



## **D'AMICO INTERNATIONAL SHIPPING S.A. INTERIM MANAGEMENT STATEMENTS – FIRST QUARTER 2014**

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d'Amico International Shipping S.A.  
Registered office at 25C Boulevard Royal, Luxembourg  
Share capital US\$ 42,195,530.70 as at 31 March 2014

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## 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

Massimo Castrogiovanni<sup>(1)</sup>

Stas Andrzej Jozwiak<sup>(2)</sup>

Giovanni Battista Nunziante

John Joseph Danilovich<sup>(1)</sup>

Heinz Peter Barandun<sup>(1)</sup>

Giovanni Barberis

(1) *Independent Director*

(2) *Lead Independent Director*

### INDEPENDENT AUDITORS

PricewaterhouseCoopers, société coopérative

## KEY FIGURES

### FINANCIALS

<i>US\$ Thousand</i>	Q1 2014	Q1 2013 <sup>(1)</sup>
Time charter equivalent (TCE) earnings	46 450	50 117
EBITDA	3 807	10 664
<i>as % of margin on TCE</i>	8.20%	21.28%
EBIT	(4 420)	2 983
<i>as % of margin on TCE</i>	(9.13%)	5.95%
Net profit/(loss)	(6 836)	1 381
<i>as % of margin on TCE</i>	(14.72%)	6.35%
Earnings/ (loss) per share	US\$ (0.016)	US\$ 0.009
Operating cash flow		12 167
Gross CAPEX		(25 155)
	<b>As at</b>	<b>As at</b>
	<b>31 March 2014</b>	<b>31 December 2013<sup>(a)</sup></b>
Total assets	706 124	599 336
Net financial indebtedness	245 080	184 452
Shareholders' equity	348 362	323 013

### OTHER OPERATING MEASURES

	Q1 2014	Q1 2013 <sup>2</sup>
<b>Daily operating measures</b> - TCE earnings per employment day (US\$) <sup>3</sup>	13 637	14 808
<b>Fleet development</b> - Total vessel equivalent	39.6	38.5
- Owned	19.6	20.0
- Chartered	20.1	18.5
Off-hire days/ available vessel days <sup>4</sup> (%)	3.4%	2.3%
Fixed rate contract/ available vessel days <sup>5</sup> (coverage %)	56.1%	39.8%

<sup>1</sup> Following application of the new IFRS 10 and IFRS 11, figures previously reported for Q1 2013 and year end 2013 have been restated. Compared to figures previously reported, the net profit was reduced US\$ 4.4 million, the operating cash-flow was reduced US\$ 4.0 million, total assets were reduced US\$ 16.5 million, net indebtedness reduced US\$ 40.0 million, Shareholders'equity increased 6.4 million.

<sup>2</sup> Following application of the new IFRS 10 and IFRS 11, 'Other Operating Measures' previously reported for Q1 2013 and year end 2013 have been restated. Compared to the figures previously reported, Owned vessels decreased by 1 ship and Chartered vessels increased by 1 ship.

<sup>3</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..

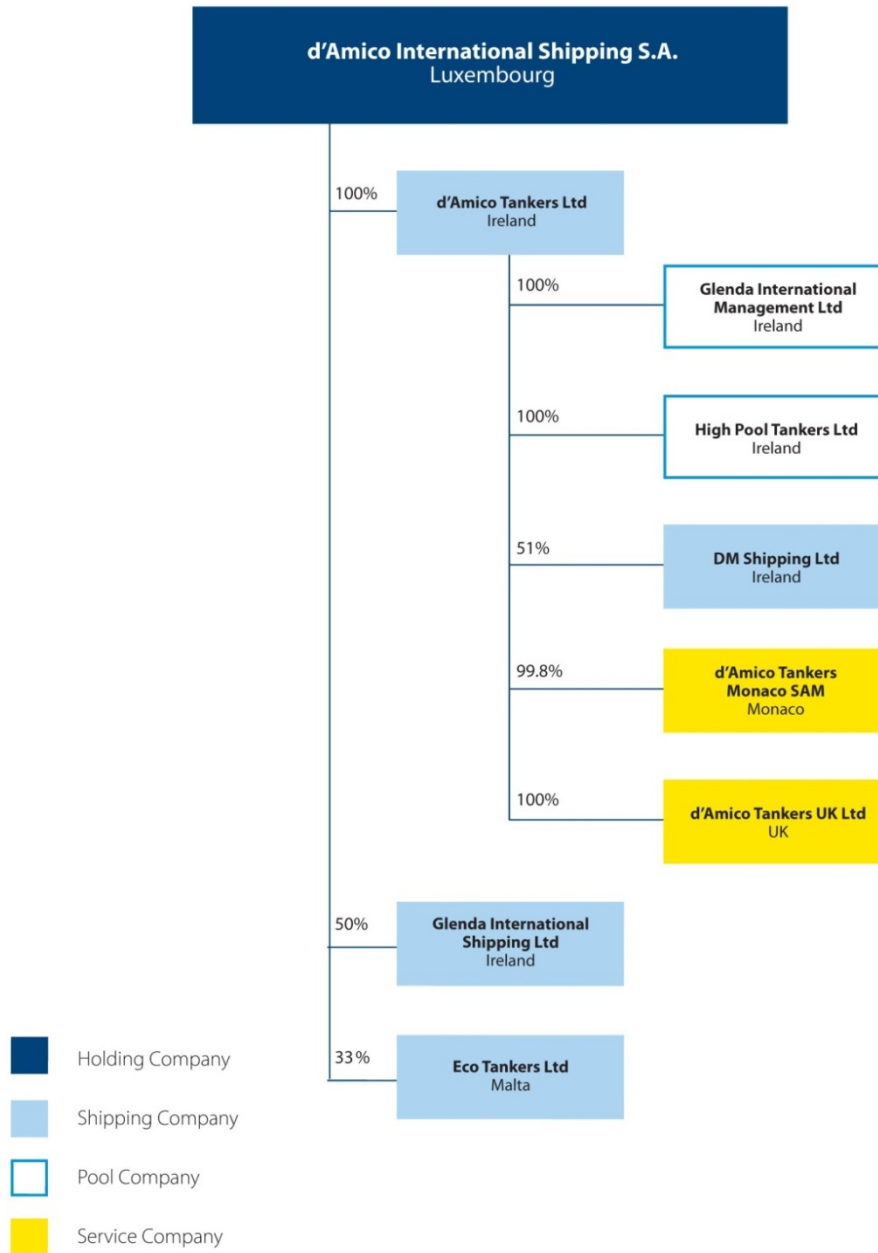
<sup>4</sup> This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

<sup>5</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.

## REPORT ON OPERATIONS

### GROUP STRUCTURE

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



Note: DM Shipping Ltd.(Ireland) and Eco Tankers Ltd (Malta) are consolidated with the equity method, following the application of new IFRS 10 and IFRS 11.

## 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 5.7 years, compared to an average in the product tankers industry of 9.5 years (source: Clarkson). All DIS vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to major oil companies and trading houses. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), with the requirements of oil-majors and energy-related companies and other relevant international standards. Based on MARPOL/IMO rules, cargoes such as palm oil, vegetable oil and other chemicals can only be transported by vessels that meet certain requirements (IMO Classed). As at March 31 2014, around 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 March 31 2014, which consists of **39.5**<sup>1</sup> vessels.

<b>MR fleet</b>				
<b>Name of vessel</b>	<b>Dwt</b>	<b>Year built</b>	<b>Builder, Country</b>	<b>IMO classed</b>
<b>Owned</b>				
High Discovery	50,036	2014	Hyundai Mipo, South Korea	IMO II/III
High Freedom	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Tide	51,768	2012	Hyundai Mipo, South Korea	IMO II/III
High Seas	51,678	2012	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melissa <sup>2</sup>	47,203	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Meryl <sup>3</sup>	47,251	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melody <sup>2</sup>	47,238	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melanie <sup>3</sup>	47,162	2010	Hyundai Mipo, South Korea	IMO II/III
GLEND A Meredith <sup>3</sup>	46,147	2010	Hyundai Mipo, South Korea	IMO II/III
GLEND A Megan <sup>2</sup>	47,147	2009	Hyundai Mipo, South Korea	IMO II/III
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> Excluding M/T Cielo di Parigi, sold in Q1 2014 and delivered to the new owners at the beginning of April

<sup>2</sup> Vessels owned by GLEND A International Shipping Limited (in which DIS has 50% interest) and time chartered to d'Amico Tankers Limited

<sup>3</sup> Vessels owned by GLEND A International Shipping Limited (in which DIS has 50% interest)

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	-
Orient Star	45,994	2010	Shin Kurushima, Japan	-
High Strength <sup>1</sup>	46,800	2009	Nakai Zosen, Japan	-
High Force	53,603	2009	Shin Kurushima, Japan	-
High Efficiency <sup>1</sup>	46,547	2009	Nakai Zosen, 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	-
Baizo	44,997	2004	Onimichi Dockyard, Japan	-

#### Handysize fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
<b>Owned</b>				
Cielo di New York	39,990	2014	Hyundai Mipo, South Korea	IMO II/III
Cielo di Gaeta	39,990	2014	Hyundai Mipo, South Korea	IMO II/III
Cielo di Salerno	36,032	2002	STX, South Korea	IMO II/III
<b>Time chartered with purchase option</b>				
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> Vessels owned by DM Shipping Limited (in which DIS has 51% interest) and time chartered to d'Amico Tankers Limited

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

## **Fleet Employment and Partnership**

	<i>DIS' No. of Vessels</i>	<i>Total Pool Vessels</i>
Direct employment	31.5	-
High Pool (MR vessels)	8.0	12.0
<b>Total</b>	<b>39.5</b>	<b>12.0</b>

As at March 31 2014, d'Amico International Shipping directly employed 31.5 Vessels: 17.5 MRs ('Medium Range') and 2 Handy-size vessels on fixed term contract, whilst 9 MRs and 3 Handy-size vessels are currently employed on the spot market. The Group employs a significant portion of its controlled vessels through partnership arrangements.

*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 March 31 2014. 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 with the Glencore Group. The Company owns 6 MR vessels built and delivered between August 2009 and February 2011. Following a reorganization process in 2013, the activity previously carried out by GLENDIA International Management Limited (a Pool with the Glencore Group) has been concentrated on the aforesaid joint venture. In fact, Glenda International Shipping has currently three vessels time-chartered to d'Amico Tankers and three vessels to the Glencore Group.

*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 77.5 owned and chartered-in vessels, of which 39.5 are part of the DIS fleet, operating in the product tanker market, while the remaining 38 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 operates from Luxembourg, Ireland, UK, Monaco, Singapore and the USA. As at March 31 2014, the Group employed 502 seagoing personnel and 32 onshore personnel.



## FINANCIAL REVIEW OF THE GROUP

### Summary of the results in the first quarter of 2014

Global activity has broadly strengthened and is expected to improve further in 2014 and 2015, according to the IMF April 2014 World Economy Outlook, with much of the impetus for growth coming from advanced economies. Downside risks seem to have diminished somewhat but this is tapered by less than favorable data from emerging economies, including China. This being said, the emerging economies will still contribute more than two-thirds of global growth according to the IMF. The International Energy Agency (IEA) estimates Global oil demand will grow by 1.3 million barrel per day in 2014, to 92.7 million barrels per day. Modest upward revisions to baseline non-OECD Asian data offset downward adjustments to the Russian demand forecast.

Product tanker markets were characterised by a geographical split as rates for vessels on voyages to Asia firmed while those in the Atlantic Basin weakened. In the East, rates on the Middle East Gulf – Japan route firmed by the end of the quarter while gains on the Singapore – Japan trade were moderate.

In the Atlantic basin, product trade remained thin. Rates on the benchmark UK – US Atlantic Coast trade gradually softened over the quarter as the tonnage supply easily absorbed any quoted cargoes. It should be noted that despite the closure of the Houston Ship Channel due to a fuel spill and reports of its disruption to US diesel exports, little effect was felt in tanker markets due to the plethora of suitable vessels in the Atlantic Basin.

General sentiment has come off from the marked improvement at the end of 2013. Refinery capacity offline peaked around the end of March/early April to a high of 8 million barrels per day. There has been a slowing in time charter activity. It is believed that only around 50 contracts of over one year were concluded in Q1 2014 compared to close to 90 charters in the same period last year.

DIS registered a **Net Loss of US\$ 6.8 million in Q1 2014** compared to a profit of US\$ 3.2 million in the same period last year. This was mainly the result of the softer than expected product tanker market during the first months of the current year, mainly due to: (i) the harsh winter in the US which increased domestic consumption of oil products, thus penalizing export and seaborne transportation, and (ii) the closure of several refineries in the US Gulf for maintenance, which led to a further fall in US exports. These two negative factors are mainly seasonal effects which have only temporarily affected the whole product tanker industry and are expected to reverse going into the second quarter. In fact, the lower than expected results of Q1 have not changed the general positive sentiment on the medium/long term market perspectives.

DIS firmly believes that the market recovery will be led by the USA, and in light of this the Company has already repositioned most of its vessels in the Atlantic basin, even if this caused a slight increase in Q1 voyage costs. Also, DIS was able to mitigate the short-term weakness of the market, thanks to a high coverage ratio of 56% at an average daily rate of US\$ 14,770.

In line with its prudent risk management policy, DIS has pre-hedged the bank loan interest rates on all its newbuilding vessels, through Interest Rate Swap (IRS) agreements. The IRS relating to future financing on new vessels under construction are not classified as 'hedge' in the frame of IFRS principles, and the variance of their fair value is accounted for in the 'Income Statement'. Due to a lower 10 years US Dollar Swap market range, DIS Q1 2014 results were affected by US\$ 2.4 million negative impact arising from the 'mark to market' valuation of the 'Pre-hedge Interest Rate Swaps' on its newbuilding loan facilities. Going forward should the current growth expectations for the US economy be confirmed, the US Dollar interest rate should find a higher and more appropriate market range.

DIS had '**capital expenditures**' of **US\$ 92.7 million in Q1 2014**, mainly in relation to its newbuilding plan. As of today DIS has a total orderbook of 16 'Eco design' product tankers<sup>1</sup> (10 MR and 6 Handysize vessels), of which 4 vessels were already delivered between January and February 2014. This corresponds to an overall **investment plan** of approximately **US\$ 490.7 million** and reaffirms the Company's strategy to modernize its

<sup>1</sup> Including 1 MR vessel on order at Hyundai Mipo Dockyard Co. Ltd., in JV with Venice Shipping and Logistics S.p.A.

fleet through newbuildings with eco-innovative design. Such strategy is also in line with the clear objective of the 2012 share capital increase of maintaining DIS strong financial structure while implementing a significant investment and growth plan.

Half of DIS newbuilding orderbook has already been fixed on long-term Time Charter Contracts with two Oil-majors and a leading refining company, all at profitable levels. 7 of these newbuildings will be delivered to DIS in the course of 2014, supporting the Company's results.

At the same time, DIS continued the fleet renewal program also through the sale of its oldest vessels. In March 2014, DIS agreed the sale of the Handysize product tanker vessel M/T Cielo di Parigi, built in 2001 by Daedong Shipbuilding South Korea for the amount of US\$ 13.6 million and with an estimated Capital Gain of over US\$ 6.0 million. This vessel was delivered to the buyers in April 2014 and the Capital Gain will benefit DIS Q2 2014 results. This last deal reconfirms DIS as an active player in the Sale and Purchase product tanker market and its conservative fleet valuation, which allows potential capital gains even during temporary market downturns.

At the end of Q1 2014, DIS had a **Net Asset Value of US\$ 374.6 million**, increased by 46% compared to the same period last year.

According to new International Financial Reporting Standards (IFRS 10, 11, 12), effective January 1<sup>st</sup> 2014, DIS investments in two jointly controlled entities (DM Shipping Limited and Eco Tankers Limited) will be treated as Joint Venture and the equity method of accounting will be applied, instead of the previous proportional consolidation method. Based on this, 2013 figures have been restated in order to have a fair comparison with the current year.

## Operating Performance

<i>US\$ Thousand</i>	<b>Q1 2014</b>	<b>Q1 2013 <sup>(1)</sup></b>
Revenue	68 873	79 475
Voyage costs	(22 423)	(29 358)
<b>Time charter equivalent earnings</b>	<b>46 450</b>	<b>50 117</b>
Time charter hire costs	(24 122)	(22 723)
Other direct operating costs	(14 348)	(13 952)
General and administrative costs	(4 369)	(2 901)
Other operating Income	196	123
<b>Gross operating result / EBITDA</b>	<b>3 807</b>	<b>10 664</b>
Depreciation	(8 048)	(7 681)
<b>Operating result / EBIT</b>	<b>(4 240)</b>	<b>2 983</b>
Net financial income (charges)	(2 457)	857
<b>Profit / (loss) before tax</b>	<b>(6 697)</b>	<b>3 840</b>
Income taxes	(136)	(659)
Result of the JV	(3)	-
<b>Net profit / (loss)</b>	<b>(6 836)</b>	<b>3 181</b>

(1) Following application of the new IFRS 10 and IFRS 11, figures previously reported for Q1 2013 have been restated. Compared to figures previously reported, the net profit was reduced US\$ 4.4 million

**Revenue** was US\$ 68.9 million in Q1 2014 compared to US\$ 79.5 million realized in Q1 2013. The decrease in gross revenues compared to the first quarter of last year was mainly due to the increase of the 'coverage' percentage (fixed contracts) in 2014, which is naturally compensated by a decrease in 'voyage costs' (see below). The off-hire days percentage in Q1 2014 (3.4%) was slightly higher than the same period of the previous year (2.3%), 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, amounted to US\$ 22.4 million in Q1 2014 vs. US\$ 29.4 million in Q1 2013. Such decrease is mainly in relation to the higher level of 'coverage' compared to last year.

**Time charter equivalent earnings** were US\$ 46.5 million in Q1 2014 vs. US\$ 50.1 million in the same period last year. As shown in the table below, the decrease in Q1 2014 TCE Earnings compared to the previous year was mainly driven by lower daily spot returns (Q1 2014: US\$ 12,191 vs. Q1 2013: US\$ 14,272), on the back of a weaker than expected market experienced in the first months of the current year.

At the same time and according to its strategy, DIS maintained a considerable level of 'coverage' (fixed contracts) throughout Q1 2014, securing an average of 56.1% of its revenue at an Average Daily Fixed Rate of US\$ 14,770. The lower level of the average fixed daily rate in Q1 2014 compared to the same period last year is due to the contracts renewed or expired in the course of 2013 and it is substantially in line with the second half of the previous year.

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.

<i>DIS TCE daily rates</i>	<b>Q1 2013</b>	<b>Q2 2013</b>	<b>Q3 2013</b>	<b>Q4 2013</b>	<b>Q1 2014</b>
<i>(US Dollars)</i>					
Spot	14,272	13,929	13,678	12,842	12,191
Fixed	15,620	15,127	14,832	14,809	14,770
<b>Average</b>	<b>14,808</b>	<b>14,427</b>	<b>14,277</b>	<b>13,924</b>	<b>13,637</b>

**Time charter hire costs** relate to the chartered-in vessels and amounted to US\$ 24.1 million in Q1 2014 vs. US\$ 22.7 million in Q1 2013. The increase compared to the same period last year is due to the higher average number of chartered-in vessels in the first quarter of 2014 (Q1 2014: 20.1 vs. Q1 2013: 18.5).

**Other direct operating costs** mainly consist of crew, technical, luboil and insurance expenses relating to the operation of owned vessels. These costs were US\$ 14.3 million in Q1 2014 and substantially in line with US\$ 14.0 million registered in the same period last year. 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** mainly relate to on-shore personnel, together with premises costs, consultancies, travel and others. These costs were US\$ 4.4 million in Q1 2014 vs. US\$ 2.9 million in Q1 2013. The trend compared to the same period of last year, is mainly related to the increased commercial activity carried out by DIS in Singapore and especially in the USA. As previously mentioned, DIS firmly believes that the USA will represent the key driver for the product tanker industry and this explains its growing commercial focus on this area. Part of the overall variance is also in connection with the variable part of salaries, in relation to the year 2013.

**Other operating income** amounted to US\$ 0.2 million in Q1 2014 (US\$ 0.1 million in Q1 2013). The balance refers to chartering commissions from third parties vessels operated through pools.

**EBITDA** for Q1 2014 amounted to US\$ 3.8 million vs. US\$ 10.7 million in Q1 2013. As disclosed above, this result was mainly driven by the decrease in TCE Earnings, due to the relatively weak product tanker market experienced in the first months of the current year.

**Depreciation** amounted to US\$ 8.0 million in Q1 2014 vs. US\$ 7.7 million in Q1 2013. The slight increase is mainly due to the delivery of 4 newbuilding owned vessels at the beginning of the first quarter of the year.

**EBIT** for the first three months of the year was negative for US\$ 4.2 million, compared to the operating profit of US\$ 3.0 million booked in the same period of last year.

**Net financial charges** were negative for US\$ 2.5 million in Q1 2014 vs. US\$ 0.9 million positive result in Q1 2013. The variance compared to the previous year is mainly due to the strong treasury performance realized in Q1 2013 of US\$ 2.9 million.

The Company's **Loss before tax** for Q1 2014 was US\$ 6.7 million (profit of US\$ 3.8 million posted in Q1 2013).

**Income taxes** amounted to US\$ 0.1 million in Q1 2014 compared to US\$ 0.7 million in the same quarter of last year. The decrease in Q1 2014 compared to the same period of last year, is due to the taxation of some 2013 financial income which is subject to the standard corporate tax rate of 12.5% and not included in the tonnage tax scheme.

The **Net Loss** for Q1 2014 was US\$ 6.8 million compared to a Net Profit of US\$ 3.2 million in Q1 2013.

### Consolidated Statement of Financial Position

<i>(US\$ Thousand)</i>	As at 31 March 2014	As at 31 December 2013 <sup>(1)</sup>
<b>ASSETS</b>		
Non current assets	604 574	519 952
Current assets	101 550	79 384
<b>Total assets</b>	<b>706 124</b>	<b>599 336</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Shareholders' equity	348 362	323 013
Non-current liabilities	295 014	222 651
Current liabilities	62 748	53 672
<b>Total liabilities and shareholders' equity</b>	<b>706 124</b>	<b>599 336</b>

(1) Following application of the new IFRS 10 and IFRS 11, figures previously reported for year end 2013 have been restated. Compared to figures previously reported, non-current assets were reduced US\$ 10.1 million, current assets were reduced US\$ 6.5 million, shareholders' equity increased US\$ 6.4 million, non-current liabilities decreased US\$ 14.2 million, current liabilities were reduced US\$ 8.7 million.

**Non-current assets** mainly relate to the DIS owned vessels net book value and it includes also the portion relating to the newbuildings under construction. According to the valuation report provided by a primary broker, the estimated market value of the DIS owned fleet at the end of the year was of US\$ 619.7 million compared to a net book value of US\$ 577.5 million as at March 31 2014

**Gross Capital expenditures** were US\$ 92.7 million in Q1 2014. This amount mainly comprises 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 March 31 2014 were US\$ 101.6 million. Other than the working capital items, inventories and trade receivables amounting to US\$ 11.8 million and US\$ 38.5 million respectively, current assets include cash on hand of US\$ 49.0 million and current financial assets of US\$ 2.3 million.

**Non-current liabilities** were US\$ 295.0 million at the end of Q1 2014 and 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\$ 35.1 million, essentially relating to trade and other payables.

The **Shareholders' equity** balance as at March 31 2014 was of US\$ 348.4 million (US\$ 323.0 million as at December 31 2013). The variance with the previous year is primarily due to the First Exercise Period of the 'd'Amico International Shipping Warrants 2012 – 2016' (ISIN code LU0849020044) ended on January 31 2014. 186,226,599 Warrants were exercised at a price of Euro 0.36 per ordinary share newly issued by DIS for a total counter-value of EUR 22.5 million (equal to around US\$ 30.5 million). In accordance with the terms and conditions of the Warrant Regulations and based on the Warrants Ratio of one (1) Warrant Share for every three (3) Warrants exercised, today DIS has issued and allotted 62,075,533 Warrant Shares - with same rights (including that to dividends) and features of DIS ordinary outstanding shares at the issue date - to those Warrant holders who validly exercised their Warrants during the First Exercise Period. After the current capital increase DIS' share capital amounts to USD 42,195,530.70 divided into 421,955,307 ordinary shares with no nominal value.

## Net Indebtedness

**Net debt** as at March 31 2014 amounted to US\$ 245.1 million vs. US\$ 184.5 million at the end of 2013. The ratio of net debt to shareholders equity was of 0.70 at the end of the first quarter of the year.

<i>US\$ Thousand</i>	<b>As at 31 March 2014</b>	<b>As at 31 December 2013 <sup>(1)</sup></b>
<b>Liquidity</b>		
Cash and cash equivalents	48 982	33 170
<b>Current financial assets</b>	2 261	1 333
<b>Total current financial assets</b>	<b>51 243</b>	<b>34 503</b>
<b>Bank loans – current</b>	18 651	13 368
<b>Other current financial liabilities</b>		
Due to third parties	8 283	8 612
<b>Total current financial debt</b>	<b>26 934</b>	<b>21 980</b>
<b>Net current financial debt</b>	<b>(24 309)</b>	<b>(12 523)</b>
<b>Non-current financial assets</b>		
Loan to Joint Venture DMS	22 232	21 857
Investment in ETL	3 393	3 133
From third parties	-	686
<b>Total non-current financial assets</b>	<b>25 625</b>	<b>25 676</b>
<b>Bank loans non-current</b>	294 789	222 651
<b>Other non-current financial liabilities</b>		
Due to third parties	225	-
<b>Total non-current financial debt</b>	<b>295 014</b>	<b>222 651</b>
<b>Net non-current financial debt</b>	<b>269 389</b>	<b>196 975</b>
<b>Net financial indebtedness</b>	<b>245 080</b>	<b>184 452</b>

(1) Following application of the new IFRS 10 and IFRS 11, figures previously reported for year end 2013 have been restated: net financial indebtedness was reduced US\$ 40.0 million.

The balance of **Total Current Financial Assets** (*Cash and cash equivalents* together with some short-term hedging instruments shown under *Current financial assets*) was of US\$ 51.2 million at the end of Q1 2014. The proceeds raised through the Share Capital increase, allowed to DIS to maintain a strong financial structure throughout its significant investment plan.

**Non-Current Financial Assets** shows: (i) DIS investment in Eco Tankers Limited, a 33/67 JV with Venice Shipping and Logistics S.p.A. The Company has 1 MR vessel on order at Hyundai Mipo Dockyard Co. Ltd., South Korea, expected to be delivered in Q2 2014; and (ii) DIS shareholder loan to 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.

The total outstanding bank debt (**Bank loans**) as at March 31 2014 amounted to US\$ 313.4 million, of which US\$ 18.7 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\$ 105.5 million; (ii) Mizuho syndicated loan facility of US\$ 13.0 million; (iii) Crédit Agricole and DnB NOR Bank 7 years term loan facility to finance two MR vessels built and delivered in H1 2012 for total US\$ 40.1 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\$ 10.6 million. In addition to this, DIS debt comprises also: (i) loan facilities and bank fees due on some financed newbuilding vessels (of which 4 vessels were delivered in the first three months of the current year) for a total outstanding debt of US\$ 78.6 million at the end of Q1 2014; and (ii) the portion of the bank loans of its joint venture 'GLENDA International Shipping Limited' with Commerzbank AG Global Shipping and Credit Suisse for US\$ 65.6 million, to finance the six Glenda International Shipping Limited vessels, delivered between 2009 and 2011.

**Other current financial liabilities** includes a negative valuation of derivatives hedging instruments (essentially interest rate swap agreements – IRS) and some deferred incomes on option premiums, for total US\$ 8.3 million.

## Cash Flow

DIS **Net cash flow** for Q1 2014 was positive for US\$ 15.6 million.

US\$ Thousand	Q1 2014	Q1 2013 <sup>(1)</sup>
Cash flow from operating activities	1 931	12 167
Cash flow from investing activities	(92 984)	(25 155)
Cash flow from financing activities	106 686	(20 509)
<b>Net decrease in cash and cash equivalents</b>	<b>15 633</b>	<b>(33 497)</b>
Cash and cash equivalents at the beginning of the period	33 170	116 706
Exchange gain/(loss) on cash and cash equivalents	179	271
<b>Cash and cash equivalents at the end of the period</b>	<b>48 982</b>	<b>83 480</b>

(1) Following application of the new IFRS 10 and IFRS 11, figures previously reported for year end 2013 have been restated: the cash-flow from operating activities was reduced US\$ 4.0 million, the cash-flow from financing activities increased by US\$ 3.4 million.

**Cash flow from operating activities** in the first three months of the current year was positive for US\$ 1.9 million compared to US\$ 12.2 million realized in Q1 2013. Such variance is directly related to the decrease in the EBITDA performance, caused by a relatively weak product tanker market in Q1 2014.

The net **Cash flow from investing activities** was US\$ 93.0 million (outflow) in Q1 2014 and it was made up of the capital expenditures in connection with the installments paid on the newbuilding vessels under construction at Hyundai-Mipo, as well as dry-dock expenses and US\$ 0.3 million investment in Eco Tankers Limited (a 33/67 JV with Venice Shipping and Logistics S.p.A., which has 1 MR vessel on order at Hyundai Mipo Dockyard Co. Ltd., South Korea, expected to be delivered in Q2 2014).

**Cash flow from financing activities** was positive for US\$ 106.7 million in Q1 2014. This figure includes: (i) US\$ 30.5 million arising from the First Exercise Period of the 'd'Amico International Shipping Warrants 2012 – 2016' (ISIN code LU0849020044) ended on January 31 2014, in which 186,226,599 Warrants were exercised at a price of Euro 0.36 per ordinary share newly issued by DIS for a total counter-value of EUR 22.5 million (equal to around US\$ 30.5 million); (ii) US\$ 81.0 million bank loan drawdown in relation to the 4 newbuilding vessels delivered in Q1 2014; (iii) US\$ 4.8 million scheduled bank debt.

## SIGNIFICANT EVENTS OF THE FIRST QUARTER

In Q1 2014 the following main events occurred in the activity of d'Amico International Shipping Group:

### d'Amico International Shipping:

- **Results of d'Amico International Shipping Warrants 2012-2016 – First Exercise Period ended in January 2014:** In February 2014, d'Amico International Shipping S.A. ("DIS") announced that the First Exercise Period of the "d'Amico International Shipping Warrants 2012 – 2016" (ISIN code LU0849020044) ended on January 31<sup>st</sup> 2014. 186,226,599 Warrants were exercised at a price of Euro 0.36 per ordinary share newly issued by DIS and admitted to trading on the MTA market of Borsa Italiana SpA each as a "Warrant Share" for a total counter-value of Euro 22.347.191,88 (equal to US\$ 30,477,100). In accordance with the terms and conditions of the Warrant Regulations and based on the Warrants Ratio of one (1) Warrant Share for every three (3) Warrants exercised, today DIS has issued and allotted 62,075,533 Warrant Shares - with same rights (including that to dividends) and features of DIS ordinary outstanding shares at the issue date - to those Warrant holders who validly exercised their Warrants during the First Exercise Period. The ISIN code of the Warrant Shares will coincide with the ISIN Code of DIS's outstanding shares being LU0290697514. After the current capital increase DIS' share capital amounts to USD 42,195,530.70 divided into 421,955,307 ordinary shares with no nominal value. The bylaws as amended and all the set of documentation pertaining to the current capital increase occurred on this day is deposited and available within the terms prescribed by the applicable laws and regulations at the Company's registered office and on its website ([www.damicointernationalshipping.com](http://www.damicointernationalshipping.com)), at Borsa Italiana S.p.A., at Commissione Nazionale per le Società e la Borsa (CONSOB) and filed with the Commission de Surveillance du Secteur Financier (CSSF) being Bourse de Luxembourg its OAM. In accordance with the Warrant Regulations, the holders of the Warrants which were not exercised during the First Exercise Period will have the right to exercise their Warrants and subscribe to Warrant Shares based on the same Warrants Ratio, at the following exercise prices and in the following exercise periods:
  - EUR 0.40, for the Warrants exercised on all the trading days of the month of January 2015;
  - EUR 0.46, for the Warrants exercised on all the trading days of the month of January 2016.DIS recalls that from December 1<sup>st</sup> 2013 to December 31<sup>st</sup> 2015, the Board of Directors – under the conditions set by the article 3 of the Warrant Regulations – may set additional exercise periods that in any case shall be timely disclosed to the public. It should be noted that the Warrant Regulations are available on DIS' website [www.damicointernationalshipping.com](http://www.damicointernationalshipping.com), in the section dedicated to capital increase as an attachment to the prospectus dated November 6<sup>th</sup> 2012.
- **Accelerated Bookbuilding Procedure:** In March 2014 d'Amico International Shipping S.A., announces that its majority shareholder, d'Amico International S.A. sold through a *private placement* an equity stake of its DIS' ordinary shares. The operation (the 'Placement') constitutes an *accelerated bookbuilding procedure* addressed to qualified institutional investors in Italy and institutional investors abroad. Through this operation d'Amico International S.A. sold n. 42.195.531 of DIS' ordinary shares equal to 10% of the capital shares at the price of 0.695 euro. The operation was led both by Banca IMI S.p.A. and EQUITA S.I.M. S.p.A., who acted as *Joint Global Coordinators and Joint Bookrunners*. Through this operation the majority shareholder aimed at supporting and increasing the market liquidity of the Company, following the increasing interest showed by the financial market with several requests coming from Italian and foreign institutional investors.

### d'Amico Tankers Limited:

- **'Time Charter-In' Fleet:** In January 2014, M/T High Power, 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. The Owners are currently employing such vessel in the Pool managed by High Pool Tankers Limited

In January 2014, M/T Baizo, a Medium Range (MR) vessel built in 2004, was delivered to d'Amico Tankers Limited for 3 years' time charter period, with an option for further 2 years.

In February 2014, d'Amico Tankers Limited exercised the option to extend until July 2015 its contract on M/T High Glow, a Medium Range (MR) vessel built in 2006 and Time Chartered-In by d'Amico Tankers Limited since then.

In March 2013, M/T Ocean Leo, a Medium Range (MR) vessel built in 2010 and Time Chartered-In by d'Amico Tankers Limited since December 2013, was redelivered back to her Owners.

- **Newbuilding Vessels:** In January 2014, two 'Eco' newbuilding product tankers under construction at Hyundai Mipo Dockyard Co. Ltd. – South Korea, M/T Cielo di Gaeta (Handysize - 40,000 dwt) and M/T High Freedom (Medium Range - 50,000 dwt), were delivered to d'Amico Tankers Limited. Both vessels began their 5 year Time charter contract with a main Oil-Major.

In February 2014, two additional 'Eco' newbuilding product tankers under construction at Hyundai Mipo Dockyard Co. Ltd. – South Korea, M/T Cielo di New York (Handysize - 40,000 dwt) and M/T High Discovery (Medium Range - 50,000 dwt), were delivered to d'Amico Tankers Limited. Both vessels were Time chartered for respectively 5 and 3 years to two different Oil-majors.

In February 2014, d'Amico Tankers Limited (Ireland), signed a new Time Charter agreement on one of its new vessels (Hull n. S409) under construction at Hyundai Mipo Dockyard Co. Ltd. - South Korea and expected to be delivered in Q3 2014. This contract was signed with a leading refining company, for a period of 2 years at a very profitable daily rate.

- **Newbuilding Plan:** In March 2014, d'Amico International Shipping S.A. announced that its operating subsidiary d'Amico Tankers Limited (Ireland), and Hudson Partners LLC (CT, USA) have decided to not implement the agreed Letter of Intent (ref. Press Release issued on May 16th, 2013) for the novation of the contract related to the construction of a new 'Eco design' product/chemical tanker vessel (Hull S410 - 50,000 dwt Medium Range, the 'Vessel'), ordered in May 2013 at Hyundai Mipo Dockyard Co. Ltd. – South Korea expected to be delivered in Q4, 2015. This transaction was driven by the strong demand by Oil Majors, confirming the positive outlook on the market, for such type of ships and therefore the need to increase DIS's core owned fleet. To finalize this transaction d'Amico Tankers Limited and Hudson Partners have agreed to set the value of the vessel at US\$ 35.5 million.
- **Vessel Sale:** In March 2014, d'Amico International Shipping S.A. announced that its operating subsidiary d'Amico Tankers Limited (Ireland), agreed with clients of Sea World Management, SAM of Monaco, the sale of the Handysize product tanker vessel M/T Cielo di Parigi (the "Vessel"), built in 2001 by Daedong Shipbuilding, South Korea for the amount of US\$ 13.6 million.

#### **Eco Tankers Limited:**

- **Newbuilding Vessels:** In February 2014, Eco Tankers Limited (Malta), signed a new Time Charter agreement on its new vessel (Hull n. S408) under construction at Hyundai Mipo Dockyard Co. Ltd. (South Korea) and expected to be delivered in Q2 2014. This contract was signed with a leading refining company, for a period of 3 years at a very profitable daily rate.

#### **SIGNIFICANT EVENTS SINCE THE END OF THE QUARTER AND BUSINESS OUTLOOK**

- **Newbuilding Plan:** In April 2014, d'Amico International Shipping S.A. announced that its operating subsidiary d'Amico Tankers Limited (Ireland), entered into a contract for the construction of two additional new product/chemical tanker vessels (50.000 dwt Medium Range) with Hyundai Mipo Dockyard Co. Ltd. – South Korea, expected to be delivered respectively at the end of 2016 and in early 2017, for a consideration of US\$ 36.6 million each. Through this last order, DIS increased its orderbook to 15.3 'Eco' design newbuilding product tankers, which corresponds to an overall investment plan of approximately **US\$ 490.7 million**. All these newbuilding vessels are the latest IMO II MR design with the highest fuel efficiency, leading to a fuel saving of approximately 6 -7 T /day compared to the average consumption of world existing MR fleet and ensuring a reduced environmental impact.



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

	As at 31 March 2014			As at 7 May 2014		
	MR	Handysize	Total	MR	Handysize	Total
Owned	17.0	3.0	20.0	17.0	3.0	20.0
Time chartered	17.5	2.0	19.5	17.5	2.0	19.5
Total	34.5	5.0	39.5	34.5	5.0	39.5

## Business Outlook

Global oil demand growth forecast is fundamentally unchanged from the end of 2013. Aside from a brief and short-lived spike in oil prices in March, oil markets took the standoff between Russia and the West over Ukraine in their stride. One factor in the market's relative calm is almost certainly the fact that Ukraine is not a major transit country for Russian-origin oil sold to the West. Prices have spiked again in early April as tension increased and it's too early to tell how long this spike will continue.

OECD Europe's dependence on imports of Russian crude oil is higher, on an absolute basis, than for products, although Russia's share of net petroleum product imports is higher. Overall, Russian products exports represented about 32% of OECD European demand in 2013.

In the United States despite cold weather reportedly tempering driving demand, US gasoline stocks drew by a steep 6.0 million barrels as net-imports fell to around 400,000 barrels per day in the quarter. Improving demand and replenishing of stocks have increased imports of gasoline into the US in early April to over 500,000 barrels per day. US petroleum exports for Q1 have averaged 3.6 million barrels per day which is about 600,000 barrels per day over the average for 2013.

The combination of increased imports into and exports from the United States has had little or no effect on spot market charter rates as a plentiful supply of tonnage has easily absorbed this increase in demand.

Spring refinery maintenance has peaked at around 8 million barrels per day globally. North America refinery capacity offline only edged up slightly in early April to a high of 2.1 million barrels per day. Of this total offline capacity around 8.4% was due to unforeseen events. Western Europe's refinery capacity offline decreased during in April, by 174,000 barrels per (10.5%) to 1.5 million barrels per day.

The key drivers that should affect the product tanker freight markets and d'Amico International Shipping performance are (i) Global oil demand (ii) worldwide GDP growth and (iii) 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**

- US Refinery throughout peaked in the summer 2013 at 16 million barrels per day (in excess of 90% utilisation) and it is currently running at 15.25 million barrels per day. Average exports last year ran at an average of 3 million barrels per day. Q1 2014 exports of products have been about 3.6 million barrels per day, and have been declining going into April.
- Russian refineries are incentivised to run due to favourable export tax leading to increasing exports of distillates and fuel oil.
- China will add 500,000 barrels per day of new refining capacity. Falling domestic demand for distillates has led to exports under Government licenses. Exports are set to increase by as much as 300,000 barrels per day over the next two years. In 2013 China exported around 700,000 barrels per day of products.
- Australian refinery closures have led to increase in imports. In 2014 they will have to import about 35% of their gasoline demand and 55% of their Distillate demand.

- Middle East refinery capacity will increase by 1.2 million barrels per day by the end of 2015. Even if domestic demand increases by 3% middle distillates export are set to increase by about 400,000 barrels per day.
- A total of just below 10 million barrels per day of new refining capacity will be added between 2014 and 2020. Of which over two thirds will be added in the Middle East and Asia. These are highly efficient cost efficient refineries and are likely to run at high utilisation rates irrespective of domestic demand.

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

- An area of concern is that there has been very strong ordering of MR tankers over the last couple of years, however there is a certain amount of speculation of exactly how many orders have been placed and the reports range from 300 up to 400 for delivery in the next 3 years.
- The order book for delivery for this year ranges from 90 – 150, however based on historical figures for the last couple of years we would expect the order book for 2014 to be around 90-100 ships and the same for the following year.
- 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.
- Despite the fact that the MR fleet has a relatively young average age of 8.8 years there are 319 ships over the age of 15 years of which 166 are over 20 years old and 66 over 25 years old.
- About 25 MR Product tankers have been delivered in Q1 2014. About 15 tankers were permanently removed, with an average age of 24 years.
- With the introduction of modern fuel efficient vessels, the potential earnings differential between mature and modern tonnage will become more pronounced. The earnings disparity will put further pressure on older tonnage and may well bring about the lowering of the scrap age. Time charter rates for new buildings for the Palm oil voyages from Asia to Europe exceed those for older ships by \$2,000 per day.
- Port delays, slow steaming and increasing length of voyages are very much a factor in trading product Tankers and are effectively reducing the ready supply of tonnage.

**D' AMICO INTERNATIONAL SHIPPING GROUP**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2014**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

<i>US\$ Thousand</i>	<b>Q1 2014</b>	<b>Q1 2013 <sup>(1)</sup></b>
Revenue	68 873	79 475
Voyage costs	(22 423)	(29 358)
<b>Time charter equivalent earnings</b>	<b>46 450</b>	<b>50 117</b>
Time charter hire costs	(24 122)	(22 723)
Other direct operating costs	(14 348)	(13 952)
General and administrative costs	(4 369)	(2 901)
Other operating income	196	123
<b>EBITDA</b>	<b>3 807</b>	<b>10 664</b>
Depreciation	(8 048)	(7 681)
<b>EBIT</b>	<b>(4 240)</b>	<b>2 983</b>
Net financial income (charges)	(2 457)	857
<b>Profit / (loss) before tax</b>	<b>(6 697)</b>	<b>3 840</b>
Income taxes	(136)	(659)
Result of the JV	(3)	-
<b>Net profit / (loss)</b>	<b>(6 836)</b>	<b>3 181</b>
<i>The net result is entirely attributable to the equity holders of the Company</i>		
<b>Earnings / (loss) per share <sup>(2)</sup></b>	<b>US\$ (0.016)</b>	<b>US\$ 0.009</b>

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

<i>US\$ Thousand</i>	<b>Q1 2014</b>	<b>Q1 2013 <sup>(1)</sup></b>
Profit / (loss) for the period	(6 836)	3 181
<i>Items that can subsequently be reclassified into Profit or Loss</i>		
Cash flow hedges	1 708	762
<b>Total comprehensive income for the period</b>	<b>(5 128)</b>	<b>3 943</b>
<i>The net result is entirely attributable to the equity holders of the Company</i>		
<b>Earnings / (loss) per share</b>	<b>US\$ (0.012)</b>	<b>US\$ 0.011</b>

<sup>1</sup> Adjusted for the effects of the first-time retrospective application of new IFRSs. Reference for further details should be made to the section "Accounting principles adopted from 1<sup>st</sup> of January 2014" within Note 1 in the Notes to the Group interim report.

<sup>2</sup> In the first quarter of 2014 the earnings per share have been calculated on a number of shares equal to 421.955.327, while in the first three months of 2013 it was calculated on a number of shares of 359.879.774.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	As at 31 March 2014	As at 31 December 2013 <sup>(1)</sup>
<b>ASSETS</b>		
Tangible assets	578 949	494 276
Investments and other Non-current financial assets	25 625	24 990
Other Non-current financial assets	-	686
<b>Total non-current assets</b>	<b>604 574</b>	<b>519 952</b>
Inventories	11 781	13 354
Receivables and other current assets	38 526	31 527
Other current financial assets	2 261	1 333
Cash and cash equivalents	48 982	33 170
<b>Total current assets</b>	<b>101 550</b>	<b>79 384</b>
<b>TOTAL ASSETS</b>	<b>706 124</b>	<b>599 336</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Share capital	42 196	35 988
Retained earnings	30 812	37 648
Other reserves	275 354	249 377
<b>Total shareholders' equity</b>	<b>348 362</b>	<b>323 013</b>
Banks and other lenders	294 789	222 651
Other non-current financial liabilities	225	-
<b>Total non-current liabilities</b>	<b>295 014</b>	<b>222 651</b>
Banks and other lenders	18 651	13 368
Payables and other current liabilities	35 083	30 706
Other current financial liabilities	8 283	8 612
Current tax payable	731	986
<b>Total current liabilities</b>	<b>62 748</b>	<b>53 672</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>706 124</b>	<b>599 336</b>

7 May 2014

On behalf of the Board

*Paolo d'Amico*  
Chairman

*Marco Fiori*  
Chief Executive Officer

<sup>1</sup> Adjusted for the effects of the first-time retrospective application of new IFRSs. Reference for further details should be made to the section "Accounting principles adopted from 1<sup>st</sup> of January 2014" within Note 1 in the Notes to the Group interim report.

## CONSOLIDATED STATEMENT OF CASH FLOW

<i>US\$ Thousand</i>	Q1 2014	Q1 2013 <sup>(1)</sup>
<b>Profit / (loss) for the period</b>	<b>(6 836)</b>	<b>3 181</b>
Depreciation and amortisation	8 048	7 681
Current and deferred income tax	136	659
Financial charges	2 563	(978)
Fair value on foreign currency retranslation	(52)	(1 932)
Other non-cash items	(55)	(64)
<b>Cash flow from operating activities before changes in working capital</b>	<b>3 804</b>	<b>8 547</b>
Movement in inventories	1 573	6 491
Movement in amounts receivable	(6 999)	748
Movement in amounts payable	4 377	(3 370)
Taxes paid	(398)	(8)
Net financial charges paid	(426)	(241)
<b>Net cash flow from operating activities</b>	<b>1 931</b>	<b>12 167</b>
Acquisition of fixed assets	(92 720)	(25 155)
Net acquisition of subsidiaries	(264)	-
<b>Net cash flow from investing activities</b>	<b>(92 984)</b>	<b>(25 155)</b>
Share Capital increase	30 477	-
Movement in other financial payable	-	(20 000)
Movement in other financial receivable	-	2 625
Bank loan repayments	(4 791)	(3 134)
Bank loan draw-downs	81 000	-
<b>Net cash flow from financing activities</b>	<b>106 686</b>	<b>(20 509)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>15 633</b>	<b>(33 497)</b>
Cash and cash equivalents at the beginning of the period	33 170	116 706
Exchange gain (loss) on cash and cash equivalents	179	271
<b>Cash and cash equivalents at the end of the period</b>	<b>48 982</b>	<b>83 480</b>

<sup>1</sup> Adjusted for the effects of the first-time retrospective application of new IFRSs. Reference for further details should be made to the section "Accounting principles adopted from 1<sup>st</sup> of January 2014" within Note 1 in the Notes to the Group interim report.

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>US\$ Thousand</i>	Share capital	Retained earnings	Other Reserves <i>Other</i>	Cash-Flow hedge	Total
<b>Balance as at 1 January 2014 as reported</b>	<b>35 988</b>	<b>31 292</b>	<b>252 354</b>	<b>(2 937)</b>	<b>316 697</b>
Adjustment	-	6 356	14	-	6 370
<b>Balance as at 1 January 2014 Adjusted <sup>(1)</sup></b>	<b>35 988</b>	<b>37 648</b>	<b>252 368</b>	<b>(2 937)</b>	<b>323 067</b>
Capital increase	6 208	-	24 269	-	30 477
Other changes (consolidation reserve)	-	-	64	-	
Total comprehensive income	-	(6 836)	-	1 708	(5 128)
<b>Balance as at 31 March 2014</b>	<b>42 196</b>	<b>30 812</b>	<b>276 583</b>	<b>(1 229)</b>	<b>348 362</b>

<i>US\$ Thousand</i>	Share capital	Retained earnings	Other Reserves <i>Other</i>	Cash-Flow hedge	Total
<b>Balance as at 1 January 2013 as reported</b>	<b>35 988</b>	<b>12 439</b>	<b>252 437</b>	<b>(6 656)</b>	<b>294 208</b>
Adjustment	-	14 908	-	-	14 908
<b>Balance as at 1 January 2013 Adjusted <sup>(1)</sup></b>	<b>35 988</b>	<b>27 347</b>	<b>252 437</b>	<b>(6 656)</b>	<b>309 116</b>
Other changes	-	-	(741)	-	(741)
Total comprehensive income	-	3 181	-	762	3 943
<b>Balance as at 31 March 2013 Adjusted <sup>(1)</sup></b>	<b>35 988</b>	<b>30 528</b>	<b>251 536</b>	<b>(5 894)</b>	<b>312 158</b>

<sup>a</sup> Adjusted for the effects of the first-time retrospective application of new IFRSs. Reference for further details should be made to the section "Accounting principles adopted from 1<sup>st</sup> of January 2014" within Note 1 in the Notes to the Group interim report.

## NOTES

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

The d'Amico International Shipping 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.

The accounts are prepared on the basis of historic cost convention, with the exception of certain financial investments, which are stated at fair value.

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.

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### 1. ACCOUNTING POLICIES

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The financial statements present the results of the parent company, d'Amico International Shipping SA, and its subsidiaries for the period ended 31 March 2014. The accounting policies have been consistently applied.

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

#### Basis of Consolidation

The financial statements present the consolidated results of the parent company, d'Amico International Shipping SA, and its subsidiaries for the year ended 31 March 2014.

#### Critical Accounting Judgments and Key Estimates

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

## Segment Information

d'Amico International Shipping only operates in one business segment: Product Tankers. With reference to geographical area, the Group only has one geographical segment, considering the global market as a whole, and the fact that individual vessels deployment is not limited to a specific area of the world.

## Accounting principles

### ***Accounting principles adopted from 1st of January 2014***

IFRS 10, IFRS 11 and IFRS 12 are effective for accounting periods beginning on or after 1 January 2014 as adopted by the EU. The new standards are to be applied retrospectively.

IFRS 10 "Consolidated Financial Statements" 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 for d'Amico International Shipping remain unchanged from those that are required by the current IAS 27, 'Consolidated and Separate Financial Statements'. As a result of applying IFRS 10, d'Amico International Shipping Group has adjusted its accounting policies to reflect the revised definition of "control".

IFRS 11 "Joint Arrangements" applies to all entities that are a party to a joint arrangement and replaces 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'. As a result, certain line items previously proportionally consolidated are impacted. When the Group share of losses of a joint venture equals or exceeds its interest in it, it does not recognise further losses on its interest unless there is a legal or constructive obligation. Whenever any significant change in the main assumptions of any joint arrangement occurs, the assessment will be re-performed to ensure the correct treatment.

To comply with the application of IFRS 11, the Group assessed its control on structure, legal form, terms of the contractual arrangements and other facts and circumstances of the joint arrangements; as a result, 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 and Eco Tankers Ltd., the principal object of which is the construction and the operation of vessels, that were previously included in a proportional consolidation, will be treated as a Joint Venture and the equity method of accounting will be applied, having the parties jointly controlling the arrangement the right to its net assets. In the case of DM Shipping, the key issue is that the co-shareholders are also the principal customer of the companies and the charter hire is the principal driver of variable returns of the company. In the other instance – Eco Tankers Limited - DIS exerts binding management authority assuming responsibility for its operation.

IFRS 12 "Disclosures of Interests in Other Entities" 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.



IAS1 "Presentation of financial statements". The retrospective application of IFRS 10, IFRS 11 and IFRS 12 resulted in the following adjustments being made to the figures for the prior-year periods disclosed in the Statement of Profit or Loss, the Statement of financial position and the Statement of cash-flow. There was no effect of the Statement of other comprehensive income and the effect of the earnings per share was immaterial:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>US\$ Thousand</i>	Q1 2013 as reported	Adjustment January to March 2013	Q1 2013 Adjusted
Revenue	79 475	-	79 475
Voyage costs	(29 358)	-	(29 358)
<b>Time charter equivalent earnings</b>	<b>50 117</b>	-	<b>50 117</b>
Time charter hire costs	(21 282)	(1 441)	(22 723)
Other direct operating costs	(14 504)	552	(13 952)
General and administrative costs	(2 923)	22	(2 901)
Other operating income	123	-	123
<b>EBITDA</b>	<b>11 531</b>	<b>(867)</b>	<b>10 664</b>
Depreciation	(8 128)	447	(7 681)
<b>EBIT</b>	<b>3 403</b>	<b>(420)</b>	<b>2 983</b>
Net financial income (charges)	4 848	(3 991)	857
<b>Profit / (loss) before tax</b>	<b>8 251</b>	<b>(4 411)</b>	<b>3 840</b>
Income taxes	(661)	2	(659)
<b>Net profit / (loss)</b>	<b>7 590</b>	<b>(4 409)</b>	<b>3 181</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	31 December 2013 as reported	Adjustment 31 December 2013	31 December 2013 Adjusted
<b>ASSETS</b>			
Tangible assets	529 362	(35 086)	494 276
Investments and other Financial assets	-	24 990	24 990
Other Non-current financial assets	686	-	686
<b>Total non-current assets</b>	<b>530 048</b>	<b>(10 096)</b>	<b>519 952</b>
Inventories	15 029	(1 675)	13 354
Receivables and other current assets	34 812	(3 283)	31 527
Other current financial assets	1 333	-	1 333
Cash and cash equivalents	34 684	(1 514)	33 170
<b>Total current assets</b>	<b>85 858</b>	<b>(6 472)</b>	<b>79 384</b>
<b>TOTAL ASSETS</b>	<b>615 906</b>	<b>(16 514)</b>	<b>599 336</b>

<i>US\$ Thousand</i>	<b>31 December 2013 as reported</b>	<b>Adjustment 31 December 2013</b>	<b>31 December 2013 Adjusted</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	35 988	-	35 988
Retained earnings	31 292	6 356	37 648
Other reserves	249 417	14	249 377
<b>Total shareholders' equity</b>	<b>316 697</b>	<b>6 377</b>	<b>323 013</b>
Banks and other lenders	236 842	(14 191)	222 651
<b>Total non-current liabilities</b>	<b>236 842</b>	<b>(14 191)</b>	<b>222 651</b>
<b>Current liabilities</b>			
Banks and other lenders	15 881	(2 513)	13 368
Payables and other current liabilities	36 888	(6 182)	30 706
Other current financial liabilities	8 612	-	8 612
Current tax payable	986	-	986
<b>Total current liabilities</b>	<b>62 367</b>	<b>(8 695)</b>	<b>53 672</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>615 906</b>	<b>(16 515)</b>	<b>599 336</b>

#### CONSOLIDATED STATEMENT OF CASH FLOW

<i>US\$ Thousand</i>	<b>Q1 2013 as reported</b>	<b>Adjustment January to March 2013</b>	<b>Q1 2013 Adjusted</b>
Cash flow from operating activities	16 136	(3 969)	12 167
Cash flow from investing activities	(25 155)	-	(25 155)
Cash flow from financing activities	(23 924)	3 415	(20 509)
<b>Change in cash balance</b>	<b>(32 943)</b>	<b>(554)</b>	<b>(33 497)</b>
Cash and cash equivalents at the beginning of the period	117 617	(911)	116 706
Exchange gain/(loss) on cash and cash equivalents	271	-	271
<b>Cash and cash equivalents at the end of the period</b>	<b>84 945</b>	<b>(1 465)</b>	<b>83 480</b>

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## 2. COMMITMENTS AND CONTINGENCIES

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### Capital commitments

As at March 31 2014, the Group's capital commitments amounted to US\$ 293.3 million, of which payments over the next 12 months amounted to US\$ 111.6 million.

<i>US\$ Million</i>	<b>As at 31 March 2014</b>	<b>As at 31 December 2013 (1)</b>
Within one year	111.6	154.1
Between 1 – 3 years	181.7	156.3
Between 3 – 5 years	0.0	-
More than 5 years	0.0	-
	<hr/> 293.3	<hr/> 310.4

<sup>1)</sup> Adjusted for the effects of the first-time retrospective application of new IFRSs. Reference for further details should be made to the section "Accounting principles adopted from 1<sup>st</sup> of January 2014" within Note 1 in the Notes to the Group interim report.

Capital commitments relate to the payment for: 6 Hyundai-Mipo dockyard 40,000 dwt Product/chemical tanker newbuilding vessels, 9 Hyundai-Mipo dockyard 50,000 dwt Product/chemical tanker newbuilding vessels. All DIS newbuilding vessels are expected to be delivered between 2014 and January 2017.

7 May 2014

On behalf of the Board

*Paolo d'Amico*  
Chairman

*Marco Fiori*  
Chief Executive Officer

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

*Giovanni Barberis*  
Chief Financial Officer

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## CONTACTS

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