reporting Standards or IFRICs from 1<sup>st</sup> January 2008 applicable to d'Amico International Shipping with respect to the ones used for the 2007 year end closing.

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## 2. COMMITMENTS AND CONTINGENCIES

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#### CAPITAL COMMITMENTS

As at 30 September 2008, the Group's total capital commitments amounted to US\$253.4 million, of which payments over the next 12 months amounted to US\$82.5 million.

US\$ Million	As at 30 September 2008
Within one year	82.5
Between 1 – 3 years	155.7
Between 3 – 5 years	15.2
More than 5 years	-
Total	253.4

Capital commitments for d'Amico International Shipping as at 30 September 2008 are comprised of:

- Payments due for two vessels bought in joint-venture with Mitsubishi, through d'Amico Mitsubishi Shipping, of which our consolidated 51% share of payments amounts to Yen 3.86 billion (US\$36.7 million<sup>1</sup>). Of this, our commitments over the next twelve months amount to Yen 2.50 billion (US\$23.7 million<sup>1</sup>);
- Payments due for ten vessels bought by GLENDA International Shipping Ltd. Our 50% share of these commitments amounts to US\$135.9 million, of which commitments over the next 12 months amount to US\$48.7 million;
- Payment for two vessels bought by d'Amico International Shipping, through its subsidiary d'Amico Tankers Limited. These are new medium range product/chemical tankers under construction with Hyundai Mipo Dockyard Co Ltd, Korea, and are expected to be delivered in January and October 2011. Total consideration for the two vessels is US\$101.0 million, of which US\$10.1 million is payable in the next twelve months.

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<sup>1</sup> Yen values were converted to US dollars at the 30 September 2008 closing exchange rate of Yen 105.20 to 1 US dollar

On behalf of the Board

Paolo d'Amico  
Chairman

Marco Fiori  
Chief Executive Officer

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

### **Contacts**

#### **Investor Relations**

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