

## **d'Amico International Shipping S.A. Half-Yearly / Second Quarter 2013 Financial Report**

This document is available on [www.damicointernationalshipping.com](http://www.damicointernationalshipping.com)

d'Amico International Shipping S.A.

Registered office at 25C Boulevard Royal, Luxembourg

Share capital US\$35,987,977 as at 30 June 2013

## CONTENTS

|  |           |
|--|-----------|
| <b>BOARD OF DIRECTORS AND CONTROL BODIES.....</b>                                    | <b>3</b>  |
| <b>KEY FIGURES.....</b>  | <b>4</b>  |
| <b>INTERIM MANAGEMENT REPORT.....</b>  | <b>5</b>  |
| <b>GROUP STRUCTURE .....</b>   | <b>5</b>  |
| <b>FINANCIAL REVIEW .....</b>  | <b>9</b>  |
| <b>SIGNIFICANT EVENTS IN THE PERIOD .....</b>  | <b>14</b> |
| <b>SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK .....</b>     | <b>16</b> |
| <b>D'AMICO INTERNATIONAL SHIPPING GROUP</b>  |           |
| <b>CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2013.....</b>                     | <b>18</b> |
| <b>CONSOLIDATED INCOME STATEMENT.....</b>  | <b>18</b> |
| <b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b> | <b>18</b> |
| <b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....</b>                             | <b>19</b> |
| <b>CONSOLIDATED STATEMENT OF CASH FLOW .....</b>                                     | <b>20</b> |
| <b>STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY .....</b>               | <b>21</b> |
| <b>NOTES.....</b>  | <b>22</b> |
| <b>AUDITORS' REPORT.....</b>   | <b>39</b> |

## BOARD OF DIRECTORS AND CONTROL BODIES

### BOARD OF DIRECTORS

#### *Chairman*

Paolo d'Amico<sup>(1)</sup>

#### *Chief Executive Officer*

Marco Fiori<sup>(1)</sup>

#### *Directors*

Cesare d'Amico<sup>(1)</sup>

Massimo Castrogiovanni<sup>(2)</sup>

Stas Andrzej Jozwiak<sup>(3)</sup>

Giovanni Battista Nunziante

John Joseph Danilovich<sup>(2)</sup>

Heinz Peter Barandun<sup>(2)</sup>

Giovanni Barberis

(1) *Member of the Executive Committee*

(2) *Independent Director*

(3) *Lead Independent Director*

### INDEPENDENT AUDITORS

MOORE STEPHENS Audit S.A.R.L

## KEY FIGURES

### FINANCIALS

| Q2 2013                    | Q2 2012    | US\$ Thousand                          | H1 2013               | H1 2012                   |
|----------------------------|------------|--|-----------------------|---------------------------|
| 49 212                     | 44 493     | Time charter equivalent (TCE) earnings | 99 329                | 88 960                    |
| 22 610                     | 3 422      | EBITDA                                 | 34 141                | 9 193                     |
| 45.95%                     | 7.69%      | as % of margin on TCE                  | 34.37%                | 10.33%                    |
| 14 685                     | (91 936)*  | EBIT                                   | 18 088                | (95 132)*                 |
| 29.84%                     | (206.63)%* | as % of margin on TCE                  | 18.21%                | (106.94)%*                |
| 15 511                     | (95 776)*  | Net profit / (loss)                    | 23 101                | (97 235)*                 |
| 31.52%                     | (215.26)%* | as % of margin on TCE                  | 23.26%                | (109.30)%*                |
| 0.0431                     | (0.6387)   | Earnings / (loss) per share            | 0.0642                | (0.6485)                  |
| (1 809)                    | 2 580      | Operating cash flow                    | 14 327                | 33                        |
| (10 867)                   | (37 580)   | Gross CAPEX                            | (36 022)              | (70 376)                  |
|                            |            |  | As at<br>30 June 2013 | As at<br>31 December 2012 |
| Total assets               |            |  | 625 397               | 676 895                   |
| Net financial indebtedness |            |  | 203 278               | 220 706                   |
| Shareholders' Equity       |            |  | 320 459               | 294 208                   |

Note: the numbers include the fleet impairment of US\$ 85.0 million in 2012 and the profit on disposal of vessel of US\$ 13.9 million in 2013

### OTHER OPERATING MEASURES

| Q2 2013 | Q2 2012 |   | H1 2013 | H1 2012 |
|---------|---------|---|---------|---------|
| 14 427  | 12 753  | <b>Daily operating measures</b> - TCE earnings per employment day (US\$) <sup>1</sup> | 14 616  | 13 304  |
| 38.6    | 40.1    | <b>Fleet development</b> - Total vessel equivalent                                    | 38.6    | 38.4    |
| 18.8    | 21.3    | - Owned   | 19.9    | 20.2    |
| 19.8    | 18.7    | - Chartered   | 18.7    | 18.2    |
| 2.9%    | 4.3%    | Off-hire days/ available vessel days <sup>2</sup> (%)                                 | 2.6%    | 4.2%    |
| 41.5%   | 37.0%   | Fixed rate contract/ available vessel days <sup>3</sup> (coverage %)                  | 40.6%   | 37.6%   |

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

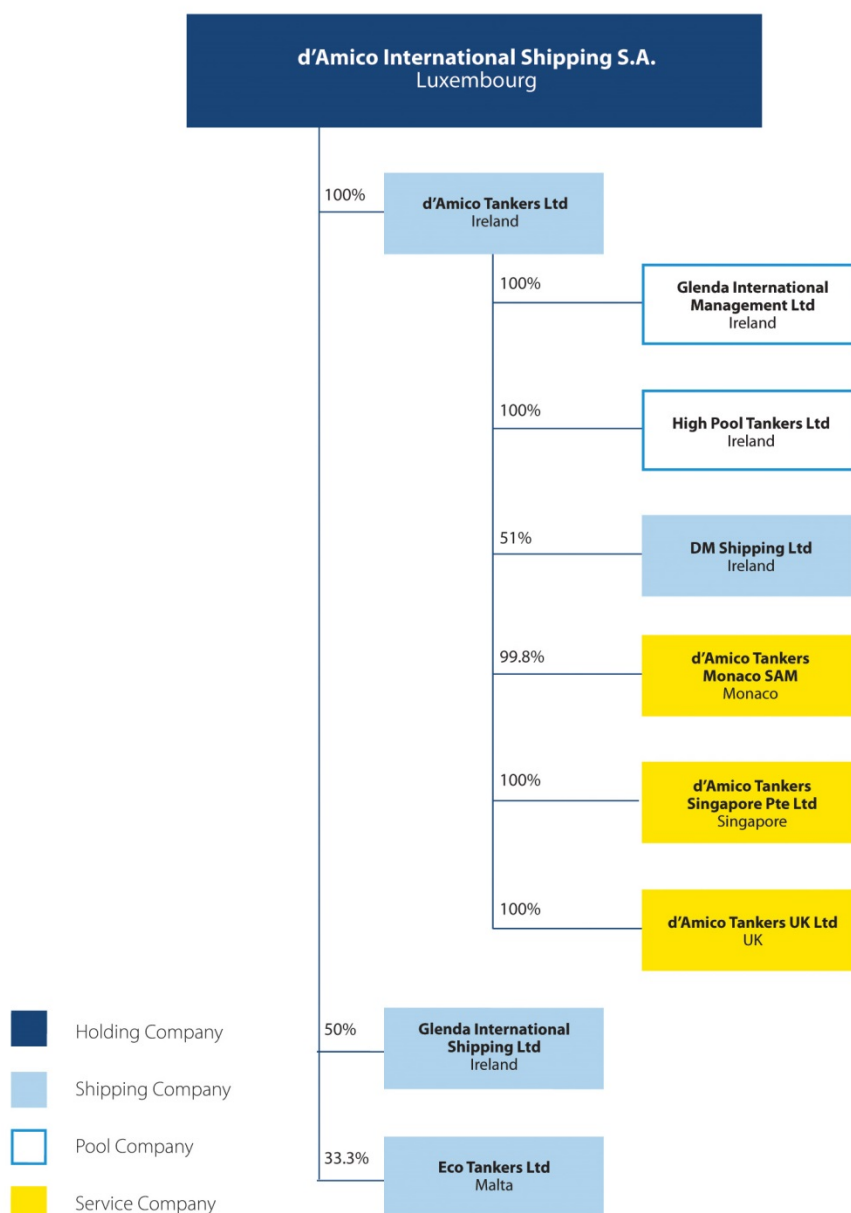
<sup>2</sup>This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

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

# INTERIM MANAGEMENT REPORT

## GROUP STRUCTURE

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



d'Amico Tankers Singapore Pte Ltd is under liquidation

## D'AMICO INTERNATIONAL SHIPPING GROUP

d'Amico International Shipping S.A. (DIS, the Group or d'Amico International Shipping) is an international marine transportation company, part of the d'Amico Group that traces its origins to 1936. d'Amico International Shipping operates, mainly through its fully owned subsidiary d'Amico Tankers Limited (Ireland), a fleet with an average age of approximately 5.8 years, compared to an average in the product tankers industry of 9.2 years (source: Clarkson). All DIS vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to major oil companies and trading houses. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), with the requirements of oil-majors and energy-related companies and other relevant international standards. Based on MARPOL/IMO rules, cargoes such as palm oil, vegetable oil and other chemicals can only be transported by vessels that meet certain requirements (IMO Classed). As at June 30 2013, 63% of the DIS fleet was IMO Classed, allowing the Group to transport a large range of products.

### Fleet

The following tables set forth information about the DIS fleet as at June 30 2013, which consists of **36.5** vessels (December 31, 2012: 39)

#### MR fleet

| Name of vessel                | Dwt    | Year built | Builder, Country          | IMO classed |
|-------------------------------|--------|------------|---------------------------|-------------|
| <b>Owned</b>                  |        |            |                           |             |
| High Tide                     | 51,768 | 2012       | Hyundai Mipo, South Korea | IMO II/III  |
| High Seas                     | 51,678 | 2012       | Hyundai Mipo, South Korea | IMO II/III  |
| GLENDIA Melissa <sup>1</sup>  | 47,203 | 2011       | Hyundai Mipo, South Korea | IMO II/III  |
| GLENDIA Meryl <sup>2</sup>    | 47,251 | 2011       | Hyundai Mipo, South Korea | IMO II/III  |
| GLENDIA Melody <sup>1</sup>   | 47,238 | 2011       | Hyundai Mipo, South Korea | IMO II/III  |
| GLENDIA Melanie <sup>2</sup>  | 47,162 | 2010       | Hyundai Mipo, South Korea | IMO II/III  |
| GLENDIA Meredith <sup>2</sup> | 46,147 | 2010       | Hyundai Mipo, South Korea | IMO II/III  |
| High Strength <sup>3</sup>    | 46,800 | 2009       | Nakai Zosen, Japan        | -           |
| GLENDIA Megan <sup>1</sup>    | 47,147 | 2009       | Hyundai Mipo, South Korea | IMO II/III  |
| High Efficiency <sup>3</sup>  | 46,547 | 2009       | Nakai Zosen, Japan        | -           |
| High Venture                  | 51,087 | 2006       | STX, South Korea          | IMO II/III  |
| High Prosperity               | 48,711 | 2006       | Imabari, Japan            | -           |
| High Presence                 | 48,700 | 2005       | Imabari, Japan            | -           |
| High Priority                 | 46,847 | 2005       | Nakai Zosen, Japan        | -           |
| High Progress                 | 51,303 | 2005       | STX, South Korea          | IMO II/III  |
| High Performance              | 51,303 | 2005       | STX, South Korea          | IMO II/III  |
| High Valor                    | 46,975 | 2005       | STX, South Korea          | IMO II/III  |
| High Courage                  | 46,975 | 2005       | STX, South Korea          | IMO II/III  |
| High Endurance                | 46,992 | 2004       | STX, South Korea          | IMO II/III  |
| High Endeavour                | 46,992 | 2004       | STX, South Korea          | IMO II/III  |

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

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

<sup>3</sup> Vessels owned by DM Shipping Limited (in which DIS has 51% interest) and time chartered to d'Amico Tankers Limited

| Name of vessel                                | Dwt    | Year built | Builder, Country      | IMO classed |
|---|--------|------------|-----------------------|-------------|
| <b>Time chartered with purchase option</b>    |        |            |                       |             |
| High Enterprise                               | 45,800 | 2009       | Shin Kurushima, Japan | -           |
| High Pearl                                    | 48,023 | 2009       | Imabari, Japan        | -           |
| <b>Time chartered without purchase option</b> |        |            |                       |             |
| Carina  | 47,962 | 2010       | Iwagi Zosen, Japan    | -           |
| High Force                                    | 53,603 | 2009       | Shin Kurushima, Japan | -           |
| Eastern Force                                 | 48,056 | 2009       | Imabari, Japan        | -           |
| High Saturn                                   | 51,149 | 2008       | STX, South Korea      | IMO II/III  |
| High Mars                                     | 51,149 | 2008       | STX, South Korea      | IMO II/III  |
| High Mercury                                  | 51,149 | 2008       | STX, South Korea      | IMO II/III  |
| High Jupiter                                  | 51,149 | 2008       | STX, South Korea      | IMO II/III  |
| Freja Hafnia                                  | 53,700 | 2006       | Shin Kurushima, Japan | -           |
| High Glow                                     | 46,846 | 2006       | Nakai Zosen, Japan    | -           |
| Citrus Express                                | 53,688 | 2006       | Shin Kurushima, Japan | -           |
| High Power                                    | 46,874 | 2004       | Nakai Zosen, Japan    | -           |

### 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 II/III  |
| Cielo di Parigi <sup>1</sup>                  | 36,032 | 2001       | STX, South Korea | IMO II/III  |
| <b>Time chartered with purchase option</b>    |        |            |                  |             |
| Malbec  | 38,499 | 2008       | Guangzhou, China | IMO II/III  |
| Marvel  | 38,435 | 2008       | Guangzhou, China | IMO II/III  |
| <b>Time chartered without purchase option</b> |        |            |                  |             |
| Cielo di Guangzhou <sup>2</sup>               | 38,877 | 2006       | Guangzhou, China | IMO II      |

<sup>1</sup> In July 2013 d'Amico Tankers agreed the sale of the Vessel, who is expected to be delivered to the Buyer in Q3 2013

<sup>2</sup> Bare-boat charter contract

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

|                        | <i>DIS' No. of Vessels</i> | <i>Total Pool Vessels</i> |
|------------------------|----------------------------|---------------------------|
| Direct employment      | 28.5                       | -                         |
| High Pool (MR vessels) | 8.0                        | 12.0                      |
| <b>Total</b>           | <b>36.5</b>                | <b>12.0</b>               |

As at June 30 2013, d'Amico International Shipping directly employed 28.5 Vessels: 14.5 MRs ('Medium Range') on fixed term contract, whilst 9 MRs and 5 Handy-size vessels are currently employed on the spot market. The Group employs a significant portion of its controlled vessels through partnership arrangements, even if lower compared to the previous periods:

*High Pool Tankers Limited* – a Pool with JX Shipping Co. Limited, Japan (originated from the merger between Nissho Shipping Co. Limited and Yuyo Steamship Co. Limited) and Mitsubishi Corporation. It operated 12 MR product tankers as at June 30 2013. 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 Shipping Limited*, a 50/50 joint venture company with the Glencore Group. The Company owns 6 MR vessels built and delivered between August 2009 and February 2011. Following a reorganization process, the activity previously carried out by GLENDIA International Management Limited (a Pool with the Glencore Group) has been concentrated directly on the aforesaid joint venture company.

*DM Shipping Limited*, a 51/49 joint venture company with the Mitsubishi Group. The Company owns 2 MR vessels, built and delivered respectively in July and October 2009.

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 76.5 owned and chartered-in vessels, of which 36.5 are part of the DIS fleet, operating in the product tanker market, while the remaining 40 vessels are mainly dry-bulk carriers 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 a well-established reputation in the international markets due to the long operating history of the d'Amico Group. In addition, it benefits from the expertise of the d'Amico Group, which provides support for technical management services, as well as safety, quality and technical products and services to DIS' vessels, including crewing and insurance arrangements.

d'Amico International Shipping has offices in Luxembourg, Dublin, London, Monaco and Singapore. As at June 30 2013, the Group employed 439 seagoing personnel and 34 onshore personnel.



## FINANCIAL REVIEW

### SUMMARY OF THE RESULTS IN THE SECOND QUARTER AND FIRST HALF OF 2013

The Global economic growth prospects remain subdued and the road to recovery has tempered by weaker domestic demand and slower growth in several key emerging economies. The IMF in its recent World Economic Outlook has projected growth at slightly above 3% in 2013, the same as in 2012. This is down 0.5% from their last forecast. In the last quarter, financial market volatility increased globally after a period of relative calm since this time last year. Despite this outlook the IEA has projected Global oil demand in 2013 to be revised up by 220,000 barrels per day (0.2%) to 90.77 million barrels per day, on the back of unseasonably cold weather in 2Q13, boosting the expected growth in 2013 to 930,000 (1.0%).

Overall, product tanker spot earnings started to soften in the middle of the second quarter from the marked improvement in Q4 2012 and Q1 2013. This trend continued with rates declining going into June. The Atlantic Basin market, notably the gasoline imports into the Atlantic seaboard, has shrunk considerably as the arbitrage opportunities simply were not there. There were some positive aspects as the United States continued its exports to South and Central America and was able to tie up more tonnage as they started to move more products to Europe at the end of the quarter giving some support to freight rates. A similar poor picture emerged in the eastern markets, as no real demand improvement coupled with a ready supply of ships.

General sentiment has not shown any marked improvement in second quarter of the year from a very active Time Charter market in the first quarter, when we saw a large amount of charterers looking to take period coverage. However Time Charter rates have not shown any sign of decreasing and going into Q3 Time charter enquiry from Oil Traders has picked up considerably which is a very good indicator that there is still a long term positive outlook.

Thanks to the rapidly growing product tanker market and to DIS capability of buying and selling assets at the right time and price, the Company was able to register its first profitable half-year since H1 2009 and its third consecutive positive quarter.

DIS realized a Net Profit of US\$ 23.1 million in the first half of 2013 and US\$ 15.5 million in the second quarter of the year. This compares with a Net Loss of US\$ 97.2 million in H1 2012 (Loss of US\$ 12.2 million excluding the fleet value write-down booked in 2012) and a Net Loss of US\$ 95.8 million in Q2 2012 (Loss of US\$ 10.8 million excluding the fleet value write-down booked in 2012).

During the first six months of 2013, DIS ordered additional fuel efficient 'Eco' new-building product/chemical tankers (50,000 dwt Medium Range) at Hyundai Mipo Dockyard Co. Ltd. – South Korea, at very attractive prices and expected to be delivered in 2014 and 2015. The Company has currently a total of 8 newbuilding product tanker agreements, which include 6 MR and 2 Handysize vessels, at Hyundai Mipo Dockyard Co. Ltd. In addition to this, DIS has one vessel on order at Hyundai Mipo Dockyard Co. Ltd, in JV with Venice Shipping and Logistics S.p.A.. This corresponds to an overall investment of approximately US\$ 260 million (of which US\$ 12.5 million were invested in Q2 2013 and US\$ 35.1 million in H1 2013) and reaffirms the Company's strategy to modernize its fleet through new buildings with eco innovative design. Such strategy is in coherence with the clear objective of the 2012 share capital increase of maintaining DIS strong financial structure while implementing a significant investment and growth plan.

At the same time, DIS kept implementing the fleet rejuvenation program also through the sale of its oldest vessels. Three of these ships were sold in the course of H1 2013, generating a net '*result from disposal*' of US\$ 13.9 million.

The very positive trend registered at TCE Earnings level in H1 2013 (US\$ 10.4 million higher than the first semester of 2012) combined with a constant focus also on cost control, led to a substantial increase in DIS operating profitability. In fact, the 'EBITDA margin on TCE Earnings' was 34.4% in H1 2013 (20% excluding the 'Result from disposal of Vessels') compared to 10% margin achieved in the first half of last year.

The improved EBITDA performance translated also into a positive operating cash flow of US\$ 14.3 million in H1 2013, compared to 'zero' operating cash generation in the same period of 2012.

DIS Q2 and H1 2013 Net Result benefited also from a good treasury performance and the gain arising from the US Dollar conversion of the Japanese Yen denominated debt.

## OPERATING PERFORMANCE

| Q2 2013       | Q2 2012         | US\$ Thousand                           | H1 2013       | H1 2012         |
|---------------|-----------------|---|---------------|-----------------|
| 76 297        | 79 899          | Revenue                                 | 155 772       | 157 610         |
| (27 085)      | (35 406)        | Voyage costs                            | (56 443)      | (68 650)        |
| <b>49 212</b> | <b>44 493</b>   | <b>Time charter equivalent earnings</b> | <b>99 329</b> | <b>88 960</b>   |
| (22 114)      | (23 284)        | Time charter hire costs                 | (43 396)      | (45 717)        |
| (14 087)      | (14 118)        | Other direct operating costs            | (28 591)      | (27 105)        |
| (4 518)       | (4 076)         | General and administrative costs        | (7 441)       | (7 948)         |
| 170           | 407             | Other operating Income                  | 293           | 1 003           |
| 13 947        |                 | Result from disposal of vessels         | 13 947        | -               |
| <b>22 610</b> | <b>3 422</b>    | <b>EBITDA</b>                           | <b>34 141</b> | <b>9 193</b>    |
| (7 925)       | (95 358)        | Depreciation and write-down             | (16 053)      | (104 325)       |
| <b>14 685</b> | <b>(91 936)</b> | <b>EBIT</b>                             | <b>18 088</b> | <b>(95 132)</b> |
| 1 269         | (3 723)         | Net financial income (charges)          | 6 117         | (1 840)         |
| <b>15 954</b> | <b>(95 659)</b> | <b>Profit / (loss) before tax</b>       | <b>24 205</b> | <b>(96 972)</b> |
| (443)         | (117)           | Income taxes                            | (1 104)       | (263)           |
| <b>15 511</b> | <b>(95 776)</b> | <b>Net profit / (loss)</b>              | <b>23 101</b> | <b>(97 235)</b> |

**Revenue** was US\$ 76.3 million in Q2 2013 (US\$ 79.9 million in Q2 2012) and US\$ 155.8 million in H1 2013 (US\$ 157.6 million in H1 2012). The decrease in gross revenues compared to the same period of 2012 was mainly due to the increase of the 'coverage' percentage (fixed contracts) in 2013, which is naturally compensated by a decrease in 'voyage costs' (see below). The off-hire days percentage in H1 2013 (2.6%) was lower than the same period of the previous year (4.2%), mainly due to the timing of dry-docks.

**Voyage costs** reflected the vessel employment mix, in the form of spot and time charter contracts. These costs, which occur only for the vessel employed on the spot market, amount to US\$ 27.1 million in Q2 2013 and US\$ 56.4 million in the first half of the current year (US\$ 35.4 million and US\$ 68.7 million respectively in the same periods of 2012). Such decrease is mainly in relation to the higher level of 'coverage' compared to the same period of last year and partially to a spike in bunker prices occurred in Q1 2012.

**Time charter equivalent earnings** were US\$ 49.2 million in Q2 2013 vs. US\$ 44.5 million in Q2 2012 and the amount for H1 2013 was US\$ 99.3 million, more than US\$ 10 million higher than the same period last year (US\$ 89 million). As shown in the following table, the increase of TCE Earnings compared to the previous year was clearly driven by the surge in DIS Average Daily Spot Return, on the back of solid product tanker rates experienced especially in the first quarter of the current year and partially confirmed in Q2. In fact, the **Daily Average Spot Return** for DIS was **US\$ 14,102** in **H1 2013** compared to US\$ 11,702 of the same period last year (around 21% increase). Looking at the quarterly evolution of the spot results, DIS performed at a daily average of **US\$ 13,929** in **Q2 2013**, which is around 2% lower than the strong first quarter of the year but still considerably higher than the same period of last year (Q2 2012: US\$ 10,872). This trend seems to confirm that the product tanker market is getting momentum and even the usual negative seasonality effects tend to have a much lower impact on product tanker rates compared to the previous year.

At the same time and according to its strategy, DIS maintained a considerable level of 'coverage' (fixed contracts) throughout H1 2013, securing an average of 40.6% of its revenue at an Average Daily Fixed Rate of US\$ 15,367.

Other than securing revenue and supporting the operating cash flow generation, these contracts pursue the objective of strengthening DIS historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

| DIS TCE daily rates<br>(US dollars) | 2012   |        |               |        |        | 2013   |        |               |
|-------------------------------------|--------|--------|---------------|--------|--------|--------|--------|---------------|
|                                     | Q1     | Q2     | H1            | Q3     | Q4     | Q1     | Q2     | H1            |
| Spot                                | 12,623 | 10,872 | <b>11,702</b> | 11,226 | 12,113 | 14,272 | 13,929 | <b>14,102</b> |
| Fixed                               | 15,972 | 15,956 | <b>15,964</b> | 15,819 | 15,728 | 15,620 | 15,127 | <b>15,367</b> |
| Average                             | 13,904 | 12,753 | <b>13,304</b> | 12,887 | 13,344 | 14,808 | 14,427 | <b>14,616</b> |

**Time charter hire costs** relate to the chartered-in vessels and amount to US\$ 22.1 million in Q2 2013 and US\$ 43.4 million in H1 2013 (US\$ 23.3 million in Q2 2012 and US\$ 45.7 million in H1 2012). The average number of chartered-in vessels in H1 2013 was only slightly higher compared to the same period of last year (H1 2013: 18.7 vs. H1 2012: 18.2). However the daily cost for the chartered-in fleet decreased compared to last year, thanks to the expiration of some old contracts replaced with new ones at lower rates.

**Other direct operating costs** mainly consist of crew, technical, luboil expenses relating to the operation of owned vessels and insurance costs on owned and chartered vessels. These costs were US\$ 14.1 million in Q2 2013 (in line with the second quarter of 2012) and US\$ 28.6 million in H1 2013 (US\$ 27.1 million in H1 2012). The relatively small increase in absolute values in H1 2013 compared to the previous year, was partially related to some timing effects during the year and to the slight fleet growth (38.6 vessels in H1 2013 vs. 38.4 in H1 2012), while daily costs are substantially in line. The operating costs are constantly monitored, while focusing on crew with appropriate skills, high SQE (Safety, Quality & Environment) standards and remaining in full compliance with very stringent market regulations. Maintaining a 'high quality' profile of the fleet represents an essential part of the d'Amico vision and strategy.

The **General and administrative costs** were US\$ 4.5 million in Q2 2013 (US\$ 4.1 million in Q2 2012) and US\$ 7.4 million in H1 2013 (US\$ 7.9 million in H1 2012). These costs mainly relate to on-shore personnel, together with premises costs, consultancies, travel and others. The positive trend noted in the first six months of the year is mainly explained by the accurate cost management activity carried out by DIS, focused '*inter alia*' on the ashore personnel cost saving targets.

**Other operating income** amounted to US\$ 0.2 million in Q2 2013 (US\$ 0.4 million in Q2 2012) and US\$ 0.3 million in H1 2013 (US\$ 1 million in H1 2012). The balance refers to chartering commissions from third parties vessels operated through pools, which has decreased in terms of number of ships.

**Result on disposal of vessel.** In the second quarter of the year, DIS sold 2 MR product tanker vessels built in 1999 and 1 Handy vessel built in 2001, reducing the average age of the fleet and realizing a net gain on disposal of US\$ 13.9 million.

**EBITDA** for Q2 2013 amounted to US\$ 22.6 million and US\$ 34.1 million for the first half of the year and include US\$ 13.9 million on 'Result from disposal of vessels'. Excluding said capital gain, EBITDA was US\$ 8.7 million in Q2 2013 vs. US\$ 3.4 million in Q2 2012 and US\$ 20.2 million in H1 2013 vs. US\$ 9.2 million in H1 2012. Therefore EBITDA margin on TCE Earnings was 46% in Q2 2013 (18% excluding the 'Result from disposal of vessels') vs. 7.7% in Q2 2012; while 34.4% margin was achieved in H1 2013 (20% excluding the 'Result from disposal of vessels') vs. 10% in the same period last year.

**Depreciation** amounted to US\$ 7.9 million in Q2 2013 vs. US\$ 10.4 million in Q2 2012 (excluding US\$ 85 million fleet value write-down booked in 2012) and US\$ 16.1 million in H1 2013 vs. 19.3 million in H1 2012 (excluding US\$ 85 million fleet value write-down booked in 2012). The depreciation charges decrease compared to last year was mainly due to the write down of the fleet net book value carried out in 2012.

**EBIT** for the second quarter of the year was positive US\$ 14.7 million, compared to the operating loss of US\$ 6.9 million booked in the same period of last year (excluding US\$ 85 million fleet value write-down booked in 2012). H1 2013 EBIT was positive US\$ 18.1 million vs. loss US\$ 10.1 million in the same period last year (excluding US\$ 85 million fleet value write-down booked in 2012).

**Net financial charges** were positive for US\$ 1.3 million in Q2 2013 (negative for US\$ 3.7 million in Q2 2012) and positive for US\$ 6.1 million in H1 2013 (negative for US\$ 1.8 million in H1 2012). DIS derived the aforesaid gain mainly on the US Dollar conversion of the loans denominated in Japanese Yen (H1 2013: US\$ 5.0 million vs. H1 2012: US\$ 1.4 million) and on the strong treasury performance realized in the period (H1 2013: US\$ 3.1 million vs. H1

2012: US\$ 1.1 million). The Group exposure to the Yen is constantly monitored and actively managed by an adequate financial policy.

The Company's **Profit before tax** for Q2 2013 was US\$ 16.0 million (loss of US\$ 95.7 million in Q2 2012) and US\$ 24.2 million in H1 2013 (loss of US\$ 97 million in H1 2012).

**Income taxes** amounted to US\$ 0.4 million in Q2 2013 (US\$ 0.1 million in Q2 2012) and to US\$ 1.1 million in H1 2013 (US\$ 0.3 million in H1 2012). The increase in H1 2013 compared to the same period of 2012, is due to the taxation of some financial income which is subject to the standard corporation tax and not included in the tonnage tax scheme.

The **Net Profit** for Q2 2013 was US\$ 15.5 million compared to a Net Loss of US\$ 95.8 million in Q2 2012, while the Net Profit of the first six months of 2013 was US\$ 23.1 million compared to a Net Loss of US\$ 97.2 million posted in H1 2012.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (US\$ Thousand)                                   | As at<br>30 June 2013 | As at<br>31 December 2012 |
|---|-----------------------|---------------------------|
| <b>ASSETS</b>                                     |                       |                           |
| Non current assets                                | 497 724               | 498 922                   |
| Current assets                                    | 127 673               | 177 973                   |
| <b>Total assets</b>                               | <b>625 397</b>        | <b>676 895</b>            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                       |                           |
| Shareholders' equity                              | 320 459               | 294 208                   |
| Non-current liabilities                           | 240 211               | 288 787                   |
| Current liabilities                               | 64 727                | 93 900                    |
| <b>Total liabilities and shareholders' equity</b> | <b>625 397</b>        | <b>676 895</b>            |

**Non-current assets** mainly relate to the DIS owned vessels net book value. According to the valuation report provided by a primary broker, the net consolidated book value of the DIS owned fleet including the portion relating to the newbuildings under construction is of US\$ 450 million as at June 30 2013. Value in use calculations were again performed, which support the carrying value.

**Gross Capital expenditures** for the second quarter of the year were US\$ 10.9 million and US\$ 36.0 million for the entire first half. These amounts mainly comprise the installments paid on the newbuilding vessels recently ordered and under construction at Hyundai-Mipo. Dry-dock costs pertaining to owned vessels are also included in capitalized costs.

**Current assets** as at June 30 2013 were US\$ 127.7 million. Other than the working capital items, inventories and trade receivables amounting to US\$ 12.4 million and US\$ 39.6 million respectively, current assets include cash on hand of US\$ 75.1 million and current financial assets of US\$ 0.6 million.

**Non-current liabilities** (US\$ 240.2 million) consist of the long-term portion of debt due to banks, disclosed under the following section (Net Indebtedness).

The balance of **Current liabilities**, other than the debt due to banks and other lenders (see the following section), includes the working capital items amounting to US\$ 25.4 million, essentially relating to trade and other payables.

The **Shareholders' equity** balance as at June 30 2013 was of US\$ 320.5 million (US\$ 294.2 million as at December 31 2012). The variance with the previous year was primarily due to the Net Profit realized in the first half of the current year.

## NET INDEBTEDNESS

Net debt as at June 30 2013 amounted to US\$ 203.3 million vs. US\$ 220.7 million at the end of 2012. The ratio of net debt to shareholders equity was of 0.63 at the end of the first half of 2013 compared to 0.75 at the end of 2012.

| <i>US\$ Thousand</i>                           | <b>As at<br/>30 June 2013</b> | <b>As at<br/>31 December 2012</b> |
|--|-------------------------------|-----------------------------------|
| <b>Liquidity</b>                               |                               |                                   |
| Cash and cash equivalents                      | 75 081                        | 117 617                           |
| Current financial assets                       | 598                           | 757                               |
| <b>Total current financial assets</b>          | <b>75 679</b>                 | <b>118 374</b>                    |
| <b>Bank loans – current</b>                    | <b>33 433</b>                 | <b>28 160</b>                     |
| <b>Other current financial liabilities</b>     |                               |                                   |
| Due to third parties                           | 5 313                         | 22 133                            |
| <b>Total current financial debt</b>            | <b>38 746</b>                 | <b>50 293</b>                     |
| <b>Net current financial debt</b>              | <b>(36 933)</b>               | <b>(68 081)</b>                   |
| <b>Bank loans non-current</b>                  | <b>238 297</b>                | <b>284 264</b>                    |
| <b>Other non-current financial liabilities</b> |                               |                                   |
| Due to third parties                           | 1 914                         | 4 523                             |
| <b>Total non-current financial debt</b>        | <b>240 211</b>                | <b>288 787</b>                    |
| <b>Net financial indebtedness</b>              | <b>203 278</b>                | <b>220 706</b>                    |

*Cash and cash equivalents* is US\$ 75.1 million at the end of June 2013. The proceeds raised through the Share Capital increase, allow DIS to maintain a strong financial structure throughout its significant investment plan.

The total outstanding bank debt (*Bank loans*) as at June 30 2013 amounted to US\$ 271.7 million, of which US\$ 33.4 million is due within one year. DIS debt structure is based on the following facilities granted to d'Amico Tankers Limited (Ireland), the key operating company of the Group: (i) Crédit Agricole 10 years revolving facility (syndicated by other banking institutions) of US\$ 112.1 million; (ii) Mizuho syndicated loan facility of US\$ 16.4 million; (iii) Crédit Agricole and DnB NOR Bank seven years term loan facility to finance two MR vessels built and delivered in H1 2012 for total US\$ 42.5 million; (iv) Danish Ship Finance 18 months term loan facility to finance the purchase of the second-hand vessel M/T High Prosperity in H1 2012, for US\$ 11.4 million. DIS debt also comprises of the share of the loans existing at the two joint ventures level, GLENDIA International Shipping Ltd and DM Shipping Ltd: (i) Commerzbank AG Global Shipping and Credit Suisse loans of US\$ 70.3 million for the six Glenda International Shipping Ltd vessels, delivered between 2009 and 2011; (ii) Mitsubishi UFJ Lease loan of US\$ 19 million for the financing of the two DM Shipping Ltd vessels delivered in 2009.

In the first quarter of 2013, DIS fully reimbursed the US\$ 20 million subordinated loan granted by its parent company d'Amico International S.A. in September 2012 and previously shown under *Other current financial liabilities*. Further, US\$ 7.2 million of negative valuation of derivatives hedging instruments (essentially interest rate swap agreements – IRS) are shown under *Other Financial Liabilities*.

## CASH FLOW

DIS net cash flow for the period ended on June 30 2013 was negative for US\$ 42.0 million due to US\$ 36.0 million gross capital expenditures, partially compensated by the proceeds from the disposal of 3 vessels, US\$ 20.0 million subordinated loan reimbursement and US\$ 25.6 million bank loan repayment on the 3 vessels sold.

| Q2 2013  | Q2 2012  | US\$ Thousand  | H1 2013  | H1 2012  |
|----------|----------|--|----------|----------|
| (1 809)  | 2 580    | Cash flow from operating activities                    | 14 327   | 33       |
| 24 172   | (37 580) | Cash flow from investing activities                    | (983)    | (70 376) |
| (31 411) | 30 460   | Cash flow from financing activities                    | (55 335) | 59 686   |
| (9 048)  | (4 540)  | Change in cash balance                                 | (41 991) | (10 657) |
| 84 945   | 44 749   | Cash & cash equivalents at the beginning of the period | 117 617  | 51 068   |
| (816)    | (18)     | Exchange gain (loss) on cash and cash equivalents      | (545)    | (220)    |
| 75 081   | 40 191   | Cash & cash equivalents at the end of the period       | 75 081   | 40 191   |

**Cash flow from operating activities** for Q2 2013 was negative for the amount of US\$ 1.8 million (positive for US\$ 2.6 million in Q2 2012) due to some timing effects on working capital mainly in connection with the vessel employment mix, in the form of spot and time charter contracts.

However the operating cash flow generated in the first half of 2013 was positive for US\$ 14.3 million ('zero' cash generation in H1 2012) and such significant cash flow generation was clearly the result of the good EBITDA performance achieved in the period, as previously disclosed.

The net **Cash flow from investing activities** was US\$ 1 million (outflow) in the first half of 2013. Total capital expenditures amounted to US\$ 36.0 million in H1 2013 (due to the installments paid on the newbuilding vessels under construction at Hyundai-Mipo and to dry-dock expenses) and were almost completely offset by US\$ 35.0 million net proceeds from the disposal of 3 vessels.

**Cash flow from financing activities** was negative for US\$ 55.3 million in H1 2013 and it mainly includes: US\$ 20 million full repayment of the subordinated loan granted in Q3 2012 by DIS' parent company d'Amico International S.A., US\$ 25.6 million bank loan repayment on the 3 vessels sold, together with the scheduled bank debt repayments.

## SIGNIFICANT EVENTS IN THE PERIOD

During the first half of 2013 the following main events occurred in the activity of d'Amico International Shipping Group:

### d'Amico Tankers Limited:

- **Order of two more 'Eco' design Product Tankers:** in March 2013, d'Amico International Shipping S.A., announced that its operating subsidiary d'Amico Tankers Limited (Ireland), will enter into contracts for the construction of two additional new product/chemical tanker vessels (Hulls S408 and S409 - 50,000 dwt Medium Range) with Hyundai Mipo Dockyard Co. Ltd. – Korea, expected to be delivered at the end of H1 2014, for a consideration of less than US\$ 29.0 million each. d'Amico Tankers Limited was also offered with an option for two further vessels, under similar terms and conditions, to be exercised by April 2013. The above two newbuildings vessels are the latest IMO II MR design with the highest fuel efficiency. The design is the utmost HMD concept of hull shape and propulsion efficiency leading to a fuel saving of 6 -7 T /day compare to the average consumption of world existing MR fleet. The vessels will have an attained Energy Design Index (EEDI)



falling already well within the IMO phase-in 3 requirement due for vessels to be built after Jan 1st 2025, being 31.5% lower than the current IMO reference line.

- Order of two more 'Eco' design Product Tankers:** In May 2013, d'Amico International Shipping S.A. (Borsa Italiana: DIS), announces that its operating subsidiary d'Amico Tankers Limited (Ireland), exercised its purchase options, as disclosed last March 12, and entered into contracts for the construction of two additional new product/chemical tanker vessels (Hulls 410 and S411 - 50,000 dwt Medium Range, the 'Vessels') with Hyundai Mipo Dockyard Co. Ltd. – Korea, expected to be delivered in H2 2015, for a consideration of less than US\$ 30.0 million each.  
 The Vessels are the latest IMO II MR design with the highest fuel efficiency. The design is the utmost HMD concept of hull shape and propulsion efficiency leading to a fuel saving of 6 -7 t/day compare to the average consumption of the world existing MR fleet. The Vessels will have an attained Energy Design Index (EEDI) falling already well within the IMO phase-in 3 requirement due for vessels to be built after Jan 1st 2025, being 31.5% lower than the current IMO reference line.  
 d'Amico Tankers Limited signed also a Letter of Intent agreeing with Hudson Partners LLC, an important financial institution based in Connecticut, United States the novation of one of these newbuilding contracts (vessel with Hull S410 ) to a special purpose vehicle guaranteed by Hudson Partners LLC for a consideration of US\$ 150,000 in addition to the purchase price. The vessel will be commercially managed by DIS and will be employed either through time-charter, voyage charter contracts or through a pool managed by DIS or one of its affiliates. The Hull S410 construction supervision will be made by a company of the d'Amico Società di Navigazione S.p.A. group.
- Vessel Sale:** In May 2013, d'Amico Tankers Limited agreed the sale of: (i) The Handysize product tanker vessel M/T Cielo di Londra, built in 2001 by STX, South Korea at the price of US\$ 12.3 million; (ii) The sale of the MR product tanker vessels M/T High Spirit and M/T High Challenge, built in 1999 by STX, South Korea at the price of US\$ 12.2 million each. These sales reduced DIS fleet average age and generated a net 'Profit on disposal' of US\$ 13.9 million in Q2 2013 .
- 'Time Charter-Out' Fleet:** In March 2013 d'Amico Tankers Limited renewed for two more years three Time Charter-Out contracts with a main oil-major, which were due to expire in the course of 2013. These contracts further consolidate DIS historical relationships with the oil-majors and were renewed at levels which will generate a positive operating cash flow.

In May 2013, one vessel owned by GLENDA International Shipping Limited and chartered-in by d'Amico Tankers Limited, was Time Chartered for 1 year period with an option for a further 1 year, to an important commodity trader at rewarding levels.

In June 2013, two vessels owned by d'Amico Tankers Limited were Time Chartered at rewarding levels and for 1 year period to respectively an important commodity trader and an important oil company.

- 'Time Charter-In' Fleet:** In January 2013, M/T High Nefeli, a Medium Range (MR) vessel built in 2003 and Time Chartered-In by d'Amico Tankers Limited since 2003 was redelivered back to her Owners.

Also, in January 2013, the contract on M/T Freja Hafnia, a Medium Range (MR) vessel built in 2006 and delivered to d'Amico Tankers Limited in January 2012 for a 1 year time charter period, was extended until January 2015.

In February 2013, M/T Torm Hellerup, a Medium Range (MR) vessel built in 2008 and delivered to d'Amico Tankers Limited in May 2012 for a 1 year time charter period, with an option for a further 1 year, changed name into M/T Hallinden, upon change in her ownership.

In June 2013, d'Amico Tankers Limited redelivered M/T Hallinden back to her Owners.

In February 2013, the contract on M/T Eastern Force, a Medium Range (MR) vessel built in 2009 and delivered to d'Amico Tankers Limited in April 2012 for a 1 year time charter period, was extended until April 2014, with an option for a further 1 year time charter period.

In April 2013, M/T Citrus Express, a Medium Range (MR) vessel built in 2006, was delivered to d'Amico Tankers Limited for a 1 year time charter period.

In April 2013, M/T Carina, a Medium Range (MR) vessel built in 2010, was delivered to d'Amico Tankers Limited for 3 years' time charter period.

In June 2013, M/T High Energy, a Medium Range (MR) vessel built in 2004 and Time Chartered-In by d'Amico Tankers Limited since then was redelivered back to her Owners.

#### GLENDIA International Shipping Limited:

- **'Time Charter-Out' Fleet:** In H1 2013 GLENDIA International Shipping Limited, a 50/50 joint venture company between DIS and the Glencore Group, withdrew all its owned vessels from the Pool managed by GLENDIA International Management Limited and Time Charter-out 3 vessels to d'Amico Tankers Limited and 3 vessels to ST Shipping (Glencore Group).

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

#### d'Amico Tankers Limited:

**Vessel Sale:** In July 2013, d'Amico Tankers Limited agreed the sale of the Handysize product tanker vessel M/T Cielo di Parigi, built in 2001 by Daedong Shipbuilding South Korea at the price of US\$ 12.65 million. This sale will further reduce the average age of DIS Fleet and will generate a profit on disposal in Q3 of about US\$ 4.3 million.

- **'Time Charter-Out' Fleet:** In July 2013, one vessel owned by GLENDIA International Shipping Limited and chartered-in by d'Amico Tankers Limited, was Time Chartered for 1 year period with an option for a further 1 year, to an oil-major at rewarding levels.

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

|                | As at 30 June 2013 |           |       | As at 31 July 2013 |           |       |
|----------------|--------------------|-----------|-------|--------------------|-----------|-------|
|                | MR                 | Handysize | Total | MR                 | Handysize | Total |
| Owned          | 16.0               | 2.0       | 18.0  | 16.0               | 2.0       | 18.0  |
| Time chartered | 15.5               | 3.0       | 18.5  | 15.5               | 3.0       | 18.5  |
| Total          | 31.5               | 5.0       | 36.5  | 31.5               | 5.0       | 36.5  |

#### Business Outlook

Oil Product Global demand is expected to improve quarterly by 1.09 million barrels p/d (1.2%) in Q3'13 and by 710,000 barrels p/d (0.8%) in 4Q13. The year-on-year growth in the second half of 2013 is estimated to be just less than 1 million barrels p/d according to the IEA.

Despite a rather lacklustre economic outlook, Oil futures markets were buoyed by upheaval in Egypt and supply-side issues. Oil prices edged slightly higher in June but posted stronger gains in early July.

Global crude throughputs are expected to increase seasonally by a steeper than normal 2.3 million b/d in the next quarter. Non-OECD growth drives the increase, including new Saudi distillation capacity, increasing Chinese runs after heavy spring maintenance, and recovering throughput at Venezuela's Amuay plant after a 2012 fire.

Chinese product demand has hit a relative soft patch in the first half of 2013, but refiners only responded with modest run cuts and have directed the Diesel and gasoline as product exports to neighbouring Asian markets instead.



Increased Russian refinery runs have been supported by investment at their refineries to maximise distillate production, following changes to the export tax regime that has now incentivised diesel exports at the expense of other products. Russian exports of distillate fuel to OECD Europe were up 37% year on year in the early part of the last quarter.

The key drivers that should affect the product tanker freight markets and d'Amico International Shipping performance are (1) Global oil demand (2) worldwide GDP growth and (3) the large modern fleet. 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***

- In the first half of 2013 there have been at least 70 time charter contracts concluded in the MR sector compared to 57 in the whole of 2012. Enquiry slowed in Q2 and has again picked up going into Q3.
- Product Tanker demand is being driven by regional imbalances in product demand and not by any substantial increase in actual Oil Product demand.
- China and the Middle East account for over fifty percent of new refinery capacity in the next few years which is expected to outpace domestic demand which favours this new efficient capacity for exporting products. New capacity in South America and Africa does not meet their projected demand growth which should support imports.
- The US has now emerged as the world's largest exporter of products, accounting for 16 percent of the worlds' total volumes. The country is now exporting the same amount that it imported 5 years ago. Refinery utilisation peaked at 92 percent in the last quarter.
- Apart from Petroleum products there is steady and positive demand for commodities such as Vegetable and Palm oil. Annual seaborne palm oil transportation is expected to rise from 6.5 million tonnes to 7.5 million tonnes by 2016. This would require an additional 31 ships (MR Tankers) annually.
- OECD refinery rationalisation is still going on with close to 400,000 barrels per day capacity earmarked for removal. Some Southern Europe refiners have had an injection of life with additional investment. But with the vast majority of new capacity coming from non OECD the longer term picture for these older refineries is bleak.
- The fundamental shift of refining capacity outside the OECD should support product trades flows and therefore increase tonne mile demand.

#### ***Product Tanker supply***

- There has been relatively robust ordering in the MR sector in 2012 and speculation that about 70 new orders have been placed this year. However this has drastically slowed in the last few months as new orders are switching to other sectors.
- Despite the upward revision in the MR Sector order book we are not close to the massive delivery years of 2009-2010 and net growth should still be manageable with the projected growth in seaborne Product trade in the same period.
- Slippage and possible cancellations should still be considered a significant factor in the new buildings. The average slippage has been around 35 percent over the last 5 years, and as much as 50 percent.
- Close to 50 ships have been delivered this year of which 30 were delivered in Q1 2013. There have been about 15 ships permanently removed in the first half of 2013.
- In the current economic climate obtaining financing in any Industry is problematic. There is speculation that financing for new building projects is not that readily available.
- Slow steaming and port congestion is still and will be a factor in trading product Tankers and is effectively reducing the ready supply.

## d'AMICO INTERNATIONAL SHIPPING GROUP

### CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2013

#### CONSOLIDATED INCOME STATEMENT

| Q2 2013       | Q2 2012         | US\$ Thousand                             | Note | H1 2013       | H1 2012         |
|---------------|-----------------|---|------|---------------|-----------------|
| 76 297        | 79 899          | Revenue                                   | (2)  | 155 772       | 157 610         |
| (27 085)      | (35 406)        | Voyage costs                              | (3)  | (56 443)      | (68 650)        |
| <b>49 212</b> | <b>44 493</b>   | <b>Time charter equivalent earnings</b>   | (4)  | <b>99 329</b> | <b>88 960</b>   |
| (22 114)      | (23 284)        | Time charter hire costs                   | (5)  | (43 396)      | (45 717)        |
| (14 087)      | (14 118)        | Other direct operating costs              | (6)  | (28 591)      | (27 105)        |
| (4 518)       | (4 076)         | General and administrative costs          | (7)  | (7 441)       | (7 948)         |
| 170           | 407             | Other operating income                    | (8)  | 293           | 1 003           |
| 13 947        | -               | Result on disposal of vessels             | (9)  | 13 947        | -               |
| <b>22 610</b> | <b>3 422</b>    | <b>EBITDA</b>                             |      | <b>34 141</b> | <b>9 193</b>    |
| (7 925)       | (95 358)        | Depreciation, amortisation and impairment |      | (16 053)      | (104 325)       |
| <b>14 685</b> | <b>(91 936)</b> | <b>EBIT</b>                               |      | <b>18 088</b> | <b>(95 132)</b> |
| 1 269         | (3 723)         | Net financial income (charges)            | (10) | 6 117         | (1 840)         |
| <b>15 954</b> | <b>(95 659)</b> | <b>Profit / (loss) before tax</b>         |      | <b>24 205</b> | <b>(96 972)</b> |
| (443)         | (117)           | Income taxes                              | (11) | (1 104)       | (263)           |
| <b>15 511</b> | <b>(95 776)</b> | <b>Net profit / (loss)</b>                |      | <b>23 101</b> | <b>(97 235)</b> |

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

|               |                 |  |  |               |                 |
|---------------|-----------------|--|--|---------------|-----------------|
| <b>0.0431</b> | <b>(0.6387)</b> | <b>Earnings / (loss) per share in US\$</b> |  | <b>0.0642</b> | <b>(0.6485)</b> |
|---------------|-----------------|--|--|---------------|-----------------|

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Q2 2013       | Q2 2012         | US\$ Thousand  | H1 2013       | H1 2012         |
|---------------|-----------------|--|---------------|-----------------|
| 15 511        | (95 776)        | Profit / (loss) for the period                           | 23 101        | (97 235)        |
| 2 280         | (358)           | Cash flow hedges   | 3 042         | 39              |
| <b>17 791</b> | <b>(96 134)</b> | <b>Total comprehensive income for the period</b>         | <b>26 143</b> | <b>(97 196)</b> |
| <b>0.0494</b> | <b>(0.6411)</b> | <b>Earnings / comprehensive income per share in US\$</b> | <b>0.0726</b> | <b>(0.6482)</b> |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| <i>US\$ Thousand</i>                              | <b>Note</b> | <b>As at<br/>30 June 2013</b> | <b>As at<br/>31 December 2012</b> |
|---|-------------|-------------------------------|-----------------------------------|
| <b>ASSETS</b>                                     |             |                               |                                   |
| <b>Non-current assets</b>                         |             |                               |                                   |
| Tangible assets                                   | (12)        | 497 723                       | 498 922                           |
| Investment in associate                           | (13)        | 1                             | -                                 |
| <b>Total non-current assets</b>                   |             | <b>497 724</b>                | <b>498 922</b>                    |
| <b>Current assets</b>                             |             |                               |                                   |
| Inventories                                       | (14)        | 12 366                        | 20 221                            |
| Receivables and other current assets              | (15)        | 39 628                        | 39 378                            |
| Current financial assets                          | (16)        | 598                           | 757                               |
| Cash and cash equivalents                         | (17)        | 75 081                        | 117 617                           |
| <b>Total current assets</b>                       |             | <b>127 673</b>                | <b>177 973</b>                    |
| <b>Total assets</b>                               |             | <b>625 397</b>                | <b>675 895</b>                    |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       |             |                               |                                   |
| <b>Shareholders' equity</b>                       |             |                               |                                   |
| Share capital                                     | (18)        | 35 988                        | 35 988                            |
| Retained earnings                                 | (18)        | 35 541                        | 12 439                            |
| Other reserves                                    | (18)        | 248 930                       | 245 781                           |
| <b>Total shareholders' equity</b>                 |             | <b>320 459</b>                | <b>294 208</b>                    |
| <b>Non-current liabilities</b>                    |             |                               |                                   |
| Banks and other lenders                           | (19)        | 238 297                       | 284 264                           |
| Other non-current financial liabilities           | (22)        | 1 914                         | 4 523                             |
| <b>Total non-current liabilities</b>              |             | <b>240 211</b>                | <b>288 787</b>                    |
| <b>Current liabilities</b>                        |             |                               |                                   |
| Banks and other lenders                           | (19)        | 33 433                        | 28 160                            |
| Amount due to parent company                      | (20)        | -                             | 20 000                            |
| Payables and other current liabilities            | (21)        | 25 372                        | 43 009                            |
| Other current financial liabilities               | (22)        | 5 313                         | 2 178                             |
| Current taxes payable                             | (23)        | 609                           | 553                               |
| <b>Total current liabilities</b>                  |             | <b>64 727</b>                 | <b>93 900</b>                     |
| <b>Total shareholders' equity and liabilities</b> |             | <b>625 397</b>                | <b>676 895</b>                    |

31 July 2013  
On behalf of the Board

*Paolo d'Amico*  
Chairman

*Marco Fiori*  
Chief Executive Officer

## CONSOLIDATED STATEMENT OF CASH FLOWS

| Q2 2013         | Q2 2012         | US\$ Thousand  | H1 2013         | H1 2012         |
|-----------------|-----------------|--|-----------------|-----------------|
| <b>15 511</b>   | <b>(95 776)</b> | <b>Profit (loss) for the period</b>  | <b>23 101</b>   | <b>(97 235)</b> |
| 7 925           | 95 358          | Depreciation, amortisation and write-down                                    | 16 053          | 104 325         |
| 443             | 117             | Current and deferred income tax  | 1 104           | 263             |
| 310             | 2 130           | Financial charges (income)   | (668)           | 3 983           |
| (1 578)         | 1 667           | Fair value gains on foreign currency retranslation                           | (5 449)         | (1 507)         |
| (13 947)        | -               | Result on disposal of vessels  | (13 947)        | -               |
| 226             | (74)            | Other non-cash items   | 183             | (636)           |
| <b>8 890</b>    | <b>3 422</b>    | <b>Cash flow from operating activities before changes in working capital</b> | <b>20 377</b>   | <b>9 193</b>    |
| 2 633           | (1 092)         | Movement in inventories  | 7 855           | (2 003)         |
| 2 042           | (3 921)         | Movement in amounts receivable   | (250)           | (7 417)         |
| (14 937)        | 6 059           | Movement in amounts payable  | (12 969)        | 2 914           |
| (1 021)         | (288)           | Taxes paid   | (1 029)         | (342)           |
| 584             | (1 600)         | Interest and other financial income received                                 | 343             | (2 312)         |
| <b>(1 809)</b>  | <b>2 580</b>    | <b>Net cash flow from operating activities</b>                               | <b>14 327</b>   | <b>33</b>       |
| (10 867)        | (37 580)        | Net acquisition of fixed assets  | (36 022)        | (70 376)        |
| 35 040          | -               | Proceeds from disposal of fixed assets                                       | 35 040          | -               |
| (1)             | -               | Investment in associate  | (1)             | -               |
| <b>24 172</b>   | <b>(37 580)</b> | <b>Net cash flow from investing activities</b>                               | <b>(983)</b>    | <b>(70 376)</b> |
| -               | (42)            | Other changes in shareholders' equity  | -               | (42)            |
| -               | 6 960           | Movement in other financial assets   | -               | 12 758          |
| -               | 8 000           | Movement in other financial payable  | (20 000)        | 8 000           |
| (31 411)        | (4 434)         | Bank loan repayments   | (35 335)        | (8 118)         |
| -               | 19 976          | Bank loan draw-downs   | -               | 47 088          |
| <b>(31 411)</b> | <b>30 460</b>   | <b>Net cash flow from financing activities</b>                               | <b>(55 335)</b> | <b>59 686</b>   |
| <b>(9 048)</b>  | <b>(4 540)</b>  | <b>Net increase/ (decrease) in cash and cash equivalents</b>                 | <b>(41 991)</b> | <b>(10 657)</b> |
| 84 945          | 44 749          | Cash and cash equivalents at the beginning of the period                     | 117 617         | 51 068          |
| (816)           | (18)            | Exchange gain (loss) on cash and cash equivalents                            | (545)           | (220)           |
| <b>75 081</b>   | <b>40 191</b>   | <b>Cash and cash equivalents at the end of the period</b>                    | <b>75 081</b>   | <b>40 191</b>   |

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

|                                       | Share<br>capital | Retained<br>earnings | Other Reserves<br><i>Other</i> | <i>Cash-Flow<br/>hedge</i> | Total          |
|---------------------------------------|------------------|----------------------|--------------------------------|----------------------------|----------------|
| <i>US\$ Thousand</i>                  |                  |                      |                                |                            |                |
| <b>Balance as at 1 January 2013</b>   | <b>35 988</b>    | <b>12 439</b>        | <b>252 437</b>                 | <b>(6 656)</b>             | <b>294 208</b> |
| Other changes (consolidation reserve) | -                | -                    | 108                            | -                          | 108            |
| Total comprehensive income            | -                | 23 101               | -                              | 3 042                      | 26 143         |
| <b>Balance as at 30 June 2013</b>     | <b>35 988</b>    | <b>35 540</b>        | <b>252 545</b>                 | <b>(3 614)</b>             | <b>320 459</b> |

|                                       | Share<br>capital | Retained<br>earnings | Other Reserves<br><i>Other</i> | <i>Cash-Flow<br/>hedge</i> | Total          |
|---------------------------------------|------------------|----------------------|--------------------------------|----------------------------|----------------|
| <i>US\$ Thousand</i>                  |                  |                      |                                |                            |                |
| <b>Balance as at 1 January 2012</b>   | <b>149 950</b>   | <b>118 433</b>       | <b>54 715</b>                  | <b>(7 617)</b>             | <b>315 481</b> |
| Other changes (consolidation reserve) | -                | -                    | (83)                           | -                          | (83)           |
| Total comprehensive income            | -                | (97 235)             | -                              | 39                         | (97 196)       |
| <b>Balance as at 30 June 2012</b>     | <b>149 950</b>   | <b>21 198</b>        | <b>54 632</b>                  | <b>(7 578)</b>             | <b>218 202</b> |

## NOTES

d'Amico International Shipping S.A. (the "Company", DIS) a Société Anonyme, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The financial statements have been prepared in accordance with provisions of Art. 4 of the Luxembourg Law dated 11 January 2008, 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 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 adopted by the European Union. The designation 'IFRS' also includes all 'IAS', as well as all interpretations of the International Financial Reporting Interpretations Committee 'IFRIC', formerly the Standing Interpretations Committee SIC as adopted by the European Union. This interim financial information was prepared in compliance with IAS 34.

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

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

---

### 1. ACCOUNTING POLICIES

---

The financial statements present the results of the parent company, d'Amico International Shipping SA, and its subsidiaries for the period ended 30 June 2013. The accounting policies used in the presentation of the interim report on the same as those adopted in the 2012 annual report.

#### Basis of Consolidation

The financial statements present the consolidated results of the parent company, d'Amico International Shipping SA, and its subsidiaries for the period ended 30 June 2013.

#### 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 realization of future events, considered reasonable under the circumstances. Critical accounting estimates and judgments are exercised in all areas of the business. These were the same as 31 December 2012.

#### 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.

#### Accounting principles

There are no new International Financial Reporting Standards or IFRICs applicable to this quarterly financial report with respect to those applied for 31 December 2012 year end, except IFRS 13 "Fair value measurement" as disclosed below.

## New accounting principles

### ***Accounting principles adopted from 1st of January 2013***

IFRS 13 "Fair Value Measurement" provides guidance on how to measure fair value when it is required or permitted by other IFRS's and contains extensive disclosure requirements to enable users of financial statements to assess the methods used by entities when developing fair value measurements and the effects of such measurements on financial results. The standard is applicable for accounting periods beginning on or after January 1, 2013 and its application had no effect on the preparation of the present financial statements.

### ***Accounting principles, amendments and interpretations not yet effective***

At the financial position date the following significant Standards and Interpretations, which are applicable to the company, were in issue but not yet effective:

IFRS 9 "Financial Instruments" is concerned with the classification and measurement of financial assets when determining whether financial assets should be recorded at amortised cost or at fair value, and the associated accounting treatment of embedded derivatives within financial assets. The standard has not been endorsed by the European Union and the Directors do not anticipate it will have a material effect on the financial statements.

IFRS 10 "Consolidated Financial Statements" is effective for accounting periods beginning on or after 1 January 2014. The standard establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The new standard provides extensive guidance on applying the principle of control, which then governs the consolidation of an entity. The standard sets out the accounting requirements for the preparation of consolidated financial statements, which are unchanged from those that are required by the current IAS 27, 'Consolidated and Separate Financial Statements'. However IAS 27 has been amended to conform to IFRS 10, and will only apply to separate financial statements when IFRS 10 is applied. The Directors do not anticipate that the adoption of this Standard and relating Interpretation - applicable from the financial year 2013 - will have a material impact on the financial statements.

IFRS 11 "Joint Arrangements" is effective for accounting periods beginning on or after 1 January 2014 as adopted by the EU. The standard applies to all entities that are a party to a joint arrangement and will replace IAS 31 'Interests in Joint Ventures'. The accounting treatment is dependent on the type of joint arrangement, which is determined by considering the rights and obligations of the investor. On application of IFRS 11, IAS 28 is amended and retitled to 'Investment in Associates and Joint Ventures'. The Group has completed its assessment of the effects of the adoption of the new standard on its joint arrangements. Structure, legal form, terms of the contractual arrangements and other facts and circumstances of investments in jointly controlled entities were considered; as a result, the joint arrangements Glenda International Shipping and High Pool Tankers Limited, will be treated as joint operations, and consolidated line-by-line, while the investment in DM Shipping will be treated as a Joint Venture and the equity method of accounting will be applied. Whenever any significant change in the main assumptions of any joint arrangement occurs, the assessment will be re-performed to ensure the correct treatment. The Directors do not anticipate that the adoption of this Standard and related Interpretations will have a material impact on the reported results or net assets but it will impact certain line items where results and balances were previously consolidated.

IFRS 12 "Disclosures of Interests in Other Entities" is effective for accounting periods beginning on or after 1 January 2014. The standard requires disclosure of information on the nature of, and risks associated with, interests in other entities; and the effects of those interests on the primary financial statements. The disclosures required relate to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities and will be provided within the year-end consolidated financial statements.

## 2. REVENUE

| <i>US\$ Thousand</i> | <b>Q2 2013</b> | <b>Q2 2012</b> | <b>H1 2013</b> | <b>H1 2012</b> |
|----------------------|----------------|----------------|----------------|----------------|
| Revenue              | 76 297         | 79 899         | 155 772        | 157 610        |

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

## 3. VOYAGE COSTS

| <i>US\$ Thousand</i> | <b>Q2 2013</b> | <b>Q2 2012</b> | <b>H1 2013</b> | <b>H1 2012</b> |
|----------------------|----------------|----------------|----------------|----------------|
| Bunkers (fuel)       | (20 554)       | (27 432)       | (42 181)       | (52 557)       |
| Commissions          | (1 233)        | (1 444)        | (2 969)        | (3 138)        |
| Port charges         | (5 567)        | (6 071)        | (11 145)       | (11 876)       |
| Other                | 269            | (459)          | (148)          | (1 079)        |
| Total                | (27 085)       | (35 406)       | (56 443)       | (68 650)       |

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

## 4. TIME CHARTER EQUIVALENT EARNINGS

| <i>US\$ Thousand</i>             | <b>Q2 2013</b> | <b>Q2 2012</b> | <b>H1 2013</b> | <b>H1 2012</b> |
|----------------------------------|----------------|----------------|----------------|----------------|
| Time charter equivalent earnings | 49 212         | 44 493         | 99 329         | 88 960         |

Time charter equivalent earnings represent revenue less voyage costs. In the first half of 2013 about 40.6% of the Time Charter Equivalent earnings came from fixed contracts (contracts longer than 12 months) (HY1 2012: 37.6%).

## 5. TIME CHARTER HIRE COSTS

| <i>US\$ Thousand</i>    | <b>Q2 2013</b> | <b>Q2 2012</b> | <b>H1 2013</b> | <b>H1 2012</b> |
|-------------------------|----------------|----------------|----------------|----------------|
| Time charter hire costs | (22 114)       | (23 284)       | (43 396)       | (45 717)       |

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

## 6. OTHER DIRECT OPERATING COSTS

| <i>US\$ Thousand</i>             | <b>Q2 2013</b> | <b>Q2 2012</b> | <b>H1 2013</b> | <b>H1 2012</b> |
|----------------------------------|----------------|----------------|----------------|----------------|
| Crew costs                       | (6 944)        | (7 080)        | (13 974)       | (13 603)       |
| Technical expenses               | (3 913)        | (3 470)        | (8 627)        | (7 186)        |
| Luboil                           | (650)          | (838)          | (1 240)        | (1 505)        |
| Technical and quality management | (1 102)        | (1 200)        | (2 226)        | (2 225)        |
| Other costs                      | (1 478)        | (1 530)        | (2 524)        | (2 586)        |
| Total                            | (14 087)       | (14 118)       | (28 591)       | (27 105)       |

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



## Personnel

As at 30 June 2013 d'Amico International Shipping SA and its subsidiaries had 473 employees, of which 439 seagoing personnel and 34 on-shore. Onshore personnel costs are included under general and administrative costs. The Group has no liabilities with regard to pensions and other post-retirement benefits.

### 7. GENERAL AND ADMINISTRATIVE COSTS

| <i>US\$ Thousand</i>                   | <b>Q2 2013</b> | <b>Q2 2012</b> | <b>H1 2013</b> | <b>H1 2012</b> |
|--|----------------|----------------|----------------|----------------|
| Personnel                              | (1 794)        | (2 579)        | (3 194)        | (4 761)        |
| Other general and administrative costs | (2 724)        | (1 497)        | (4 247)        | (3 187)        |
| <b>Total</b>                           | <b>(4 518)</b> | <b>(4 076)</b> | <b>(7 441)</b> | <b>(7 948)</b> |

Personnel costs relate to on-shore personnel salaries.

The other general and administrative costs comprise consultancy, office rental fees, and other sundry expenses originating from the operation of d'Amico International Shipping Group companies. They include intra-group management fees on brand and trademark, IT, Legal and Internal Audit services for US\$ 2.1million.

### 8. OTHER OPERATING INCOME

| <i>US\$ Thousand</i>   | <b>Q2 2013</b> | <b>Q2 2012</b> | <b>H1 2013</b> | <b>H1 2012</b> |
|------------------------|----------------|----------------|----------------|----------------|
| Other operating income | 170            | 407            | 293            | 1 003          |

Other operating income represents chartering commissions earned for services provided by group personnel to third parties customers.

### 9. RESULT ON DISPOSAL OF VESSELS

| <i>US\$ Thousand</i>          | <b>Q2 2013</b> | <b>Q2 2012</b> | <b>H1 2013</b> | <b>H1 2012</b> |
|-------------------------------|----------------|----------------|----------------|----------------|
| Result on disposal of vessels | 13 947         | -              | 13 947         | -              |

The profit on disposal relates to the sale of the vessels Cielo di Londra, High Challenge and High Spirit in the second quarter of the year.

## 10. NET FINANCIAL INCOME (CHARGES)

| <i>US\$ Thousand</i>                                     | <b>Q2 2013</b> | <b>Q2 2012</b> | <b>H1 2013</b> | <b>H1 2012</b> |
|--|----------------|----------------|----------------|----------------|
| <b>Income</b>  |                |                |                |                |
| <i>Loans and receivables:</i>                            |                |                |                |                |
| Interest Income – Banks                                  | 87             | 15             | 186            | 102            |
| Realised on financial activities                         | 595            | 1 409          | 3 216          | 2 790          |
| <i>At fair value through income statement:</i>           |                |                |                |                |
| Gains on derivative instruments                          | 1 796          | -              | 2 063          | -              |
| Exchange differences                                     | 994            | -              | 5 014          | 1 164          |
| <i>Available for sale financial assets</i>               |                |                |                |                |
| Current financial assets                                 | -              | -              | -              | 554            |
| <b>Total Financial Income</b>                            | <b>3 472</b>   | <b>1 424</b>   | <b>10 479</b>  | <b>4 610</b>   |
| <b>Charges</b>   |                |                |                |                |
| <i>Financial liabilities measured at amortised cost:</i> |                |                |                |                |
| Interest expense   | (1 910)        | (2 517)        | (3 870)        | (4 733)        |
| <i>At fair value through income statement:</i>           |                |                |                |                |
| Derivative instruments                                   | (159)          | (654)          | (159)          | (1 379)        |
| Exchange differences                                     | -              | (1 807)        | -              | -              |
| Financial fees   | (134)          | (143)          | (333)          | (338)          |
| <i>Available for sale financial assets</i>               |                |                |                |                |
| Current financial assets                                 | -              | (26)           | -              | -              |
| <b>Total financial charges</b>                           | <b>(2 203)</b> | <b>(5 147)</b> | <b>(4 362)</b> | <b>(6 450)</b> |
| <b>Net Financial Charges</b>                             | <b>1 269</b>   | <b>(3 723)</b> | <b>6 117</b>   | <b>(1 840)</b> |

The details of financial income and charges have been expanded to allow the readers of the financial statements focus on the details.

The total financial income is mainly composed by the fair value valuation of interest rate swap contracts and the results from forward currency exchange contracts (for further details see note 24) together with US\$ 5.0 million unrealised exchange gain on the conversion into US\$ of the loans denominated in Japanese Yen; the Group systematically monitors its exposure to the foreign exchange and interest rate risk, in order to detect potential negative effects in advance.

The financial charges are mainly composed by interest rate costs on existing loans.

## 11. INCOME TAXES

| <i>US\$ Thousand</i> | <b>Q2 2013</b> | <b>Q2 2012</b> | <b>H1 2013</b> | <b>H1 2012</b> |
|----------------------|----------------|----------------|----------------|----------------|
| Current income taxes | (443)          | (117)          | (1 104)        | (263)          |

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

The tax liability under the tonnage tax regime is based on the controlled fleet's notional shipping income, which in turn depends on the total net tonnage of the controlled fleet. The 2013 tonnage tax provision for d'Amico Tankers Limited, DM Shipping and Glenda International Shipping amounted to US\$ 0.1 million. The income tax charges relate to activities, which are not eligible for tonnage tax and are taxed at 12.5% or 25%.

## 12. TANGIBLE ASSETS

| <i>US\$ Thousand</i>                    | <b>Fleet</b>   | <b>Dry-dock</b> | <b>Other assets</b> | <b>Total</b>   |
|---|----------------|-----------------|---------------------|----------------|
| <b>At 1 January 2013</b>                |                |                 |                     |                |
| Cost or valuation                       | 770 796        | 11 279          | 1 822               | 783 897        |
| Accumulated depreciation and impairment | (279 126)      | (4 904)         | (945)               | (284 975)      |
| <b>Net book amount</b>                  | <b>491 670</b> | <b>6 375</b>    | <b>877</b>          | <b>498 922</b> |
| <b>Period ended 30 June 2013</b>        |                |                 |                     |                |
| Opening net book amount                 | 491 670        | 6 375           | 877                 | 498 922        |
| Additions                               | 35 478         | 520             | 24                  | 36 022         |
| Disposals at cost                       | (91 363)       | (4 361)         | (48)                | (95 772)       |
| Depreciation and impairment write-back  | 72 217         | 2 410           | 52                  | 74 679         |
| Exchange differences                    | -              | -               | (75)                | (75)           |
| Depreciation charge                     | (13 939)       | (2 021)         | (93)                | (16 053)       |
| <b>Closing net book amount</b>          | <b>494 063</b> | <b>2 923</b>    | <b>737</b>          | <b>497 723</b> |
| <b>At 30 June 2013</b>                  |                |                 |                     |                |
| Cost or valuation                       | 734 101        | 6 820           | 1 744               | 742 665        |
| Accumulated depreciation and impairment | (240 038)      | (3 897)         | (1 007)             | (244 942)      |
| <b>Net book amount</b>                  | <b>494 063</b> | <b>2 923</b>    | <b>737</b>          | <b>497 723</b> |

The table below shows, for comparison purposes, the changes in the fixed assets in the first half of 2012.

| <i>US\$ Thousand</i>                    | <b>Fleet</b>   | <b>Dry-dock</b> | <b>Other assets</b> | <b>Total</b>   |
|---|----------------|-----------------|---------------------|----------------|
| <b>At 1 January 2012</b>                |                |                 |                     |                |
| Cost or valuation                       | 728 779        | 9 799           | 2 531               | 741 109        |
| Accumulated depreciation and impairment | (187 496)      | (4 528)         | (1 451)             | (193 475)      |
| <b>Net book amount</b>                  | <b>541 283</b> | <b>5 271</b>    | <b>1 080</b>        | <b>547 634</b> |
| <b>Period ended 30 June 2012</b>        |                |                 |                     |                |
| Opening net book amount                 | 541 283        | 5 271           | 1 080               | 547 634        |
| Additions                               | 63 940         | 6 430           | 6                   | 70 376         |
| Disposals                               | -              | -               | -                   | -              |
| Exchange differences                    | -              | -               | 41                  | 41             |
| Depreciation charge                     | (17 319)       | (1 922)         | (84)                | (19 325)       |
| Movement in impairment                  | (85 000)       | -               | -                   | (85 000)       |
| <b>Closing net book amount</b>          | <b>502 904</b> | <b>9 779</b>    | <b>1 043</b>        | <b>513 726</b> |
| <b>At 30 June 2012</b>                  |                |                 |                     |                |
| Cost or valuation                       | 792 719        | 16 229          | 2 578               | 811 526        |
| Accumulated depreciation and impairment | (289 815)      | (6 450)         | (1 535)             | (297 800)      |
| <b>Net book amount</b>                  | <b>502 904</b> | <b>9 779</b>    | <b>1 043</b>        | <b>513 726</b> |

Tangible fixed assets are comprised of the following:

### FLEET

Fleet includes the purchase costs for owned vessels, and payments to yards for vessels under construction. Additions in 2013 relate to the instalments paid on the eight recently ordered Eco vessels, hulls #2385, #2386, #2387, #2388, #2407, #2408, #S408, #S409. Capitalized instalments at Group level for HY1 2013 amount to US\$ 35.3 million (HY1 2012: US\$ 63.9 million); no interest was capitalized in the first six months of 2013 (HY1 2012: US\$ 0.1 million). Mortgages are secured on all the vessels owned by the Group - for further details see note 17.

### Impairment testing

The carrying amount of the vessels has been reviewed to ensure they are not impaired. The recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use, represented by the net present value of the cash flow from its remaining useful life. In the assessment, the estimated future cash flows from its remaining useful life are discounted to their present value.

For impairment test purposes, the management estimates take into consideration the market information available, including reported sales of similar vessels, as well as future expectations, and have been based on the following key assumptions: (i) Earnings: under contracts concluded and the estimate of future rates; (ii) Useful economic life of 20 years; (iii) Estimated economic value at end of life based on current rates (iv) Costs reflect the current d'Amico structure; (v) The figures have been discounted based on a rate of 6.5%, which represents the current and expected profile of the Company's required weighted average cost of capital based on the current cost of financing and required of return on equity. Management notes that the calculations are particularly sensitive to changes in the key assumptions as future hire rates and discount rate.

Based on the assessment of the recoverable amount and considering the future value in use, the Management of the Group does not consider an impairment adjustment as necessary for the Fleet. since valuations provided by independent brokers increased from the closing of prior financial year.

### DRY-DOCK

Dry-docks include expenditure for the fleet's dry docking programme and disposal of amortized dry docks; a total of two vessels dry-docked in the period.

### OTHER ASSETS

Other assets mainly include fixtures, fittings, office equipment.

## 13. INVESTMENT IN ASSOCIATE

| <i>US\$ Thousand</i> | As at<br>30 June 2013 | As at<br>31 December 2012 |
|----------------------|-----------------------|---------------------------|
| Eco Tankers Limited  | 1                     | -                         |

On 17 June d'Amico International Shipping subscribed 33% of the capital of the newly incorporated company Eco Tankers Limited.

## 14. INVENTORIES

| <i>US\$ Thousand</i> | As at<br>30 June 2013 | As at<br>31 December 2012 |
|----------------------|-----------------------|---------------------------|
| Inventories          | 12 366                | 20 221                    |

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

---

**15. RECEIVABLES AND OTHER CURRENT ASSETS**


---

| <i>US\$ Thousand</i>           | <b>As at<br/>30 June 2013</b> | <b>As at<br/>31 December 2012</b> |
|--------------------------------|-------------------------------|-----------------------------------|
| Trade receivables              | 32 643                        | 27 151                            |
| Other debtors                  | 307                           | 262                               |
| Prepayments and accrued income | 6 678                         | 11 965                            |
| <b>Total</b>                   | <b>39 628</b>                 | <b>39 378</b>                     |

Receivables, as at 30 June 2013, include trade receivables amounting to US\$ 32.6 million, net of the allowance for credit losses of US\$ 1.2 million. Other current assets mainly consist of prepayments and accrued income amounting to US\$ 6.7million.

---

**16. CURRENT FINANCIAL ASSETS**


---

| <i>US\$ Thousand</i>     | <b>As at<br/>30 June 2013</b> | <b>As at<br/>31 December 2012</b> |
|--------------------------|-------------------------------|-----------------------------------|
| Current financial assets | 598                           | 757                               |

The amount of US\$ 0.6 million in 2013 represents the fair value of derivative instruments hedging the administrative expenses currency exposure.

---

**17. CASH AND CASH EQUIVALENTS**


---

| <i>US\$ Thousand</i>      | <b>As at<br/>30 June 2013</b> | <b>As at<br/>31 December 2012</b> |
|---------------------------|-------------------------------|-----------------------------------|
| Cash and cash equivalents | 75 081                        | 117 617                           |

Cash and cash equivalents is mainly represented by short-term deposits and includes approximately US\$ 1.5 million of cash held by Pool companies (High Pool Tankers Ltd and Glenda International Management Ltd) which is distributed to other pool participants in July. The balance includes US\$ 2.4 million secured in connection with the Mizuho facility.

---

**18. SHAREHOLDERS' EQUITY**


---

Changes in first half 2013 Shareholders' equity items are detailed in the relevant statement.

**Share capital**

At 30 June 2013 the share capital of d'Amico International Shipping amounted to US\$ 35,988 thousand, corresponding to 359,879,774 ordinary shares with no nominal value.

**Retained earnings**

The item includes previous year and current net results and deductions for dividends distributed.

## Other reserves

The other reserves include the following items:

| <i>US\$ Thousand</i>    | <b>As at<br/>30 June 2013</b> | <b>As at<br/>31 December 2012</b> |
|-------------------------|-------------------------------|-----------------------------------|
| Share premium reserve   | 269 098                       | 269 098                           |
| Treasury shares         | (16 356)                      | (16 356)                          |
| Cash-flow hedge reserve | (3 613)                       | (6 656)                           |
| Other                   | (199)                         | (305)                             |
| <b>Total</b>            | <b>248 930</b>                | <b>245 781</b>                    |

### Share premium reserve

The share premium reserve arose in first instance as a result of the Group's IPO and related increase of share capital (May 2007) and lately as a result of the further capital increase occurred in December 2012.

### Treasury shares

Treasury shares at 30 June 2013 consist of 5,090,495 ordinary shares (YE 2012: 5,090,495) for an amount of US\$ 16.4million (2012: US\$ 16.4 million), corresponding to 1.41% of the outstanding share capital at the financial position date (YE 2012: 1.41%). These shares were acquired in 2007 and 2008 and during the second half of 2011, following the approval of the Buy-back program.

### Cash-flow hedge reserve

The fair value reserve arose as a result of the valuation of the Interest Rate Swap agreements connected to the Crédit Agricole facility to their fair value of US\$ 3.6million (liability). Details of the fair value of the derivative financial instruments are set out in note 24.

## 19. BANKS AND OTHER LENDERS

| <i>US\$ Thousand</i>           | <b>As at<br/>30 June 2013</b> | <b>As at<br/>31 December 2012</b> |
|--------------------------------|-------------------------------|-----------------------------------|
| <i>Non-current liabilities</i> |                               |                                   |
| Banks and other lenders        | 238 297                       | 284 264                           |
| <i>Current liabilities</i>     |                               |                                   |
| Banks and other lenders        | 33 433                        | 28 160                            |
| <b>Total</b>                   | <b>271 730</b>                | <b>312 424</b>                    |

| <i>US\$ Thousand</i>      | <b>As at<br/>30 June 2013</b> |               |                | <b>As at<br/>31 December 2012</b> |               |                |
|---------------------------|-------------------------------|---------------|----------------|-----------------------------------|---------------|----------------|
|                           | Non-current                   | Current       | Total          | Non-current                       | Current       | Total          |
| Crédit Agricole           | 105 398                       | 6 700         | 112 098        | 139 162                           | -             | 139 162        |
| Mizuho                    | 12 493                        | 3 888         | 16 381         | 16 623                            | 4 467         | 21 090         |
| Crédit Agricole – DNB     | 39 366                        | 3 088         | 42 454         | 40 910                            | 3 087         | 43 997         |
| Commerzbank-Crédit Suisse | 64 583                        | 5 738         | 70 321         | 67 213                            | 6 216         | 73 429         |
| Mitsubishi UFJ Lease      | 16 457                        | 2 562         | 19 019         | 20 356                            | 2 985         | 23 341         |
| Danish Ship Finance       | -                             | 11 457        | 11 457         | -                                 | 11 405        | 11 405         |
| <b>Total</b>              | <b>238 297</b>                | <b>33 433</b> | <b>271 730</b> | <b>284 264</b>                    | <b>28 160</b> | <b>312 424</b> |

### ***Crédit Agricole Credit and Investment Bank (former Calyon) facility***

The outstanding amount as at 30 June 2013 of US\$ 112.1 million (less the unamortized portion of the arrangement fees paid at draw-down, amounting to US\$ 0.3 million), relates to the originally US\$ 350.0 million revolving loan facility negotiated by d'Amico Tankers Limited (Ireland) with Crédit Agricole and other banks (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 Ireland Limited).

The facility interest cost is payable at a US dollar LIBOR plus a spread varying from 65 to 95 basis points, depending on the financed vessels' value-to-loan ratio. Collateral mainly refers to first-priority mortgages on thirteen owned vessels. The agreements also provide that the ratio between the amount outstanding at any given time and the fair market value of the thirteen vessels (the 'asset cover ratio') owned by d'Amico Tankers Limited (the 'borrower'), which are currently subject to mortgages pursuant to the facility, must not be higher than 66.6%.

### ***Mizuho facility***

The outstanding amount at 30 June 2013 of US\$ 16.4 million relates to the loan facility arranged by the Mizuho Corporate Bank Ltd., and syndicated by a pool of Japanese primary banks and leading financial institutions. The Loan Facility purpose is to finance the acquisition of Japanese product tanker vessels for which d'Amico Tankers Limited has purchase options and/or the acquisition of other product tanker vessels.

The contract, over a period of ten years, provides the repayment of quarterly instalments and an interest cost corresponding to the three month London Interbank Offer Rate (LIBOR) for Japanese Yen, plus a margin of between 100 and 125 basis points depending on the financed vessels' advance ratio.

Similarly to the Crédit Agricole CIB facility, the key terms and conditions of the Mizuho loan provide that the ratio between the amount outstanding at any given time and the fair market value of vessels (the 'advance ratio') owned by d'Amico Tankers Limited, which are subject to mortgages pursuant to the facility (currently two vessels), must not be higher than 66.6%. The facility is secured also through a guarantee by the parent Company, d'Amico International Shipping S.A.

### ***Crédit Agricole Corporate & Investment Bank & DNB NOR Bank ASA facility***

The balance at 30 June 2013 for an outstanding amount of US\$ 42.4 million, relates to the originally US\$ 48.0 million loan facility negotiated by d'Amico Tankers Limited with Crédit Agricole CIB and DNB NOR Bank ASA signed on the 26 July 2011 to finance two new vessels to be constructed by Hyundai Mipo Dockyard CO. Ltd, the M/T High Seas and M/T High Tide which were delivered respectively at the end of March and April 2012.

The principal amount available through the seven year facility period will be repaid with 28 consecutive quarterly instalments, down to a balloon of US\$ 12.8 million per vessel. The ratio between the amount outstanding at any given time and the fair market value of the two vessels (the 'asset cover ratio') owned by d'Amico Tankers Limited (the 'borrower'), which are currently subject to mortgages pursuant to the facility, must not be higher than 65%. Interest is payable at a rate of LIBOR plus 2.10%. The facility is secured by a guarantee from the parent Company, d'Amico International Shipping SA.

### ***Danish Ship Finance A/S facility***

The outstanding amount at 30 June 2013 of US\$ 11.4 million (less the unamortized portion of the arrangement fees paid at draw-down, amounting to US\$ 40 thousand) relates to the facility granted by Danish Ship Finance A/S to d'Amico Tankers Limited to finance the purchase of M/T High Prosperity in May 2012.

The principal amount will be repaid in one instalment at maturity, in the second half of 2013. The ratio between the fair market value of the vessel and the amount outstanding at any given time (the 'Security Maintenance Cover Ratio') must not be lower than 175%. Interest is payable at a rate of USD LIBOR plus 2.0%.

The facility is secured by a guarantee from the parent Company, d'Amico International Shipping SA, and provides mortgages on the Company's owned financed vessel.

### **Glenda International Shipping Limited / Commerzbank – Crédit Suisse loan**

The consolidated outstanding amount at June 30, 2013 of US\$ 70.3 million relates to the facility granted by Commerzbank AG Global Shipping and Crédit Suisse to Glenda International Shipping Ltd for the construction of six new-buildings 47.000 dwt MR Product Tankers (Hyundai Mipo Dockyard Co. Ltd – Korea).

This agreement involves single-vessel loans with a ten-year maturity from vessel delivery, for a total initial amount of up to US\$ 195.0 million (67% of the contract price to be paid for the vessels). Interest is payable at US dollar LIBOR plus a spread varying from 90 to 110 basis points, depending on the financed vessels' loan-to-value ratio. Collateral mainly refers to first-priority mortgages on the vessels. The agreements also provide a covenant relating to the financed vessels' aggregate loan-to-value ratio, which should at all times be at least 130%. Based on the loan outstanding, the broker's valuation obtained at the end of June and the corporate guarantees from the shareholders to ensure continuing compliance with the covenant, the loan to value ratio was 136%.

### **DM Shipping Limited – Mitsubishi UFJ Lease**

The consolidated outstanding amount at June 30, 2013 of US\$ 19.0 million relates the balance relates to the debt due to Mitsubishi UFJ arising from the loan granted for the acquisition of the two vessels delivered in 2009. The agreement provides for a loan of JPY 2.8 billion per vessel, to be repaid in 10 years, through monthly instalments. The interest rates on the loans are fixed for the two vessels between 2.955% and 2.995%.

The facility is secured through mortgages on the vessels. There are no other relevant covenants on the loan.

## **20. AMOUNTS DUE TO PARENT COMPANY**

| <i>US\$ Thousand</i>  | <b>As at<br/>30 June 2013</b> | <b>As at<br/>31 December 2012</b> |
|-----------------------|-------------------------------|-----------------------------------|
| d'Amico International | -                             | 20 000                            |

The outstanding amount due to the parent company in 2012 was reimbursed in early January 2013.

## **21. PAYABLES AND OTHER CURRENT LIABILITIES**

| <i>US\$ Thousand</i>       | <b>As at<br/>30 June 2013</b> | <b>As at<br/>31 December 2012</b> |
|----------------------------|-------------------------------|-----------------------------------|
| Trade payables             | 16 666                        | 28 720                            |
| Other creditors            | 4 197                         | 11 855                            |
| Accruals & deferred income | 4 509                         | 2 434                             |
| <b>Total</b>               | <b>25 372</b>                 | <b>43 009</b>                     |

Payables and other current liabilities as at 30 June 2013, mainly include trade payables, of which an amount of US\$ 3.1 million relates to the related party, Rudder SAM (bunkers).



## 22. OTHER FINANCIAL LIABILITIES

| US\$ Thousand                        | As at<br>30 June 2013 |         |       | As at<br>31 December 2012 |         |       |
|--------------------------------------|-----------------------|---------|-------|---------------------------|---------|-------|
|                                      | Non-current           | Current | Total | Non-current               | Current | Total |
| Other financial liabilities          | -                     | 8       | 8     | -                         | 45      | 45    |
| Fair value of derivative instruments | 1 914                 | 5 305   | 7 219 | 4 523                     | 2 133   | 6 656 |
| Total Other financial liabilities    | 1 914                 | 5 313   | 7 227 | 4 523                     | 2 178   | 6 701 |

The fair value of derivative instruments relate to Interest Rate Swap and forward foreign exchange derivatives hedging instruments. The derivative instrument fair values are shown in note 24.

## 23. CURRENT TAX LIABILITIES

| US\$ Thousand           | As at<br>30 June 2013 | As at<br>31 December 2012 |
|-------------------------|-----------------------|---------------------------|
| Current tax liabilities | 609                   | 553                       |

The balance at 30 June 2013 mainly reflects the income taxes and tonnage taxes payable by the subsidiaries.

## 24. DERIVATIVE INSTRUMENTS

As at 30 June 2013 the following derivative instruments were in place:

| US\$ Thousand                         | Fair value at<br>30 June 2013 | Income statement<br>financial income/(charges) | Equity<br>hedging reserves |
|---------------------------------------|-------------------------------|--|----------------------------|
| <b>Hedge and non-hedge accounting</b> |                               |  |                            |
| Interest rate swaps                   | (1 551)                       | 2 063  | (3 614)                    |
| Net Forward currency contracts        | (5 070)                       | (5 070)  | -                          |
| Total                                 | (6 621)                       | (3 007)  | (3 614)                    |

| US\$ Thousand              | Fair value at<br>31 December 2012 | Income statement<br>financial income/(charges) | Equity<br>hedging reserves |
|----------------------------|-----------------------------------|--|----------------------------|
| <b>Hedge accounting</b>    |                                   |  |                            |
| Interest rate swaps        | (6 656)                           | -  | (6 656)                    |
| Forward currency contracts | 757                               | 757  | -                          |
| Total                      | (5 899)                           | 757  | (6 656)                    |

The negative outstanding derivative instruments fair value at the end of the period is shown under Other Current financial liabilities.

### Interest rate swaps

At the end of 2012 d'Amico Tankers Ltd has in place two interest rate swap contracts (IRS) renegotiated in 2011 for an amount of US\$ 50.0 million each, with termination due in 2014 and 2016. These IRS contracts hedge the risks relating to interest rates on the existing Credit Agricole CIB revolving facility. During the first half of 2013 d'Amico Tankers Ltd signed new interest rate swap contracts (IRS) to hedge the risk relating to the interest rates on future loans linked to the vessels under construction programmed financing.

The IRS contracts are considered level 2 instruments, in that their fair value measurement is derived from inputs other than quoted prices that are observable.

### Forward currency contracts

During the first six months of 2013 d'Amico Tankers Limited entered into foreign exchange derivative contracts to hedge the risk of vessels technical expenses and administrative cost exposure denominated in Euro, Japanese Yen and British Pounds. They are carried at fair value through the income statement.

The contracts are considered as level 2 instruments, in that their fair value measurement is derived from inputs other than quoted prices.

The realised gains on 30 June 2013 are US\$ 3.2 million and the unrealised gains amounted to US\$0.2 million.

## 25. RELATED PARTY TRANSACTIONS

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

DIS carries out transactions with related parties, including its immediate parent company d'Amico International S.A. a company incorporated in Luxembourg its ultimate Italian parent company, d'Amico Società di Navigazione S.p.A (DSN) and certain of DSN's subsidiaries (d'Amico Group), on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved; they are carried out on the basis of arrangements negotiated on commercial market terms and conditions. Transactions are primarily of those of a commercial nature, which have had an effect on Voyage costs, operating costs, general and administrative costs, and trade receivables and payables.

During the first half of 2013 the most significant financial transactions included a management service agreement (for technical, crewing and IT services) with d'Amico Group companies, and a brand fee with d'Amico Società di Navigazione S.p.A. for a total cost amounting to US\$ 2.1 million and purchase of Intermediate Fuel Oil and Marine Diesel Oil, from Rudder SAM, a d'Amico Group controlled company, amounting to US\$ 42.1million, included in the bunker cost of the year. Furthermore, the related party transactions include the repayment of a financing facility from the shareholder d'Amico International S.A. of US\$ 20.0 million at the beginning of the financial year. In the second quarter DIS entered into interest rate swap contracts with/through d'Amico Finance Limited, to hedge the risk relating to interest rate on the financing of new vessels (see also note 24).

The effects of related party transactions on the Group's consolidated income statement for the first six months of 2013 and 2012 are the following:

| US\$ Thousand                    | H1 2013  |                          | H1 2012  |                          |
|----------------------------------|----------|--------------------------|----------|--------------------------|
|                                  | Total    | Of which related parties | Total    | Of which related parties |
| Revenue                          | 155 772  | -                        | 157 610  | -                        |
| Voyage costs                     | (56 443) | (42 181)                 | (68 650) | (52 557)                 |
| Time charter hire costs          | (43 396) | -                        | (45 717) | (441)                    |
| Other direct operating costs     | (28 591) | (3 143)                  | (27 105) | (4 435)                  |
| General and administrative costs | (7 441)  | (2 351)                  | (7 948)  | (641)                    |
| Other operating income           | 293      | 49                       | 1 003    | -                        |
| Result on disposal of vessels    | 13 947   | (60)                     | -        | -                        |
| Net financial income (charges)   | (16 053) | -                        | (1 840)  | -                        |

The effects of related party transactions on the Group's consolidated balance sheets as at 30 June 2013 and 31 December 2012 are the following:

| <i>US\$ Thousand</i>                    | As at 30 June 2013 |                          | As at 31 December 2012 |                          |
|---|--------------------|--------------------------|------------------------|--------------------------|
|   | Total              | Of which related parties | Total                  | Of which related parties |
| <b>ASSETS</b>                           |                    |                          |                        |                          |
| <b>Non-current assets</b>               |                    |                          |                        |                          |
| Tangible assets                         | 497 723            | -                        | 498 922                | -                        |
| Financial assets                        | 1                  | -                        | -                      | -                        |
| <b>Current assets</b>                   |                    |                          |                        |                          |
| Inventories                             | 12 366             | -                        | 20 221                 | -                        |
| Receivables and other current assets    | 39 628             | 2 292                    | 39 378                 | 738                      |
| Current financial assets                | 598                | -                        | 757                    | -                        |
| Cash and cash equivalents               | 75 081             | -                        | 117 617                | -                        |
| <b>LIABILITIES</b>                      |                    |                          |                        |                          |
| <b>Non-current liabilities</b>          |                    |                          |                        |                          |
| Banks and other lenders                 | 238 297            | -                        | 317 248                | -                        |
| Other non-current financial liabilities | 1 914              | -                        | 4 523                  | -                        |
| <b>Current liabilities</b>              |                    |                          |                        |                          |
| Banks and other lenders                 | 33 433             | -                        | 28 160                 | -                        |
| Amounts due to parent company           | -                  | -                        | 20 000                 | 20 000                   |
| Payables and other current liabilities  | 25 372             | 6 818                    | 43 009                 | 11 598                   |
| Other financial current liabilities     | 5 313              | -                        | 2 178                  | -                        |
| Current tax payable                     | 5 313              | -                        | 553                    | -                        |

The effects, by legal entity, of related party transactions on the Group's consolidated income statement for the first half of 2013 are the following:

| <i>US\$ Thousand</i>                    | d'Amico International Shipping SA | Rudder SAM     | d'Amico Società di Nav. SpA | d'Amico Shipping Italia SpA | Ishima Pte Ltd | d'Amico Shipping Singapore | d'Amico Shipping USA | St. Andrew  | d'Amico Shipping UK | Compagnia Generale Telemar SpA |
|---|-----------------------------------|----------------|-----------------------------|-----------------------------|----------------|----------------------------|----------------------|-------------|---------------------|--------------------------------|
| <b>Voyage costs</b>                     | <b>(56 443)</b>                   |                |                             |                             |                |                            |                      |             |                     |                                |
| <i>of which</i>                         |                                   |                |                             |                             |                |                            |                      |             |                     |                                |
| Bunker                                  | (42 181)                          | (42 181)       | -                           | -                           | -              | -                          | -                    | -           | -                   | -                              |
| <b>Other direct operating costs</b>     | <b>(28 591)</b>                   |                |                             |                             |                |                            |                      |             |                     |                                |
| <i>of which</i>                         |                                   |                |                             |                             |                |                            |                      |             |                     |                                |
| Management agreements                   | (1 908)                           | -              | (1 908)                     | -                           | -              | -                          | -                    | -           | -                   | -                              |
| Technical expenses                      | (1 235)                           | -              | -                           | -                           | (636)          | -                          | -                    | -           | -                   | (599)                          |
| <b>General and administrative costs</b> | <b>(7 441)</b>                    |                |                             |                             |                |                            |                      |             |                     |                                |
| <i>of which</i>                         |                                   |                |                             |                             |                |                            |                      |             |                     |                                |
| Services agreement                      | (2 351)                           | -              | (664)                       | -                           | -              | (1 248)                    | (233)                | (206)       | -                   | -                              |
| <b>Other operating income</b>           | <b>293</b>                        |                |                             |                             |                |                            |                      |             |                     |                                |
| <i>of which</i>                         |                                   |                |                             |                             |                |                            |                      |             |                     |                                |
| Commissions                             | 49                                | -              | -                           | 49                          | -              | -                          | -                    | -           | -                   | -                              |
| <b>Profit on disposal of vessels</b>    | <b>13 947</b>                     |                |                             |                             |                |                            |                      |             |                     |                                |
| <i>of which</i>                         |                                   |                |                             |                             |                |                            |                      |             |                     |                                |
| Commissions                             | (60)                              | -              | -                           | -                           | -              | -                          | -                    | -           | (60)                | -                              |
| <b>Total</b>                            | <b>(42 181)</b>                   | <b>(2 572)</b> | <b>49</b>                   | <b>(636)</b>                | <b>(1 248)</b> | <b>(233)</b>               | <b>(206)</b>         | <b>(60)</b> | <b>(599)</b>        |                                |

The table below shows the effects, by legal entity, of related party transactions on the Group's consolidated income statement for the first half of 2012:

| <i>US\$ Thousand</i>                    | d'Amico<br>International<br>Shipping SA | Rudder<br>SAM   | d'Amico<br>Società di<br>Nav. SpA | Cogema<br>SAM | Ishima<br>Pte Ltd | d'Amico<br>Shipping UK | Compagnia<br>Generale<br>Telemar SpA |
|---|---|-----------------|-----------------------------------|---------------|-------------------|------------------------|--------------------------------------|
|   | (consolidated)                          |                 |                                   |               |                   |                        |                                      |
| <b>Voyage costs</b>                     | <b>(68 650)</b>                         |                 |                                   |               |                   |                        |                                      |
| <i>of which</i>                         |   |                 |                                   |               |                   |                        |                                      |
| Bunker                                  | (52 557)                                | (52 557)        | -                                 | -             | -                 | -                      | -                                    |
| <b>Time charter In costs</b>            | <b>(45 717)</b>                         |                 |                                   |               |                   |                        |                                      |
| <i>of which</i>                         |   |                 |                                   |               |                   |                        |                                      |
| Vessel charter agreement                | (441)                                   | -               | -                                 | -             | (441)             | -                      | -                                    |
| <b>Other direct operating costs</b>     | <b>(27 105)</b>                         |                 |                                   |               |                   |                        |                                      |
| <i>of which</i>                         |   |                 |                                   |               |                   |                        |                                      |
| Management agreements                   | (1 744)                                 | -               | (1 744)                           | -             | -                 | -                      | -                                    |
| Technical expenses                      | (2 691)                                 | -               | -                                 | (6)           | (2 006)           | -                      | (679)                                |
| <b>General and administrative costs</b> | <b>(7 948)</b>                          |                 |                                   |               |                   |                        |                                      |
| <i>of which</i>                         |   |                 |                                   |               |                   |                        |                                      |
| Services agreement                      | (641)                                   | -               | (581)                             | -             | -                 | (60)                   | -                                    |
| <b>Total</b>                            |   | <b>(52 557)</b> | <b>(2 325)</b>                    | <b>(6)</b>    | <b>(2 447)</b>    | <b>(60)</b>            | <b>(679)</b>                         |

The effect, by legal entity, of related party transactions on the Group's consolidated Statement of financial position as at 30 June 2013 are as follows:

| <i>US\$ Thousand</i>                              | d'Amico<br>Internat.<br>Shipping SA | Sirius<br>Ship | Rudder<br>SAM  | d'Amico<br>Shipping<br>UK | d'Amico<br>Società<br>di Nav.<br>SpA | Ishima<br>Pte.Ltd | d'Amico<br>Shipping<br>Italia SpA | Compagnia<br>Generale<br>Telemar SpA | d'Amico<br>Shipping<br>USA | d'Amico<br>Shipping<br>Singapore | d'Amico<br>Dry | St.Andrew    |
|---|-------------------------------------|----------------|----------------|---------------------------|--------------------------------------|-------------------|-----------------------------------|--------------------------------------|----------------------------|----------------------------------|----------------|--------------|
|   | (consolidated)                      |                |                |                           |                                      |                   |                                   |                                      |                            |                                  |                |              |
| <b>Receivables and other<br/>current assets</b>   | <b>39 628</b>                       |                |                |                           |                                      |                   |                                   |                                      |                            |                                  |                |              |
| of which related party                            | 2 292                               | 698            | -              | -                         | -                                    | 1 122             | 102                               | -                                    | 191                        | -                                | 179            | -            |
| <b>Payables and other<br/>current liabilities</b> | <b>25 372</b>                       |                |                |                           |                                      |                   |                                   |                                      |                            |                                  |                |              |
| of which related party                            | 6 818                               | -              | 3 620          | 60                        | 832                                  | 1075              | -                                 | 257                                  | 112                        | 607                              | 132            | 123          |
| <b>Total</b>                                      |                                     | <b>698</b>     | <b>(3 620)</b> | <b>(60)</b>               | <b>(832)</b>                         | <b>47</b>         | <b>102</b>                        | <b>(257)</b>                         | <b>(79)</b>                | <b>(607)</b>                     | <b>47</b>      | <b>(123)</b> |

The effect, by legal entity, of related party transactions on the Group's consolidated Statement of financial position as at 31 December 2012 were the following:

| <i>US\$ Thousand</i>                              | d'Amico<br>International<br>Shipping S.A. | Rudder<br>SAM  | d'Ami<br>co<br>Dry | d'Amico<br>Shipping<br>Italia SpA | d'Amico<br>Società' di<br>Navigaz.<br>SpA | Ishima<br>Pte.Ltd. | d'Amico<br>Shipping<br>UK | d'Amico<br>International<br>S.A. | Compagnia<br>Generale<br>Telemar |
|---|---|----------------|--------------------|-----------------------------------|---|--------------------|---------------------------|----------------------------------|----------------------------------|
|   | (consolidated)                            |                |                    |                                   |   |                    |                           |                                  |                                  |
| <b>Receivables and other<br/>current assets</b>   | <b>39 378</b>                             |                |                    |                                   |   |                    |                           |                                  |                                  |
| <i>of which related party</i>                     | 738                                       | -              | 137                | 58                                | -   | 543                | -                         | -                                | -                                |
| <b>Amounts due to parent<br/>company</b>          | <b>20 000</b>                             |                |                    |                                   |   |                    |                           |                                  |                                  |
| <i>of which related party</i>                     | 20 000                                    | -              | -                  | -                                 | -   | -                  | -                         | 20 000                           | -                                |
| <b>Payables and other current<br/>liabilities</b> | <b>43 009</b>                             |                |                    |                                   |   |                    |                           |                                  |                                  |
| <i>of which related party</i>                     | 11 598                                    | 9 950          | 63                 | 18                                | 1 140                                     | -                  | 21                        | -                                | 406                              |
| <b>Total</b>                                      |   | <b>(9 950)</b> | <b>74</b>          | <b>40</b>                         | <b>(1 140)</b>                            | <b>543</b>         | <b>(21)</b>               | <b>(20 000)</b>                  | <b>(406)</b>                     |

## 26. COMMITMENTS AND CONTINGENCIES

### Capital commitments

As at June 30 2013, the Group's capital commitments amount to US\$ 211.7 million, of which payments over the next 12 months amounted to US\$ 119.8 million.

| <i>US\$ Million</i> | <b>As at<br/>30 June 2013</b> | <b>As at<br/>31 December 2012</b> |
|---------------------|-------------------------------|-----------------------------------|
| Within one year     | 119.8                         | 37.6                              |
| Between 1 – 3 years | 91.9                          | 141.3                             |
| Between 3 – 5 years | -                             | -                                 |
| More than 5 years   | -                             | -                                 |
| <b>Total</b>        | <b>211.7</b>                  | <b>178.9</b>                      |

Capital commitments relate to the payment for 2 Hyundai-Mipo dockyard 40,000 dwt Product/chemical tanker newbuilding vessels, for 6 Hyundai-Mipo dockyard 50,000 dwt Product/chemical tanker newbuilding vessels and for a further Hyundai-Mipo dockyard 50,000 dwt Product/chemical tanker newbuilding vessel in which DIS has 33% interest through the JV with Venice Shipping and Logistics S.p.A., Eco Tankers Limited. All DIS current newbuilding vessels are expected to be delivered in 2014 and 2015 and new financing is in the course of negotiation.

### Operating leases – chartered in vessels

As at June 30 2013, the Group's minimum operating lease rental commitments amount to US\$ 215.5 million, of which US\$ 80.8 million payments scheduled over the next 12 months.

| <i>US\$ Million</i> | <b>As at<br/>30 June 2013</b> | <b>As at<br/>31 December 2012</b> |
|---------------------|-------------------------------|-----------------------------------|
| Within one year     | 80.8                          | 71.5                              |
| Between 1 – 3 years | 86.3                          | 88.3                              |
| Between 3 – 5 years | 40.9                          | 39.1                              |
| More than 5 years   | 7.5                           | 13.2                              |
| <b>Total</b>        | <b>215.5</b>                  | <b>212.1</b>                      |

The amounts include 49% of the commitment between DM Shipping Limited and d'Amico Tankers Limited for the two DM Shipping vessels and 50% of the commitment between GLENDA International Shipping Limited and d'Amico Tankers Limited for 3 GLENDA International Shipping vessels.

As at June 30 2013, d'Amico Tankers Limited operated 18.5 vessel equivalents on time charter-in contracts as lessee. These vessels had an average remaining contract period of 2.1 years at that time (3.3 years including optional periods).

### Purchase options

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

### Ongoing disputes

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

### Tonnage tax deferred taxation

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

2010. The regime includes provision whereby a proportion of capital allowances previously claimed by the company may be subject to tax in the event that vessels are sold and not replaced within the specified time limit or the Company fails to comply with the on-going requirements to remain within the regime.

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

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

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

| Name                                | Registered Office | Share Capital | Currency | Interest % | Consolidation Method |
|-------------------------------------|-------------------|---------------|----------|------------|----------------------|
| d'Amico International Shipping S.A. | Luxembourg        | 35 987 977    | USD      |            |                      |
| d'Amico Tankers Limited             | Dublin / Ireland  | 100 001       | EUR      | 100.0%     | Integral             |
| High Pool Tankers Limited           | Dublin / Ireland  | 2             | EUR      | 100.0%     | Integral             |
| Glenda International Management Ltd | Dublin / Ireland  | 2             | EUR      | 100.0%     | Integral             |
| Glenda International Shipping Ltd   | Dublin / Ireland  | 202           | USD      | 50.0%      | Proportional         |
| DM Shipping Ltd                     | Dublin / Ireland  | 100 000       | USD      | 51.0%      | Proportional         |
| d'Amico Tankers Monaco SAM          | Monaco            | 150 000       | EUR      | 100.0%     | Integral             |
| d'Amico Tankers UK Ltd              | London / UK       | 50 000        | USD      | 100.0%     | Integral             |
| d'Amico Tankers Singapore Pte Ltd   | Singapore         | 50 000        | USD      | 100.0%     | Integral             |

The consolidation area in H1 2013 does not differ with respect to the 2012 consolidated accounts. d'Amico Tankers Singapore is in the process of being liquidated.

31 July 2013

On behalf of the Board

*Paolo d'Amico*  
Chairman

*Marco Fiori*  
Chief Executive Officer

The manager responsible for preparing the company's financial reports, Mr Giovanni Barberis, in his capacity of Chief Financial Officer of d'Amico International Shipping SA (the "Company") declares to the best of his knowledge, that half yearly/second quarter 2013 financial statements prepared in accordance with the applicable set of accounting standards as published in this report, give a true and fair view of the assets, liabilities, financial position and income statement of the Company and its consolidated subsidiaries and that the interim management report includes a fair review of the development and performance of the business and the position of the Company and its consolidated subsidiaries, together with a description of the principal risks and uncertainties that they face.

*Giovanni Barberis*  
Chief Financial Officer

2-4, rue du Château d'Eau  
3364 Leudelange  
LUXEMBOURG

T +352 26 86 59 1  
F +352 26 86 59 99

[mail@moore-stephens-audit.lu](mailto:mail@moore-stephens-audit.lu)  
[www.moore-stephens-audit.lu](http://www.moore-stephens-audit.lu)

Leudelange, 07/31/2013

**Report of the Réviseur d'Entreprises Agréé  
To the shareholders of d'Amico International Shipping S.A.**

We have reviewed the accompanying interim consolidated balance sheet of d'Amico International Shipping S.A. as of June 30, 2013 and the related interim consolidated statements of income, changes in equity and cash flows for the six months then ended. Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

This report is made to you in accordance with the terms of our engagement. Our work has been undertaken so that we might review the interim consolidated financial statements that we have been engaged to review, report to you that we have done so, and state those matters that we have agreed to state to you in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than d'Amico International Shipping S.A. for our work or for this report.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

**MOORE STEPHENS Audit S.A.R.L.**



Horst SCHNEIDER  
Réviseur d'entreprises agréé