

# d'Amico International Shipping S.A.

## Interim Management Statements – Third Quarter 2009

**Luxembourg, 29 October 2009** - The Board of Directors of d'Amico International Shipping S.A. approves Q3 2009 Results and the Company's 2010 financial calendar.

**'Difficult market environment reflected by the Q3 Net Loss of US\$ 11.4 million (US\$ 7.8 million excluding non cash forex items), but operating cash-flow at break-even level and relevant cash on hands'**

The steady supply of ships, driven by the large influx of new buildings into the market, has resulted in significant pressure on the spot rate. Considering the difficult operating environment, characterized by the world economy recession combined with vessel over-capacity, the d'Amico International Shipping (DIS) results should be considered as relatively good. The significant percentage of fixed contracts coverage, the strong market positioning, together with efficiencies in general and administrative costs and the solid balance sheet allowed DIS to sail at the water line, close to its break-even level.

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### THIRD QUARTER 2009 RESULTS

- Time charter equivalent Earnings (TCE) of US\$ 42.6 million
- Gross operating profit of US\$ 4.2 million (9.7% on TCE)
- Net loss of US\$ 11.4 million (US\$ 7.8 million net of loss on exchange rate)
- Cash Flow from Operating Activities at break-even level (negative amount of US\$ 0.4 million)
- EPS / loss of US\$ 0.076

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### NINE MONTHS 2009 RESULTS

- Time charter equivalent Earnings (TCE) of US\$ 141.1 million
- Gross operating profit of US\$ 28.7 million (20.3% on TCE)
- Net loss of US\$ 4.2 million (US\$ 3.6 million net of loss on exchange rate)
- Net debt of US\$ 150.5 million with cash on hands of US\$ 112.0 million
- Cash Flow from Operating Activities of US\$ 28.2 million
- EPS / loss of US\$ 0.028

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### OUTLOOK

d'Amico International Shipping's outlook remains substantially in line with the disclosure previously shown this year, confirming that it is still significantly influenced by the current weak product tanker demand and an uncertain worldwide economic scenario. As a consequence, DIS management maintains a very cautious approach regarding it. Product tanker rates have declined since the beginning of the current year, with the largest correction in Q2. There were no substantial further large reduction in Q3 and no further larger decrease going into the last quarter of the current year is expected. The rates remain under pressure and a stabilisation or an improvement, also considering the relevant net fleet growth, would not occur until economies start to improve, generating a demand support.

*Today at 15.00 hours (CEST), DIS will hold a telephone conference. The participants should dial the following numbers: Italy: + 39 02 8058811 - UK: + 44 808 23 89 561 - USA: + 1 866 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 2626229 01*

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This press release relating to the third quarter 2009 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.

This document is available at the Company's registered office, on [www.damicointernationalshipping.com](http://www.damicointernationalshipping.com) and at Société de la Bourse de Luxembourg S.A. (O.A.M.)

d'Amico International Shipping S.A.

Registered office at 25C Boulevard Royal, Luxembourg  
Share capital US\$149,949,907 as at 30 September 2009

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## KEY FIGURES

### FINANCIALS

Q3 2009	Q3 2008 (*)	US\$ Thousand	9 MONTHS 2009	9 MONTHS 2008(*)
42 627	67 646	Time charter equivalent (TCE) earnings	141 107	188 072
4 151	29 605	Gross operating result / EBITDA	28 698	79 783
9.74%	43.76%	as % of margin on TCE	20.33%	42.42%
(5 342)	19 178	Operating result/ EBIT	1 578	52 732
(12.53)%	28.35%	as % of margin on TCE	1.12%	28.04%
(11 437)	15 959	Net profit/(loss)	(4 227)	43 179
(26.83)%	23.59%	as % of margin on TCE	(2.99)%	22.96%
US\$ (0.076)	US\$ 0.106	Earnings/ (loss) per share	US\$ (0.028)	US\$ 0.288
(381)	26 124	Operating cash flow	28 158	66 275
26 541	64 762	Gross CAPEX	56 928	230 100

(\*) For comparison purposes, the 2008 figures are shown excluding result on disposal of vessels of US\$ 47.1 million in the first nine months period 2008

As at 30 September 2009	As at 31 December 2008	
719 906	724 154	Total assets
150 491	142 235	Net financial indebtedness
361 420	387 839	Shareholders' Equity

### OTHER OPERATING MEASURES

Q3 2009	Q3 2008		9 MONTHS 2009	9 MONTHS 2008
13 879	22 750	<b>Daily operating measures</b> - TCE earnings per employment day (US\$) <sup>1</sup>	16 526	21 438
38.5	36.7	<b>Fleet development</b> - Total vessel equivalent	37.2	36.0
15.5	17.0	- Owned	15.2	16.9
18.1	14.8	- Chartered	17.0	14.4
4.9	4.9	- Chartered thorough pools	5.0	4.7
2.5%	0.7%	Off-hire days/ available vessel days <sup>2</sup> (%)	3.0%	1.7%
54.9%	55.7%	Fixed rate contract/ available vessel days <sup>3</sup> (coverage %)	56.9%	51.4%

<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. In order to make this comparable to the remaining vessels, calculations exclude vessels chartered through pools as the distributions is paid on the vessels net of charter expenses.

<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.

<sup>3</sup> Fixed rate contract days/available vessel days (coverage ratio): this figure represents the number of 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.

## 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 which operates, through its fully owned subsidiary d'Amico Tankers Limited (Ireland), a fleet with an average age of approximately 4.4 years, compared to an average in the product tanker industry of 9.35 years (source: Clarkson). All of the DIS's 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, such as ExxonMobil, Total, Shell, Petrobras, PDVSA, ENOC, Glencore and Vitol. All the vessels are compliant with IMO (International Maritime Organization) regulations, MARPOL (the International Convention for the Prevention of Pollution from Ships) requirements of major oil and energy-related companies and international standards. Based on MARPOL/IMO rules, cargos such as palm oil, vegetable oil, and other chemicals can only be transported by vessels that meet the certain requirements (IMO Classed). 72.3% of DIS's fleet as at 30 September 2009 was IMO classed, allowing the Group to transport a large range of products.

### FLEET

The following tables set forth information about DIS fleet as at 30 September 2009, which consists of **40.4 vessels**:

#### MR fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
<b>Owned</b>				
High Efficiency <sup>1</sup>	46,547	2009	Nakai Zosen, Japan	-
GLENDA Megan <sup>2</sup>	47,147	2009	Hyundai Mipo, South Korea	IMO III
High Venture	51,087	2006	STX, South Korea	IMO III
High Presence	48,700	2005	Imabari, Japan	-
High Priority	46,847	2005	Nakai Zosen, Japan	-
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
<b>Time chartered with purchase option</b>				
High Enterprise	45,800	2009	Shin Kurushima, Japan	IMO III
High Pearl	48,023	2009	Imabari, Japan	-
High Prosperity	48,711	2006	Imabari, Japan	-
High Century	48,676	2006	Imabari, Japan	-
High Nefeli	45,976	2003	STX, South Korea	IMO III

<sup>1</sup> High Efficiency is owned by DM Shipping, in which DIS has 51% interest and time chartered to d'Amico Tankers Limited.

<sup>2</sup> GLENDA Megan is owned by GLENDA International Shipping, in which DIS has 50% interest.

#### Time chartered without purchase option

High Force	53,603	2009	Shin Kurushima, Japan	-
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 Jupiter	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 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 Roma	40,081	2003	Shina, South Korea	IMO III
Cielo di Milano	40,096	2003	Shina, South Korea	IMO III
Cielo di Napoli	40,083	2002	Shina, South Korea	IMO III

#### Handysize chartered through pools fleet

Name of vessel	Dwt	Year built	Builder, Country	Interest	IMO classed
<b>Time chartered without purchase option</b>					
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
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 Magic	38,603	2009	Guangzhou, China	25%	IMO III
Handytankers Miracle	38,877	2008	Guangzhou, China	25%	IMO III
Melody	38,877	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.

## Fleet Employment and Partnership

	<i>DIS' No. of Vessels</i>	<i>Total Pool Vessels</i>
Direct employment	10	n/a
Handytankers pool	8.9	94
High pool (MR vessels)	6	9
Glenda Int'l (MR vessels)	15.5	36
<b>Total</b>	<b>40.4</b>	<b>139</b>

As at 30 September 2009, d'Amico International Shipping directly employed seven MRs ('Medium Range') and three handysize vessels, through long-term time charter contracts with Exxon, Total and Glencore. The Group employs a significant portion of its controlled vessels through partnership arrangements, enabling it to deploy a fleet of vessels with significant scale and geographic coverage. Through these partnerships DIS provides a comprehensive service to its customers, enhancing the geographic exposure to advantageous business opportunities, resulting in greater flexibility in deploying the fleet.

*Handytankers Pool* – a pool together with A.P. Moller-Maersk, Seaarland Shipping Management and Motia Compagnia di Navigazione S.p.A.. It operated 94 vessels as at 30 September 2009.

*High Pool Tankers Limited* – a pool with Nissho Shipping Co. Limited (Japan) and Mitsubishi Corporation. It operated nine MR product tankers as at 30 September 2009. d'Amico International Shipping, through d'Amico Tankers Limited, is exclusively responsible for the pool's commercial management, in particular chartering, vessel operations and administration.

*GLENDIA International Management Limited* – a commercial agreement with Glencore/ST Shipping to trade vessels under a single brand name, 'GLENDIA'. As at 30 September 2009, GLENDIA International Management Limited operated 36 MR product tankers.

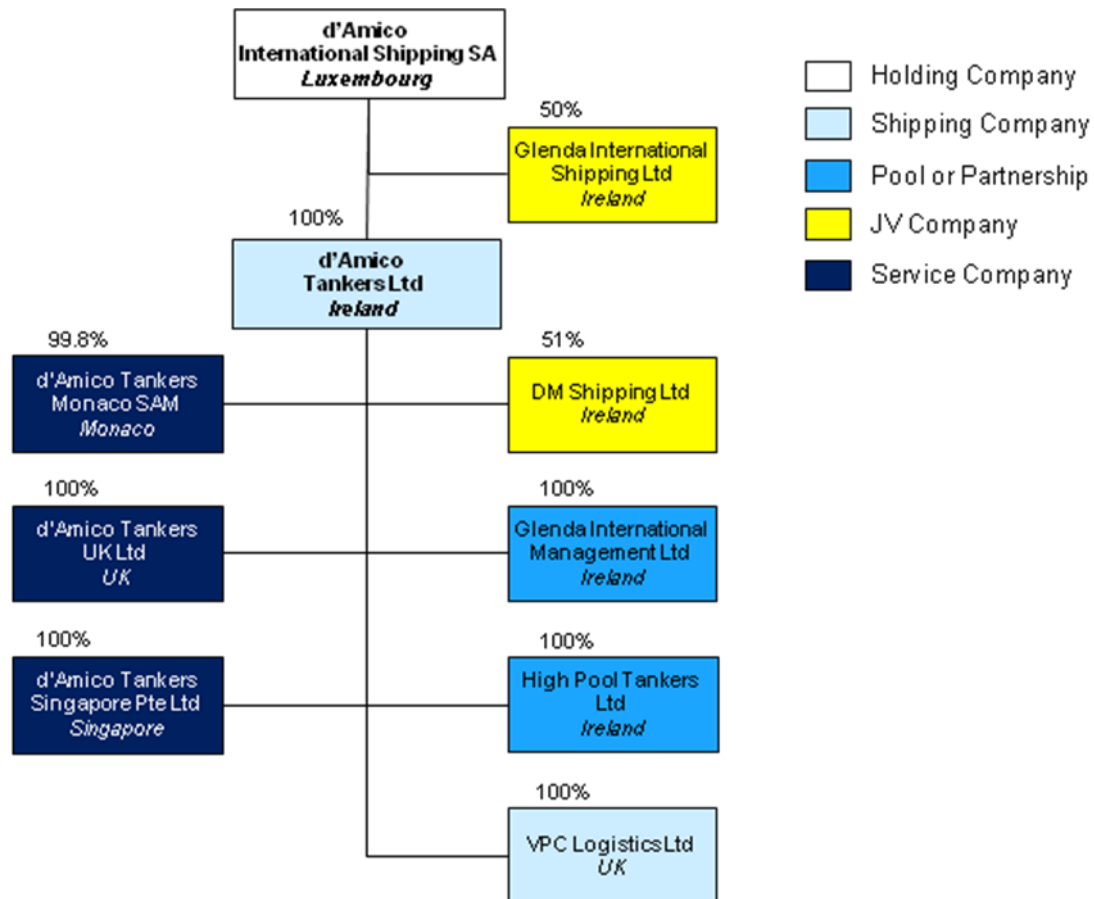
In addition to the pools and commercial agreements, DIS also established two joint ventures for the combined control of vessels, with key strategic partners. The first one, DM Shipping Ltd, allows d'Amico International Shipping to broaden the scope of its relationship with the Mitsubishi Group. The first of the two originally ordered MR vessels was delivered at the end of July 2009, while the second vessel will be delivered at the end of October this year. The DM Shipping vessels are chartered to d'Amico Tankers Ltd and employed in High Pool. The other joint venture, GLENDIA International Shipping, reinforces the commercial partnership with the Glencore Group. The first MR product / chemical tanker vessel was delivered in August this year. The joint venture order book includes additional 10 new MR product / chemical tankers to be delivered between January 2010 and October 2011. The vessels will be operated through GLENDIA International Management Ltd.

d'Amico International Shipping is part of the d'Amico Group, one of the world's leading privately-owned marine transportation companies with over 70 years of experience in the shipping business, whose ultimate parent company is d'Amico Società di Navigazione S.p.A. (Italy). Today, the entire d'Amico Group controls about 76 owned and chartered-in vessels, of which 40.4 are vessels part of the DIS fleet, operating in the product tanker market, while the remaining 36 are dry-bulk vessels controlled by d'Amico Dry Limited and 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, it 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; it is also represented through the offices of the partnerships in New York, Copenhagen, Venice and Tokyo. As at 30 September 2009, the group employed 382 seagoing personnel and 51 onshore personnel.

## GROUP STRUCTURE

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



## FINANCIAL REVIEW

### SUMMARY OF THE RESULTS IN THE THIRD QUARTER AND FIRST NINE MONTHS OF 2009

The first nine months of 2009 have been characterized by the continued decline in Product Tanker rates up to the end of September. The spot market performed reasonably well in the first two months of 2009, however, since the end of February, and as a consequence of the economic slow-down, the product tanker industry has experienced an unprecedented low spot market. The Product tanker demand has decreased throughout February and to a larger degree in March and in the following quarter, albeit not at the same pace. The market came off from the short lived improvement in May and in September in Asia, but not to the same degree as in May. The improving oil price since the beginning of the year has been reflected in increased bunker costs that in turn affect earning levels. Refinery utilization rates and profit margins have also slumped in 2009 on the back of weak demand for most clean petroleum products and existing healthy stocks. On the other side, both the products dislocation demand and long haul arbitrage business have not materialized as in previous years. The steady supply of ships, driven by the large influx of new buildings into the market, has resulted in significant pressure on the spot rate. Considering the difficult operating environment, characterized by the world economy recession combined with vessel over-capacity, the d'Amico International Shipping (DIS) results should be considered as relatively good.

The third quarter average Time Charter Earnings (TCE) rate per employment day was of US\$ 13,879 (US\$ 16,526 on nine months basis). Driven by those weak rates, DIS realized in Q3 a net loss of US\$ 11.4 million (US\$ 7.8 million excluding the non-cash exchange rate loss relating to the conversion on JPY denominated loans into US\$), while in the first nine months of the current year, thanks to the positive Q1 results, the accumulated net loss was of US\$ 4.2 million. The gross operating profit (EBITDA) was US\$ 4.2 million in Q3, resulting in nine months EBITDA of US\$ 28.7 million. The widely different market scenario does not allow to consistently compare the 2009 results with the market peak in 2008, when DIS net profit in Q3 was of US\$ 15.9 million and US\$ 43.2 million in the first nine months (US\$ 90.3 million including the gain on the disposals of vessels of additional US\$ 47.1 million). The significant percentage of fixed contracts coverage, the strong market positioning, together with efficiencies in general and administrative costs and the solid balance sheet allowed DIS to sail at the water line, close to its break-even level.

### OPERATING PERFORMANCE

Q3 2009	Q3 2008	US\$ Thousand	9 MONTHS 2009	9 MONTHS 2008
60 191	94 740	Revenue	188 687	251 972
(17 564)	(27 094)	Voyage costs	(47 580)	(63 900)
<b>42 627</b>	<b>67 646</b>	<b>Time charter equivalent earnings</b>	<b>141 107</b>	<b>188 072</b>
(22 330)	(21 356)	Time charter hire costs	(66 481)	(59 407)
(11 499)	(11 010)	Other direct operating costs	(33 748)	(34 583)
(5 311)	(6 069)	General and administrative costs	(15 123)	(18 168)
664	394	Other operating Income	2 943	3 869
	-	Result on disposal of vessels	-	47 154
<b>4 151</b>	<b>29 605</b>	<b>Gross operating result / EBITDA</b>	<b>28 698</b>	<b>126 937</b>
(9 493)	(10 427)	Depreciation	(27 120)	(27 051)
<b>(5 342)</b>	<b>19 178</b>	<b>Operating result / EBIT</b>	<b>1 578</b>	<b>99 886</b>
(5 990)	(3 034)	Net financial income (charges)	(5 437)	(8 912)
<b>(11 332)</b>	<b>16 144</b>	<b>Profit / (loss) before tax</b>	<b>(3 859)</b>	<b>90 974</b>
(105)	(185)	Income taxes	(368)	(640)
<b>(11 437)</b>	<b>15 959</b>	<b>Net profit / (loss)</b>	<b>(4 227)</b>	<b>90 334</b>



Following the weak product tanker demand, Q3 2009 **Revenues** were US\$ 60.2 million (US\$ 94.7 million in Q3 2008). The turnover for nine months 2009 amounted to US\$ 188.7 million (US\$ 251.9 million in nine months 2008). The average number of the vessels operated by d'Amico International Shipping in 2009 (DIS fleet) until the end of September was of 37.2, excluding some short term chartered-in vessels, compared to 36.0 in the same period of the previous year. Due to dry-docks timing, the percentage of off-hire to available days was in 2009 higher than the previous year (3.0% compared to 1.7% on nine months basis).

**Voyage costs** in Q3 2009 were US\$ 17.6 million (US\$ 47.6 million in nine months 2009). In 2008, due to the higher revenues, the same costs were respectively of US\$ 27.1 million in Q3 and US\$ 63.9 million during the first nine months.

The fragile industry environment, causing a significant pressure on rates over the current year, negatively influenced **Time charter equivalent earnings** in 2009, which were of US\$ 42.6 million in Q3 (US\$ 67.6 million in same quarter last year) and US\$ 141.1 million in nine months (US\$ 188.0 million in 2008). These figures show a decrease of 25% 'year on year' and of 37% 'quarter on quarter'. It should be highlighted that Q3 2008 was the stronger period for that year, while the Q3 2009 was also affected, among the general market soft trend conditions, by seasonality.

As in the previous 2009 quarters, the fleet increase (37.6 vessels operated on average this year compared to the 36.0 vessels employed during the first nine months of the previous year), only partially mitigated the market decline, which followed the lack of oil products demand. The following table shows the DIS average TCE daily rate break-down (spot / fixed rates), clearly highlighting the worsening spot environment.

Daily Rates	2009	
	Q3	9 months
Spot	10,248	14,557
Fixed	17,978	18,228
Average	13,379	16,526

In view of the market trend, this year DIS has also increased its fixed contract coverage, which was of 56.9% in the first nine months of 2009 (51.4% for same period last year). This increase, planned at the end of last year, aims at securing a significant amount of revenue at acceptable and quite stable levels of profitability.

**Time charter hire costs** relating to DIS fleet chartered-in vessels amounted to US\$ 22.3 million in Q3 2009 (US\$ 66.5 million in the nine months 2009). These costs have increased compared to the previous year (US\$ 21.4 million in Q3 2008 and US\$ 59.4 million) as a result of the higher number of chartered-in ships (17.0 in nine months 2009 on average compared to 14.4 in same period 2008). The variance is only partly due to the slightly higher cost on average for these vessels, which follows the increase in the number and the different DIS chartered-in fleet profile (new vessels delivery and the purchase options exercised in 2008).

**Other direct operating costs**, which comprise crew, technical, luboil and insurance expenses, amounted to US\$ 11.5 million in Q3 and US\$ 33.7 million in the first nine months of 2009 respectively, compared to US\$ 11.0 million and US\$ 34.6 million in the correspondent periods of 2008. These costs essentially relate to the operation of owned vessels. The nine months 2009 figures show a decrease compared to 2008 which was due to the lower number on average of the owned vessels (from 16.9 to 15.2). The Q3 2009 negative variance compared to the same quarter last year was driven, among the number of vessels operated, by some timing effect which can occur for these kind of costs in the short period. On a daily basis no relevant increase in operating costs has been noted compared to the previous year.

The cost saving plan put in place for 2009 allowed DIS to decrease by over 15% its **General and administrative costs**, whose Q3 2009 balance was of US\$ 5.3 million (US\$ 15.1 million for the nine months 2009 period). The efficiencies realized with respect to the previous year (US\$ 6.1 million in Q3 and US\$ 18.2 million for the first nine months of 2008) relate to most of costs shown under this item, which include, aside from on-shore personnel, consultancies and travel. Weak average US dollar exchange rates during the third quarter did not allow for any larger cost savings.

**Other operating income** amounted to US\$ 0.7 million in Q3 2009 and US\$ 2.9 million in nine months 2009 (US\$ 0.4 million and US\$ 3.9 million in Q3 2008 / nine months period 2008). The 2009 balance, other than compensations relating to a claim for an amount of US\$ 0.3 million which occurred in Q2, comprises chartering commissions from third parties vessels operated through pools.

In 2009 no vessels were sold, therefore no **Result on disposal of vessels** has been accounted for. In the first nine months of 2008 the gain of US\$ 47.1 million was realized as a result of the sale of 2 vessels.

**Gross operating profit (EBITDA)** for Q3 2009 amounted to US\$ 4.2 million, compared to US\$ 29.7 million in Q3 2008. The nine months 2009 EBITDA was of US\$ 28.7 million (margin on TCE of 20.3%) compared to US\$ 79.8 million (US\$ 126.9 million including the gain on disposal of vessels) for the same period last year (42.4%). The performance was driven by the weak product tanker demand and the downturn affecting freight rates. Considering the characteristics of the shipping companies cost structure, the level of profitability is normally largely and directly influenced by the freight rates level. The increased difficulties in operating under these market conditions could not allow the company to realize a strong result. A well balanced source of revenue, flexible business models together with some efficiencies realised at a general & administrative costs level, allowed DIS to realise a good enough EBITDA performance not to cause an operating cash outflow in Q3 2009. DIS maintained a positive operating cash flow for the first nine month this year of US\$ 28.2 million.

During the third quarter of 2009, two new vessels ordered by the joint venture companies in which DIS participates (DM Shipping Limited and GLENDA International Shipping Limited) were delivered. This resulted in additional **Depreciation** charges for Q3 2009, whose balance was of US\$ 9.5 million (US\$ 27.1 million for the first nine months of 2009). The 'year to date' figures are in line with previous years (US\$ 27.0 million). The decrease in the average number of owned vessels (from 16.9 in 2008 to 15.2 for nine months periods) has been off-set by the significant reduction in scrap steel prices, increasing depreciable amount for vessels.

**Operating result (EBIT)** for the Q3 2009 amounted to a loss of US\$ 5.3 million (profit of US\$ 19.2 million in Q3 2008). For the nine months period of 2009 the EBIT was a profit of US\$ 1.6 million (US\$ 52.7 million in 2008, US\$ 99.9 million including the gain on disposal of vessels). The 2009 performance was due to the lower EBITDA results driven by time charter earnings figures, affected by the negative product tanker market, together with the effect caused by the conservative depreciation policy applied by the company in estimating the useful life for the owned vessels (17 years).

One of the key strength for d'Amico International Shipping is currently represented by the solid financial position and debt profile. The **Net financial charges** in Q3 were of US\$ 6.0 million, but largely represented by the non cash item relating to the exchange rate loss of US\$ 3.7 million arising from the conversion of the debts denominated in JPY. As a consequence of the US\$/JPY exchange rate trend, the gain realized in H1 this year has been completely reversed in Q3. Net interest expenses for the third quarter of 2009 were of US\$ 2.3 million, in line with the previous quarters of the current year and the same periods of 2008. Net financial charges for the nine months 2009 were US\$ 5.4 million, of which US\$ 7.4 million for interests on loans, US\$ 2.2 of financial income relating bareboat fees occurred in H1 and net exchange rate losses of US\$ 0.2 million. The previous year figures were of US\$ 3.0 million in Q3 and US\$ 8.9 million in the first nine months.

**Loss before tax** in Q3 amounted to US\$ 11.3 million (profit of US\$ 16.0 million in Q3 2008). In the first nine months of the current year DIS had a loss before tax of US\$ 3.9 million compared to the profit before tax of US\$ 43.8 million in 2008 (US\$ 91.0 million including gain from disposal of vessels).

The **Income taxes** essentially refer to the Irish Tonnage Tax regime applicable to the key operating subsidiary d'Amico Tankers Limited. The charge was of US\$ 0.4 million for the nine months period ended 30 September 2009 (US\$ 0.1 million in Q3 2009). Tonnage tax is calculated based on the notional income of vessels, which is dependent on the size of the vessel, rather than on the company's profit. The 2008 balance of US\$ 0.6 million (US\$ 0.2 million in Q3) also included other Group companies' taxes.

**Net loss** for Q3 2009 was of US\$ 11.4 million (net loss of US\$ 4.2 million in the nine months). In 2008 DIS net profit was US\$ 16.0 million in Q3, while the net profit for the nine months was US\$ 43.2 million (US\$ 90.3 million including gains on disposal of vessels). The drivers of the performances have been already disclosed in the comments on the EBITDA and EBIT results and they are essentially reflected the significantly deteriorated product tanker market environment in the course of the year.

### **CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)**

<i>(US\$ Thousand)</i>	As at 30 September 2009	As at 31 December 2008
<b>ASSETS</b>		
Non current assets	517 909	531 275
Current assets	201 997	192 879
<b>Total assets</b>	<b>719 906</b>	<b>724 154</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Shareholders' equity	361 420	387 839
Non current liabilities	282 333	271 666
Current liabilities	76 153	64 649
<b>Total liabilities and shareholders' equity</b>	<b>719 906</b>	<b>724 154</b>

**Non current assets** almost entirely related to owned vessels of the DIS fleet, which are shown at cost less depreciation. Since October 2008, following the worldwide economic turmoil, a significant decrease in the product tankers market value has been noted. In the same period, the shipping industry has also experienced a relevant decline in the number of transactions, involving both second-hand vessels than new orders, affecting the estimation of the vessels market value. As a consequence, the positive difference between DIS fleet estimated market value and the related book value has been now reversed, essentially driven by the new building prices trend. According to the valuation report provided by a primary broker in October 2009, the total estimated market value of the DIS owned fleet, including the portions relating to the new buildings under construction, is of US\$ 494.0 million.

During the first nine months of the year, gross *Capital expenditure* was of US\$ 56.9 million (US\$ 26.5 million in Q3). This expenditure relates to the instalments paid to the shipyards for vessels under construction for GLENDA International Shipping Ltd and DM Shipping (joint venture companies). Also included in capitalised costs are dry-docks relating to owned vessels. As a result of the cancellation of three SLS shipyard product tankers under construction (ordered by the joint controlled company GLENDA International Shipping), an amount of US\$ 43.4 million already paid relating to the instalments for this vessel (Hull S510, Hull S511, Hull S512) has been reclassified as at 30 September 2009 under Current assets (financial receivables).

**Current assets** includes working capital items (trade receivables and inventories), for a total amount of US\$ 46.7 million (US\$ 41.1 million at 2008 year end). The remaining amounts relate to cash and cash equivalents (US\$ 112.0 million as at 30 September 2009 compared to US\$ 41.5 million as at 31 December 2008), and the short term financial receivables of US\$ 43.4 million due in connection with the SLS vessels cancellations (the balance of US\$ 110.3 million as at 31 December 2008 related to receivables cashed in during the Q2 2009 arising from the M/T High Harmony and M/T High Consensus sale).

**Non current liabilities** consist of the long-term portion of debt due to banks, disclosed under the Net Indebtedness section below, while **Current liabilities** - other than the financial items similarly disclosed under the following section - include working capital balances (trade payable and other liabilities), for a total amount of US\$ 52.7 million (US\$ 42.3 million as at 31 December 2008).

The **Shareholders' equity** variance from US\$ 387.8 million as at 31 December 2008, to US\$ 361.4 million as at 30 September 2009, other than the distribution of net amount of US\$ 19.4 million as dividends which took place in April this year, was due to the consolidated net loss for the 2009 first nine months of US\$ 4.2 million and to the prior year adjustments of US\$ 7.4 million accounted for under Retained Earnings and almost entirely arising from the M/T High Harmony and M/T High Consensus sale price reduction agreed late in March this year. The price decrease was not made known to DIS either at the original agreement (October 2008) or during the further discussions held early in February 2009. If these facts had been known either in October or February, then management would have assessed the need for receivables write-down at the 31 December 2008 balance sheet date. Consequently, in accordance with IFRS applicable rules, the sale price adjustment has been shown in 2009 accounts directly under Net Equity (Retained Earnings).

## NET INDEBTEDNESS

Net financial indebtedness, amounted to US\$ 150.5 million as at 30 September 2009 (US\$ 142.2 million as at 31 December 2008). The ratio of net debt to shareholder's equity was of 0.42 at the end of the third quarter 2009 (0.37 as at 31 December 2008).

<i>US\$ Thousand</i>	<b>As at 30 September 2009</b>	<b>As at 31 December 2008</b>
<b>Liquidity</b>		
Cash and cash equivalents	111 986	41 482
<b>Current financial receivables</b>		
From third parties	43 359	110 279
<b>Total current financial assets</b>	<b>155 345</b>	<b>151 761</b>
<b>Bank loans – current</b>	8 754	4 243
<b>Other lenders</b>	1 541	1 541
<b>Other current financial liabilities</b>		
Due to third parties (IRS fair value)	13 207	16 546
<b>Total current financial debts</b>	<b>23 503</b>	<b>22 330</b>
<b>Net current financial indebtedness</b>	<b>(131 843)</b>	<b>(129 431)</b>
<b>Bank loans – non current</b>	271 550	260 883
<b>Other non current financial liabilities</b>		
Due to third parties	10 783	10 783
<b>Total non current financial debt</b>	<b>282 333</b>	<b>271 666</b>
<b>Net financial indebtedness</b>	<b>150 491</b>	<b>142 235</b>

The strong cash balance follows the receipt of proceeds from the sale of M/T High Harmony and M/T High Consensus occurred in Q2 this year.

The total outstanding bank debt as at 30 September 2009 amounted to US\$ 280.3 million, including the short term portion of US\$ 8.8 million. Bank debts comprise the following loans: (i) Calyon revolving facility (syndicated by other banking institutions) of US\$ 148.9 million; (ii) Mizuho syndicated loan facility of US\$ 38.8 million, net of the repayment of about US\$ 8.0 million agreed with the banks and occurred at the end of September 2009; (iii) Commerzbank AG Global Shipping and Credit Suisse loans of US\$ 77.0 million for the GLENDA International Shipping Ltd Joint Venture new-building vessels; (iv) Mitsubishi UFJ Lease loan of US\$ 15.6 million in connection with the financing of the DM Shipping Ltd Joint Venture new-building vessels.

Current financial receivables relate to the amount due from SLS shipyard arising from the cancellation of three of the vessels ordered by GLENDA International Shipping, the joint venture between DIS and Glencore Group. Net debt also includes, under Other current financial liabilities, US\$ 13.2 million negative valuation of derivatives hedging instruments (interests swaps agreements - IRS), together with an amount of US\$ 12.3 million representing a debt due from GLENDA International Shipping to ST Shipping (repayment of vessel instalments).

## CASH FLOW

Net cash flow for the third quarter 2009 amounted to the negative balance of US\$ 17.6 million, while the net cash flow for the first nine months of the current year was positive for the amount of US\$ 70.0 million, increasing cash and cash equivalents from US\$ 41.5 million at the end of December 2008 to US\$ 112.0 million.

Q3 2009	Q3 2008	US\$ Thousand	9 MONTHS 2009	9 MONTHS 2008
(381)	26 124	Cash flow from operating activities	28 158	66 275
1 441	(64 761)	Cash flow from investing activities	(13 740)	(124 241)
(18 706)	49 281	Cash flow from financing activities	55 579	78 262
<b>(17 637)</b>	<b>10 644</b>	<b>Change in cash balance</b>	<b>69 997</b>	<b>20 296</b>
<b>(17 637)</b>	<b>10 644</b>	<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>69 997</b>	<b>20 296</b>
129 116	34 578	Cash & cash equivalents at the beginning of the period	41 482	24 926
507	-	Exchange gain / (loss) on cash and cash equivalents	507	-
<b>111 986</b>	<b>45 222</b>	<b>Cash &amp; cash equivalents at the end of the period</b>	<b>111 986</b>	<b>45 222</b>

**Cash flow from operating activities** for Q3 2009 was at break-even level (negative balance of US\$ 0.4 million) compared to US\$ 26.1 million for the same period of 2008. The decrease was due to the current year lower operating performances, which particularly affected the third quarter results. Despite the generally weak market conditions, DIS is still generating cash in 2009, having a 'year to date' positive operating cash flow as at 30 September 2009 of US\$ 28.2 million, even if that balance is significantly lower than the previous year (US\$ 66.3 million).

In 2009 the **Cash flow from investing activities** was influenced by the reclassification under Current financial receivables of the SLS shipyard instalments paid for the three vessels, which have been cancelled this year, amounting to US\$ 43.4 million. Gross of that effect, capital expenditure is respectively of US\$ 26.5 million in Q3 2009 and US\$ 56.9 million in the first nine months period of the current year. This expenditure, other than the dry-docks costs of US\$ 3.8 million, relates to yard payments for vessels under construction, as part of the Group's joint venture GLENDA International Shipping.

The **Cash flow from financing activities** for the third quarter of 2009 was a negative US\$ 18.7 million, following the reclassification under this section as financial receivables of instalments already paid to SLS shipyard relating to the three new buildings cancellation. The nine months change of US\$ 55.6 million also arose from the following events: (i) cash-in of the M/T High Harmony and M/T High Consensus sale proceeds occurred in Q2, (ii) Net dividends paid during Q2 for the amount of US\$ 19.4 million, (iii) Drawdown of the Commerzbank/ Credit Suisse loans and Mitsubishi UFJ Lease in connection with the shipyard payments related to the new-buildings.

## SIGNIFICANT EVENTS OF THE THIRD QUARTER

### *Controlled fleet - Chartered-in and owned vessels*

During the third quarter of 2009 the following vessels have been delivered to d'Amico Tankers Limited:

- July 2009 – *M/T High Efficiency*, a medium range vessel, was delivered to DM Shipping, in which DIS has a 51% interest. The vessel is chartered for a period of 10 years to d'Amico Tankers and employed in High Pool Tankers.
- August 2009 – *M/T High Pearl*, a medium range chartered-in vessel was delivered for a period of 9 years. The vessel has got options to increase the charter-in period for a maximum of two additional years. The time charter-in agreement for this vessel also includes purchase options exercisable after the fifth year of the contract period.
- August 2009 – *M/T GLENDA Megan*, a medium range owned vessel, was delivered to GLENDA International Shipping, in which DIS has a 50% interest.
- September 2009 – *M/T High Force*, a medium range chartered-in vessel was delivered for a period of 7 years. The vessel has got options to increase the charter-in period for a maximum of two additional years.

### *GLENDA International Shipping Limited– The Joint Venture company with Glencore Group*

#### *Cancellation of three SLS newbuilding contracts and related arbitration proceedings*

On 23 August and 22 September 2009 GLENDA International Shipping Ltd (“GLENDA”), the joint venture company with Glencore Group in which DIS has an interest of 50%, gave notice to SLS Shipbuilding Co. Ltd of Tongyeong, Korea (“SLS Shipyard”) of its cancellation and termination of the new building contracts relating to the 51,000 DWT product/chemical tanker vessels respectively bearing hull n° S511 and n° S512. The two notices given as a result of excessive delays in relation to the delivery of the above mentioned vessels. In accordance with the terms of the respective newbuilding contracts, GLENDA demanded the SLS Shipyard for a refund of all the instalments paid in relation to each of the above mentioned vessels, amounting to US\$ 29.2 million for hull n° S511 (60% of the respective contract price) and to US\$ 24.3 million for hull n° S512 (50% of the respective contract price), together with all accrued interests thereon.

In June this year, GLENDA also gave to SLS Shipyard notice of cancellation and termination of another new building contract, relating to the 51,000 DWT product/chemical tankers vessel bearing hull n° S510 similarly demanding the SLS Shipyard for a refund of the full amount of all the advances settled on account of the vessel together with accrued interests thereon. For that vessel, in July 2009 GLENDA was notified by SLS Shipyard of the commencement of an arbitration under the applicable new building contract.

As with hulls number S511 and S512 GLENDA, in relation to the remaining 51,000 DWT product/chemical tanker vessel-(hull n° S513), which is also part of the GLENDA new building programme in place with SLS Shipyard, commenced in August 2009 an arbitration aimed at ascertaining its rights of cancellation under the contract for this vessels, in anticipation of further delays in its readiness for delivery, in order to avoid any unnecessary delay in the repayment of instalments and interests by SLS Shipyard or by the refund guarantor in the event GLENDA resolves to exercises its contractual rights of cancellation.

All the above mentioned arbitration proceedings are currently pending.



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

### *Controlled Fleet*

There have been no changes to the Group's controlled fleet.

### *Business Outlook*

d'Amico International Shipping outlook remains substantially in line with the disclosure previously shown this year, confirming that it is still significantly influenced by the current weak product tanker demand and uncertain worldwide economic scenario. As a consequence, the DIS management maintains a very cautious approach regarding it. Product tanker rates have declined since the beginning of the current year, with the largest correction in Q2. There were no substantial further large reduction in Q3 and no further larger decrease going into the last quarter of the current year is expected. The rates remain under pressure and a stabilisation or an improvement, also considering the relevant net fleet growth, would not occur until economies start generating a demand support.

The oil product forward demand forecast has been revised consistently downward through the first half of the year. These forecasts have now been corrected upward as organisations such as the IMF have positively revised their GDP forecasts, based on the news that the recession is slowing and on a more positive sentiment of a recovery going into 2010.

The key drivers that should affect the product tanker freight markets in the remaining part of 2009 and into 2010 and d'Amico International Shipping performances are (i) Global outlook about oil demand and worldwide GDP growth and (ii) the large influx of new buildings still influencing the current year 2009. Moving forward into 2010 the phase-out of a large percentage of the single hull vessels due to the IMO mandate in 2010 and the slightly improving oil product demand, should allow the product tanker rates to recover and the longer view is positive. The demand trend is in any case and generally expected as the most important factor affecting the business performances over the following months.

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***

- Despite the volatility in the price of oil there are still planned significant investments in refinery capacity in the coming years primarily within the Asian region, which should result in increased tonne mile demand; according to the IEA, refinery capacity is expected to increase by 7.6 million barrels per day by 2014, of which about 50% is in Asia. Many new refining projects have been deferred, but leaving overall additions at relatively high levels;
- The IEA have now revised up global oil demand up by 200,000 barrels per day for 2009 and by 350,000 barrels per day for 2010, on the back of more optimistic economic assumptions by the International Monetary Fund and stronger than expected preliminary data on GDP in OECD North America, non-OECD Asia and Latin America;
- Refinery closures and reduced output have already occurred. This could continue in the coming year(s) as refineries become less viable compared to the more efficient capacity within the Eastern hemisphere. Which should in turn result in petroleum products being transported greater distances. So as tonne mile demand increases this should have a positive effect on product tanker demand;
- There is expected further trade growth in other commodities such as palm oil and vegetable oil. The exports of palm and vegetable oil tend to also be long haul trades to large consuming countries such as China and the United States. These products also can only be carried on IMO classified vessels which should increase demand for these type of vessels;
- A further tightening of vetting and screening procedures from oil companies, favouring modern, double hull vessels operated by owners with full in-house ship-management and crewing.



### **Product Tanker supply**

The realistic view that there are 'too many ships for too few cargoes', foresees a potential reduction in net fleet growth over next couple of years and a possible reduction of deliveries within 2009/10 due to the following reasons:

- The forward net growth of ships entering the Product Tanker market is not growing at anything like the same pace as it was in the last few years;
- A number of ships which were scheduled to be delivered in 2009 have not and will not be delivered this year. They have either been cancelled or delayed and according to Clarkson's this represent eight percent of what was scheduled this year and the same percentage will not be delivered next year. There are some albeit minimal additions in 2011 and beyond indicating reducing orders and little or no new orders;
- The question whether or not financing has been secured for forward deliveries is significant! There is still speculation that not all new buildings that have been commissioned have finance in place.
- 2010 April is the deadline for IMO phase out of the remaining single hull vessels from international trade and in the current economic climate owners should scrap ships before incurring further operational cost/repair;
- Scrapping in 2009 year to date has now overtaken total for 2008 by fifty percent and has doubled in number of ships scrapped as of first of July this year within the 25-55,000 deadweight segment.

The above factors are those which could affect the future development and performances. The previous section 'Financial review' already discloses the financial position of the Group, its cash flows and net debt. d'Amico International Shipping, other than the relevant 'cash cushion' on hands, has significant financial resources available through its credit lines. In addition, a significant portion of the revenue has been already secured and the expected fixed contract coverage percentage for 2009 should be higher than 55% on average. This coverage comes from time charter out contracts and COAs (contract of affreightment). These resources and the balanced business development model consequently allow the Company directors to believe that, despite the current uncertain worldwide economic outlook, DIS is well positioned to appropriately manage its business risks.

**d' AMICO INTERNATIONAL SHIPPING GROUP**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2009**

**CONSOLIDATED INCOME STATEMENT**

<b>Q3 2009</b>	<b>Q3 2008</b>	<i>US\$ Thousand</i>	<b>9 MONTHS 2009</b>	<b>9 MONTHS 2008</b>
60 191	94 740	Revenue	188 687	251 972
(17 564)	(27 094)	Voyage costs	(47 580)	(63 900)
<b>42 627</b>	<b>67 646</b>	<b>Time charter equivalent earnings</b>	<b>141 107</b>	<b>188 072</b>
(22 330)	(21 356)	Time charter hire costs	(66 481)	(59 407)
(11 499)	(11 010)	Other direct operating costs	(33 748)	(34 583)
(5 311)	(6 069)	General and administrative costs	(15 123)	(18 168)
664	394	Other operating income	2 943	3 869
-	-	Result on disposal of vessels	-	47 154
<b>4 151</b>	<b>29 605</b>	<b>Gross operating result</b>	<b>28 698</b>	<b>126 937</b>
(9 493)	(10 427)	Depreciation	(27 120)	(27 051)
<b>(5 342)</b>	<b>19 178</b>	<b>Operating result</b>	<b>1 578</b>	<b>99 886</b>
(5 990)	(3 034)	Net financial income (charges)	(5 437)	(8 912)
<b>(11 332)</b>	<b>16 144</b>	<b>Profit / (loss) before tax</b>	<b>(3 859)</b>	<b>90 974</b>
(105)	(185)	Income taxes	(368)	(640)
<b>(11 437)</b>	<b>15 959</b>	<b>Net profit / (loss)</b>	<b>(4 227)</b>	<b>90 334</b>
<b>(0.076)</b>	<b>0.592</b>	<b>Earnings / (loss) per share</b>	<b>(0.028)</b>	<b>0.602</b>
<b>(0.075)</b>	<b>0.105</b>	<b>Diluted earnings / (loss) per share<sup>1</sup></b>	<b>(0.028)</b>	<b>0.106</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<b>Q3 2009</b>	<b>Q3 2008</b>	<i>US\$ Thousand</i>	<b>9 MONTHS 2009</b>	<b>9 MONTHS 2008</b>
(11 437)	15 959	Profit / (loss) for the period	(4 227)	90 334
(1 106)	(1 980)	Cash flow hedges	3 339	(1 246)
(12 543)	13 979	Total comprehensive income for the period	(888)	89 088
(0.084)	0.09323	Earnings / (loss) per share	(0.006)	0.59412
(0.082)	0.09162	Diluted earnings / (loss) per share <sup>1</sup>	(0.006)	0.58387

<sup>1</sup> 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 STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	As at 30 September 2009	As at 31 December 2008
<b>ASSETS</b>		
<b>Non current assets</b>		
Tangible assets	517 909	531 271
Financial fixed assets	-	4
<b>Total non current assets</b>	<b>517 909</b>	<b>531 275</b>
<b>Current assets</b>		
Inventories	13 599	7 010
Receivables and other current assets	33 053	34 108
Current financial receivables	43 359	110 279
Cash and cash equivalents	111 986	41 482
<b>Total current assets</b>	<b>201 997</b>	<b>192 879</b>
<b>Total assets</b>	<b>719 906</b>	<b>724 154</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Equity attributable to the owners</b>		
Share capital	149 950	149 950
Retained earnings	164 720	195 661
Other reserves	46 750	42 228
<b>Total shareholders' equity</b>	<b>361 420</b>	<b>387 839</b>
<b>Non current liabilities</b>		
Banks and other lenders	282 333	271 666
<b>Total non current liabilities</b>	<b>282 333</b>	<b>271 666</b>
<b>Current liabilities</b>		
Banks and other lenders	10 296	5 784
Other financial current liabilities	13 207	16 546
Payables and other current liabilities	52 181	41 959
Current tax liabilities	469	360
<b>Total current liabilities</b>	<b>76 153</b>	<b>64 649</b>
<b>Total liabilities</b>	<b>358 486</b>	<b>336 315</b>
<b>Total liabilities and shareholders' equity</b>	<b>719 906</b>	<b>724 154</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

Q3 2009	Q3 2008	US\$ Thousand	9 MONTHS 2009	9 MONTHS 2008
(11 437)	15 959	<b>Profit / (loss) for the period</b>	<b>(4 227)</b>	<b>90 334</b>
9 493	10 427	Depreciation and amortisation	27 120	27 051
105	185	Current and deferred income tax	368	640
2 271	3 034	Financial charges	4 721	8 912
-	-	Result on disposal of fixed assets	-	(47 154)
3 719	-	Fair value gains on foreign currency retranslation	716	-
(18)	(426)	Other non-cash items	(14)	(381)
<b>4 133</b>	<b>29 179</b>	<b>Cash flow from operating activities before changes in working capital</b>	<b>28 684</b>	<b>79 402</b>
(3 343)	(2 702)	Movement in inventories	(6 589)	(6 441)
(2 067)	(4 042)	Movement in amounts receivable	1 054	(12 248)
4 017	5 622	Movement in amounts payable	9 990	12 720
(7)	11	Taxes paid	(217)	219
(3 114)	(1 944)	Interest paid	(4 764)	(7 376)
<b>(381)</b>	<b>26 124</b>	<b>Net cash flow from operating activities</b>	<b>28 158</b>	<b>66 275</b>
(26 717)	(64 762)	Acquisition of fixed assets	(57 100)	(230 100)
28 158	2	Disposal/cancellation of fixed assets	43 360	105 859
<b>1 441</b>	<b>(64 760)</b>	<b>Net cash flow from investing activities</b>	<b>(13 740)</b>	<b>(124 241)</b>
277	245	Other changes in shareholders' equity	254	878
(28 127)	-	Movement in other financial receivable	60 087	-
150	(136)	Treasury Shares	450	(1 821)
(10 850)	-	Bank loan repayments	(32 313)	(112 000)
19 844	49 171	Bank loan draw-downs	46 503	225 478
-	-	Dividend paid	(19 402)	(34 273)
<b>(18 706)</b>	<b>49 280</b>	<b>Net cash flow from financing activities</b>	<b>55 579</b>	<b>78 262</b>
<b>(17 637)</b>	<b>10 644</b>	<b>Change in cash balance</b>	<b>69 997</b>	<b>20 296</b>
<b>(17 637)</b>	<b>10 644</b>	<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>69 997</b>	<b>20 296</b>
129 116	34 578	Cash and cash equivalents at the beginning of the period	41 482	24 926
507	-	Exchange gain (loss) on cash and cash equivalents	507	-
<b>111 986</b>	<b>45 222</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>111 986</b>	<b>45 222</b>

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>US\$ Thousand</i>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Other reserves</b>	<b>Cash Flow hedge</b>	<b>Total</b>
<b>Balance as at 1 January 2009</b>	<b>149 950</b>	<b>195 661</b>	<b>58 773</b>	<b>(16 545)</b>	<b>387 839</b>
Prior year adjustments <sup>(1)</sup>	-	(7 408)	-	-	(7 408)
<b>Restated balance as at 1 January 2009</b>	<b>149 950</b>	<b>188 253</b>	<b>58 773</b>	<b>(16 545)</b>	<b>380 431</b>
Changes in equity in nine months 2009	-	-	-	-	-
Dividend paid	-	(19 402)	-	-	(19 402)
Other changes	-	-	1 279	-	1 279
Treasury Shares	-	-	-	-	-
Total comprehensive income	-	(4 227)	-	3 339	(888)
<b>Balance as at 30 September 2009</b>	<b>149 950</b>	<b>164 624</b>	<b>60 052</b>	<b>(13 206)</b>	<b>361 420</b>

*(1) The amount essentially relates to the write down of the financial receivable on the sale of the M/T High Harmony and M/T High Consensus*

<i>US\$ Thousand</i>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Other reserves</b>	<b>Cash Flow hedge</b>	<b>Total</b>
<b>Balance as at 1 January 2008</b>	<b>149 950</b>	<b>75 081</b>	<b>62 013</b>	<b>(4 355)</b>	<b>282 689</b>
Dividend paid	-	(34 273)	-	-	(34 273)
Other changes	-	(159)	(208)	-	(367)
Treasury Shares	-	-	(1 821)	-	(1 821)
Total comprehensive income	-	90 334	-	(1 246)	89 088
<b>Balance as at 30 September 2008</b>	<b>149 950</b>	<b>130 983</b>	<b>59 984</b>	<b>5 601</b>	<b>335 316</b>

## 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.

As provided by the relevant and applicable rules, 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'.

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 2008 with particular regard to material changes in respect of these statements.

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 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 2009. The accounting policies have been consistently applied.

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 2008, no changes in the scope of consolidation took place during the first nine months of 2009.

#### 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.

#### 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 applicable to this half-yearly financial report with respect to those applied for 31 December 2008 year end.

The revised version of *IAS 1 - Presentation of Financial Statements* is effective for periods commencing on or after January 1, 2009 and these quarterly statements reflect the required changes. The revision is aimed at improving users' ability to analyse and compare the information given in financial statements. The changes require information in financial statements to be aggregated on the basis of shared characteristics and introduce a new statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners (such as dividends and share repurchases) separate from 'non-owner' changes (such as transactions with third parties). Comprehensive income includes the profit or loss for the period plus other comprehensive income recognised including gains and losses on hedging instruments, gains and losses on the revaluation of available for sale financial assets and changes in revaluation surplus.

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## 2. COMMITMENTS AND CONTINGENCIES

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#### CAPITAL COMMITMENTS

As at 30 September 2009, the Group's total capital commitments amounted to US\$ 162.7 million, of which payments over the next 12 months amounted to US\$ 65.5million.

<i>US\$ Million</i>	<b>As at 30 September 2009</b>
Within one year	65.5
Between 1 – 3 years	97.2
Between 3 – 5 years	-
More than 5 years	-
Total	<u>162.7</u>

Capital commitments for d'Amico International Shipping as at 30 September 2009 are comprised of:

- Payments due over the next twelve months for one vessels bought in joint-venture with Mitsubishi, through d'Amico Mitsubishi Shipping, of which the DIS consolidated 51% share of payments amounts to about US\$ 14.3 million;
- Payments due for 10 vessels bought by GLENDA International Shipping Ltd. The DIS 50% share of these commitments amounts to US\$ 148.4 million, of which commitments over the next 12 months amount to US\$ 52.2 million.

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.

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