



## **d'Amico International Shipping S.A. Half-Yearly / Second Quarter 2015 Financial Report**

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d'Amico International Shipping S.A.

Registered office at 25C Boulevard Royal, Luxembourg

Share capital US\$ 42,284,239.80 as at 30 June 2015

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## **BOARD OF DIRECTORS AND CONTROL BODIES**

### **BOARD OF DIRECTORS**

#### *Chairman*

Paolo d'Amico

#### *Chief Executive Officer*

Marco Fiori

#### *Directors*

Cesare d'Amico

Massimo Castrogiovanni

Stas Andrzej Jozwiak

Giovanni Battista Nunziante

John Joseph Danilovich

Heinz Peter Barandun

Giovanni Barberis

### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers, Société Coopérative

## KEY FIGURES

### FINANCIALS

Q2 2015	Q2 2014	US\$ Thousand	H1 2015	H1 2014
81 157	48 649	Time charter equivalent (TCE) earnings	158 125	95 099
23 432	10 391	EBITDA	45 081	14 198
28.87%	21.36%	as % of margin on TCE	28.51%	14.93%
17 734	1 727	EBIT	29 755	(2 513)
21.85%	3.55%	as % of margin on TCE	18.82%	(2.64)%
18 690	1 385	Net profit / (loss)	30 050	(5 451)
23.03%	2.85%	as % of margin on TCE	19.00%	(5.73)%
0.044	(0.003)	Earnings / (loss) per share	0.071	(0.013)
19 121	6 623	Operating cash flow	30 202	8 554
(42 873)	(44 893)	Gross CAPEX	(70 894)	(137 613)
			As at 30 June 2015	As at 31 December 2014
		Total assets	826 728	804 518
		Net financial indebtedness	374 039	340 949
		Shareholders' Equity	364 561	334 905

### OTHER OPERATING MEASURES

Q2 2015	Q2 2014		H1 2015	H1 2014
17 619	13 972	<b>Daily operating measures</b> - TCE earnings per employment day (US\$) <sup>1</sup>	17 281	13 806
52.1	39.1	<b>Fleet development</b> - Total vessel equivalent	52.1	39.4
23.0	20.2	- Owned	22.8	19.9
29.1	18.9	- Chartered	29.3	19.5
2.8%	1.8%	Off-hire days/ available vessel days <sup>2</sup> (%)	3.0%	2.6%
43.7%	55.2%	Fixed rate contract/ available vessel days <sup>3</sup> (coverage %)	44.2%	55.6%

<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.

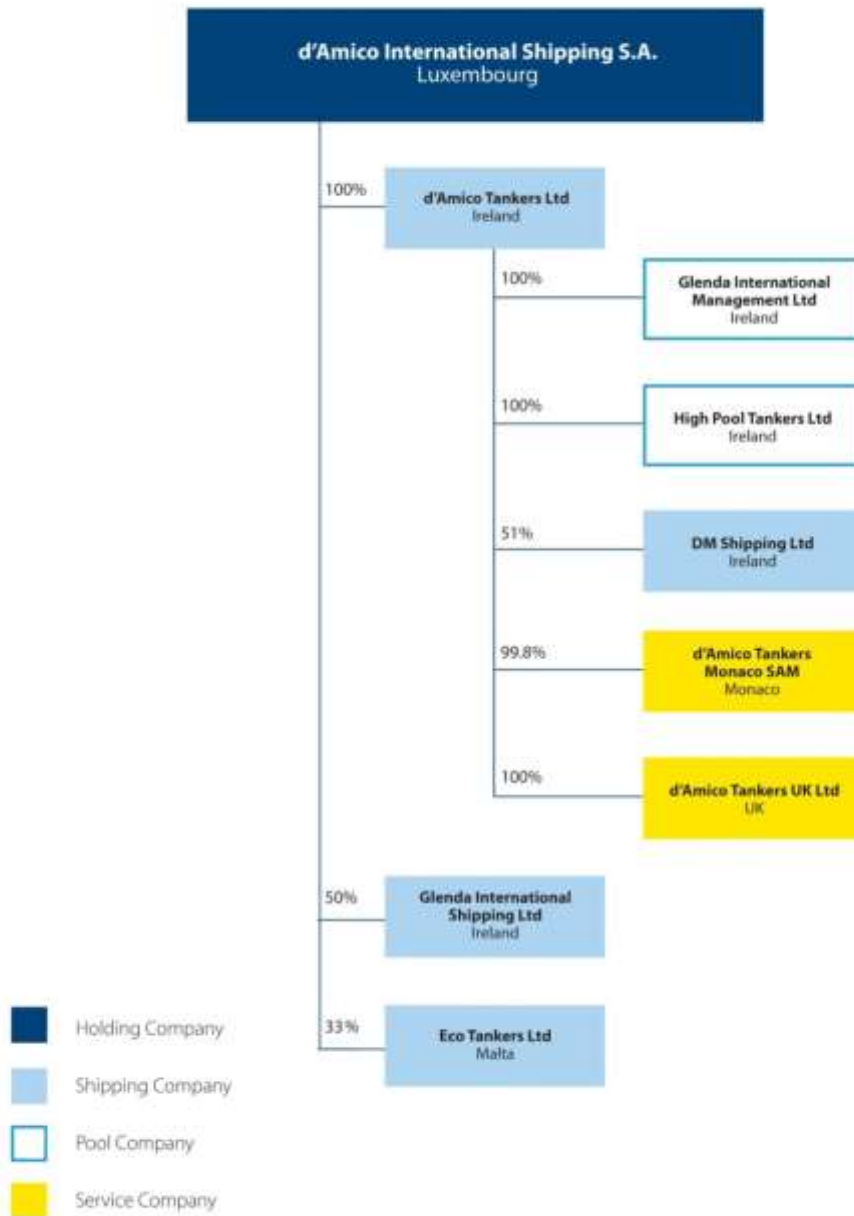
<sup>2</sup> This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

<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:



Note: from 1 January 2014 DM Shipping Ltd.(Ireland) and Eco Tankers Ltd (Malta) are consolidated following the equity method, as a consequence of 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 7.6 years, compared to an average in the product tankers industry of 9.4 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 2015, 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 2015, which consists of **51.8** vessels (June 30 2014: 38.8)

<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 Loyalty	49,990	2015	Hyundai Mipo, South Korea	IMO II/III
High Voyager	45,999	2014	Hyundai Mipo, South Korea	IMO II/III
High Fidelity	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Sun <sup>4</sup>	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Discovery	50,036	2014	Hyundai Mipo, South Korea	IMO II/III
High Freedom	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Tide	51,768	2012	Hyundai Mipo, South Korea	IMO II/III
High Seas	51,678	2012	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melissa <sup>5</sup>	47,203	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Meryl <sup>6</sup>	47,251	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melody <sup>5</sup>	47,238	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melanie <sup>6</sup>	47,162	2010	Hyundai Mipo, South Korea	IMO II/III
GLEND A Meredith <sup>6</sup>	46,147	2010	Hyundai Mipo, South Korea	IMO II/III
GLEND A Megan <sup>5</sup>	47,147	2009	Hyundai Mipo, South Korea	IMO II/III
High Prosperity	48,711	2006	Imabari, Japan	-
High Venture	51,087	2006	STX, South Korea	IMO II/III
High Presence	48,700	2005	Imabari, Japan	-
High Performance	51,303	2005	STX, South Korea	IMO II/III
High Progress	51,303	2005	STX, South Korea	IMO II/III
High Valor	46,975	2005	STX, South Korea	IMO II/III
High Courage	46,975	2005	STX, South Korea	IMO II/III
High Priority	46,847	2005	Nakai Zosen, Japan	-
High Endeavour	46,992	2004	STX, South Korea	IMO II/III
High Endurance	46,992	2004	STX, South Korea	IMO II/III

<sup>4</sup> Vessel owned by Eco Tankers Limited (in which DIS has 33% interest)

<sup>5</sup> Vessels owned by GLEND A International Shipping Limited (in which DIS has 50% interest) and time chartered to d'Amico Tankers Limited

<sup>6</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 Pearl	48,023	2009	Imabari, Japan	-
High Enterprise	45,800	2009	Shin Kurushima, Japan	-
<b>Time chartered without purchase option</b>				
Carina	47,962	2010	Iwagi Zosen, Japan	-
Future Prosperity	47,990	2010	Iwagi Zosen, Japan	-
High Strength <sup>7</sup>	46,800	2009	Nakai Zosen, Japan	-
High Force	53,603	2009	Shin Kurushima, Japan	-
High Efficiency <sup>7</sup>	46,547	2009	Nakai Zosen, Japan	-
High Current	46,590	2009	Nakai Zosen, Japan	-
High Beam	46,646	2009	Nakai Zosen, Japan	-
High Jupiter	51,149	2008	STX, South Korea	IMO II/III
High Mercury	51,149	2008	STX, South Korea	IMO II/III
Freja Baltic	47,548	2008	Onimichi Dockyard, Japan	-
High Glow	46,846	2006	Nakai Zosen, Japan	-
Citrus Express	53,688	2006	Shin Kurushima, Japan	-
Freja Hafnia	53,700	2006	Shin Kurushima, Japan	-
High Power	46,874	2004	Nakai Zosen, Japan	-
Baizo	44,997	2004	Onimichi Dockyard, Japan	-
Port Said	45,999	2003	STX, South Korea	IMO II/III
Port Stanley	45,996	2003	STX, South Korea	IMO II/III
Port Union	46,256	2003	STX, South Korea	IMO II/III
Port Moody	44,999	2002	STX, South Korea	IMO II/III

### Handysize fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
<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 without purchase option</b>				
Cielo di Guangzhou <sup>8</sup>	38,877	2006	Guangzhou, China	IMO II
Cielo di Milano	40,081	2003	Shina Shipbuilding Co., South Korea	IMO II/III
Port Stewart	38,877	2003	Guangzhou, China	-
Cielo di Roma	40,096	2003	Shina Shipbuilding Co., South Korea	IMO II/III
Port Russel	37,808	2002	Guangzhou, China	IMO II/III
Port Louis	37,791	2002	Guangzhou, China	-

As at June 30 2015, d'Amico International Shipping directly employed 50.8 Vessels: 21.8 MRs ('Medium Range')

<sup>7</sup> Vessels owned by DM Shipping Limited (in which DIS has 51% interest) and time chartered to d'Amico Tankers Limited

<sup>8</sup> Bare-boat charter contract

and 2 Handy-size vessels on fixed term contract, whilst 20 MRs and 7 Handy-size vessels are currently employed on the spot market. In addition to this, the Group employs a portion of its controlled vessels through some partnership arrangements.

*High Pool Tankers Limited* – a Pool with JX Ocean Co. Limited, Japan and Mitsubishi Corporation. Following a reorganization process completed at the beginning of July 2015, all the Pool vessels (11 MR product tankers as at March 31 2015) were delivered to d'Amico Tankers Limited, which is now operating them directly on the market.

*GLENDIA International Shipping Limited*, a 50/50 joint venture with the Glencore Group. The JV Company owns 6 MR vessels built 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. As a result of this process, 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 with the Mitsubishi Group. The JV Company owns 2 MR vessels, built respectively in July and October 2009.

*Eco Tankers Limited*, a joint venture with Venice Shipping Logistics S.p.A., in which d'Amico International Shipping SA has 33% shareholding. The JV Company signed a contract with Hyundai Mipo Dockyard Co., Ltd for the construction of an eco-design MR product tanker of 50,000 dwt, at their Vietnamese facility, Hyundai-Vinashin Shipyard Co., Ltd and delivered in May 2014. The d'Amico Group is responsible for the commercial, technical and administrative management of the vessel.

d'Amico International Shipping is part of the d'Amico Group, 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 94.3 owned and chartered-in vessels, of which 51.8 are part of the DIS fleet, operating in the product tanker market, while the remaining 42.5 vessels are mainly dry-bulk carriers controlled by other companies of the d'Amico Group. d'Amico International Shipping benefits from a strong brand name and a well-established reputation in the international markets due to the long operating history of the d'Amico Group. In addition, it benefits from the expertise of the d'Amico Group, which provides support for technical management services, as well as safety, quality and technical products and services to DIS' vessels, including crewing and insurance arrangements.

d'Amico International Shipping operates from Luxembourg, Ireland, UK, Monaco, Singapore and the USA. As at June 30 2015, the Group employed 605 seagoing personnel and 36 onshore personnel.



## Financial review

### SUMMARY OF THE RESULTS IN THE SECOND QUARTER AND FIRST HALF OF 2015

The IMF in their latest World Economic Outlook (WEO) Global growth is projected at 3.3% in 2015, marginally lower than in 2014, with a pickup in advanced economies and a slowing in developing economies. In 2016, growth is expected to strengthen to 3.8%. Global growth remains modest, with uneven prospects across the main countries and regions. A setback to activity in the first quarter of 2015, mostly in North America, has resulted in a small downward revision to global growth for 2015 relative to the April 2015 World Economic Outlook (WEO). In emerging market economies, the continued low growth reflects several factors, including lower commodity prices and tighter external financial conditions and economic distress related to geopolitical factors. A rebound in activity in a number of distressed economies is expected to result in a pickup in growth in 2016. Lower commodity prices also pose risks to the outlook in low-income developing economies after many years of strong growth.

The International Energy Agency (IEA) has eased their forecast for global oil demand for 2015 in their latest monthly Oil Market Report. Oil demand growth peaked at 1.8 million b/d in Q1 2015 and they have toned down their expectations for growth of 1.4 million b/d for the entire year or 94 million b/d in total.

Global oil product demand is forecast to average 95.2 million b/d in 2016, a rise of 1.2 million b/d. The global gain stems almost entirely from additional non-OECD demand.

Oil prices remain low, the price of Brent traded between about US\$ 67 and US\$ 57 per barrel throughout the second quarter of the current year.

Product tanker markets remained firm throughout Q2 2015. A strengthening of demand in Q1 and the low oil prices increased trading opportunities. In the Atlantic Basin very high freight rates for Jones Act tankers hindered the movement of gasoline from the Gulf Coast to the key Atlantic Coast. This in turn resulted in an increase in demand for Product tankers on the Europe to US route. In June nearly 50 cargoes carrying a total of 13 million barrels of gasoline were fixed for shipment from Europe to the United States.

In the Middle East and Asia the market continued to strengthen during Q2 2015 as the start-up of Aramco's Yanbu refinery and the UAE's Ruwais expansion, stimulated refined products tanker demand. Even though these two new refineries did not run at full capacity throughout the quarter, the increased production in this area coupled with strong refining margins in the OECD supported refined products tanker demand during the quarter.

With refinery maintenance coming to an end, global refinery crude run estimates for Q2 15 reached 78.7 million b/d, an all-time record, with a very substantial 2.3 million b/d year on year growth. Refinery runs remain robust across all products particularly on Gasoline.

General sentiment remained good with increased activity and healthy market returns. The perceived rate assessment for a one year Time Charter for an MR Product tanker has now moved in line with the spot market. The one year rate is the best indicator of spot market expectations. In Q1 2015 the one year Time Charter rate for an MR remained flat at US\$ 15,250 per day and rose throughout Q2 to reach US\$ 18,500 per day going into Q3.

Thanks to the very strong market momentum, DIS was able to record its best first-half results since 2008. In fact, the Company generated a **Net Profit of US\$ 30.1 million in H1 2015** compared to US\$ 5.5 Net Loss posted in the same period of 2014. After a strong Q1, the refined products tanker market continued to strengthen throughout the second quarter of 2015. In fact, DIS recorded a **Net Profit of US\$ 18.7 million in Q2 2015** compared to US\$ 11.4 million profit posted in Q1 2015 and to US\$ 1.4 million positive Net Result registered in the same quarter last year.

In this scenario, DIS generated a **Daily Average Spot Rate of US\$ 19,026 in H1 2015**, a level which is US\$ 6,349/day higher than the same period last year (H1 2014: US\$ 12,677). In particular, the **second quarter of the year** was even stronger than the first one, allowing DIS to realize a **Daily Average Spot Rate of US\$ 19,533**, compared to US\$ 18,503 achieved in the previous quarter of 2015 and to US\$ 13,144 generated in Q2 2014.

At the same time, 44.2% of DIS total employment days, were covered through 'time charter' contracts at an average daily rate of US\$ 15,081. Therefore DIS total Daily Average Rate (which includes both the spot and the

time charter activity) was US\$ 17,281 in the first six months of the current year compared to US\$ 13,806 in H1 2014.

On the back of the very positive TCE result, DIS achieved an **EBITDA of US\$ 45.1 million in H1 2015** compared to US\$ 7.8 million registered in the same period last year<sup>9</sup>. This level is **72% higher than the total recurring EBITDA generated in the whole of 2014<sup>9</sup>** (H1 2015: US\$ 45.1 million vs. FY 2014<sup>9</sup>: US\$ 26.3 million). Consequently, **DIS' 'EBITDA Margin on TCE Earnings' rose from 8.3%<sup>9</sup> in H1 2014 to 28.5% in the first six months of the current year.**

Such solid improvement in EBITDA performance led also to **positive operating cash flow of US\$ 30.2 million in H1 2015**, compared to US\$ 8.6 million generated in the same period last year.

In H1 2015, DIS had **US\$ 70.9 million 'capital expenditures'**, mainly in relation to its newbuilding plan. In the second quarter of the year, DIS has further expanded its investment plan through the order of 4 'Eco design' LR1 (Long Range – 75,000 dwt) product tankers, expected to be delivered by Hyundai Mipo Dockyard Co. Ltd. (South Korea) between mid-2017 and early-2018, for a total consideration of about US\$ 44.0 million each.

DIS has ordered a total of 20 'Eco design' product tankers<sup>10</sup> (10 MR, 6 Handysize and 4 LR1 vessels), of which 8<sup>10</sup> vessels have been already delivered as at the end of June 2015. This corresponds to an overall **investment plan** of approximately **US\$ 667.0 million** and reaffirms the Company's strategy to modernize its fleet through newbuildings with eco-innovative design. Further, DIS has already fixed 13 of its newbuilding vessels on long-term Time Charter contracts with three Oil-majors and a leading refining company, all at profitable levels.

## OPERATING PERFORMANCE

Q2 2015	Q2 2014	US\$ Thousand	H1 2015	H1 2014
110 113	72 278	Revenue	212 115	141 151
(28 956)	(23 629)	Voyage costs	(53 990)	(46 052)
<b>81 157</b>	<b>48 649</b>	<b>Time charter equivalent earnings</b>	<b>158 125</b>	<b>95 099</b>
(37 383)	(25 535)	Time charter hire costs	(72 162)	(49 657)
(16 722)	(14 785)	Other direct operating costs	(33 963)	(29 133)
(3 678)	(4 507)	General and administrative costs	(7 112)	(8 876)
58	218	Other operating income	193	414
-	6 351	Result from disposal of vessels	-	6 351
<b>23 432</b>	<b>10 391</b>	<b>EBITDA</b>	<b>45 081</b>	<b>14 198</b>
(5 698)	(8 663)	Depreciation	(15 326)	(16 711)
<b>17 734</b>	<b>1 727</b>	<b>EBIT</b>	<b>29 755</b>	<b>(2 513)</b>
1 477	(123)	Net financial income (charges)	1 430	(2 580)
92	77	Share of profit of associate	177	74
<b>19 903</b>	<b>1 681</b>	<b>Profit / (loss) before tax</b>	<b>31 362</b>	<b>(5 019)</b>
(613)	(296)	Income taxes	(1 312)	(432)
<b>18 690</b>	<b>1 385</b>	<b>Net profit / (loss)</b>	<b>30 050</b>	<b>(5 451)</b>

**Revenue** was US\$ 212.1 million in H1 2015 (US\$ 141.2 million in H1 2014) and US\$ 110.1 million in Q2 2015 (US\$ 72.3 million in Q2 2014). The 50% increase in gross revenues compared to the H1 2014 was mainly a consequence

<sup>9</sup> Excluding the 'Result on disposal of vessels' generated in 2014

<sup>10</sup> Including M/T High Sun, an MR vessel ordered at Hyundai Mipo Dockyard Co. Ltd. and owned by Eco Tankers Limited (in which DIS has 33% interest, in JV with Venice Shipping and Logistics S.p.A.)

of the strong market momentum in product tanker industry. In addition to this, the Company operated on average a larger number of vessels in H1 2015 compared to the previous year (H1 2015: 52.1 vs. H1 2014: 39.4). The off-hire days percentage in H1 2015 (3.0%) was substantially in line with the same period of the previous year.

**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\$ 54.0 million in H1 2015 and US\$ 29.0 million in Q2 2015 (US\$ 46.1 million and US\$ 23.6 million respectively in the same periods of 2014).

**Time charter equivalent earnings** were US\$ 158.1 million in H1 2015 (US\$ 95.1 million in H1 2014) and US\$ 81.2 million in Q2 2015 (US\$ 48.6 million in Q2 2014), benefitting from the very strong product tanker market which characterized the first half of 2015.

In fact, DIS realized a **Daily Average Spot Rate of US\$ 19,026 in H1 2015** compared to US\$ 12,677 in H1 2014. After a robust start of the year, the market gained further momentum going into Q2, allowing DIS to achieved a Daily Average Spot Rate of US\$ 19,533 in the second quarter of 2015, compared to US\$ 13,144 recorded in Q2 2014.

At the same time and according to its strategy, DIS maintained a high level of 'coverage' (fixed contracts) throughout the first part of 2015, securing an average of 44.2% (H1 2014: 55.6%) of its revenue at an Average Daily Fixed Rate of US\$ 15,081 (H1 2014: US\$ 14,707). 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 (US dollars)	2014					2015		
	Q1	Q2	H1	Q3	Q4	Q1	Q2	H1
Spot	12,191	13,144	<b>12,677</b>	13,867	15,076	18,503	19,533	<b>19,026</b>
Fixed	14,770	14,645	<b>14,707</b>	14,762	14,879	15,010	15,153	<b>15,081</b>
Average	13,637	13,972	<b>13,806</b>	14,296	14,985	16,939	17,619	<b>17,281</b>

**Time charter hire costs** relate to the chartered-in vessels and amounted to US\$ 72.2 million in H1 2015 and US\$ 37.4 million in Q2 2015 (US\$ 49.7 million in H1 2014 and US\$ 25.5 million in Q2 2014). The increase compared to the same period last year is due to the higher average number of chartered-in vessels in the first half of 2015 (H1 2015: 29.3 vs. H1 2014: 19.5). The number of chartered-in vessels increased substantially in the second part of 2014, following the 13 vessels delivered to DIS in the period. All these contracts have been made at historically attractive levels, reducing the average daily cost of DIS TC-In fleet and boosting the Company's margins in 2015.

**Other direct operating costs** mainly consist of crew, technical, luboil and insurance expenses relating to the operation of owned vessels. These costs were US\$ 34.0 million in H1 2015 (US\$ 29.1 million in H1 2014) and US\$ 16.7 million in Q2 2015 (US\$ 14.8 million in Q2 2014). The increase in absolute values compared to the previous year, is mainly due to the larger number of owned vessels in 2015, following the delivery of 7<sup>11</sup> 'eco-design' newbuilding tankers between 2014 and the first part of the current 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** were US\$ 7.1 million in H1 2015 (US\$ 8.9 million in H1 2014) and US\$ 3.7 million in Q2 2015 (US\$ 4.5 million in Q2 2014). These costs mainly relate to on-shore personnel, together with premises costs, consultancies, travel expenses and others. The positive trend in the first part of 2015 (20% reduction compared to H1 2014) is mainly explained by the cost management activity implemented by DIS and benefitted also from the weakening of the Euro against the US Dollar.

**Other operating income** amounted to US\$ 0.2 million in H1 2015 (US\$ 0.4 million in H1 2014) and US\$ 0.06 million in Q2 2015 (US\$ 0.2 million in Q2 2014). This amount refers to chartering commissions from third parties vessels operated through pools, which have decreased in terms of number of ships.

<sup>11</sup> Excluding M/T High Sun, an MR vessel ordered at Hyundai Mipo Dockyard Co. Ltd. and owned by Eco Tankers Limited (in which DIS has 33% interest, in JV with Venice Shipping and Logistics S.p.A.)

**Result on disposal of vessel.** There was no disposal of assets in the first half of 2015, whilst DIS had sold 1 Handy vessel realizing a net gain on disposal of US\$ 6.4 million in Q2 2014.

**EBITDA** was **US\$ 45.1 million in the first half of the current year** and **US\$ 23.4 million in Q2 2015**, compared to US\$ 14.2 million in H1 2014 and US\$ 10.4 million in Q2 2014 (including US\$ 6.4 million 'Result on disposal of vessels' realized in the second quarter of last year). This level is **72% higher than the total Recurring EBITDA generated in the whole of 2014** (excluding Q2 2014 'Result on disposal'). Such result was mainly driven by the substantial increase in TCE Earnings on the back of the very strong product tanker market experienced in the first half of the current year, and partially by a positive cost trend achieved in the period. Consequently, **DIS EBITDA Margin was 28.5% in H1 2015** compared to 8.3% in the same period last year (excluding Q2 2014 'Result on disposal').

**Depreciation** amounted to US\$ 15.3 million in H1 2015 vs. US\$ 16.7 million in H1 2014 and to US\$ 5.7 million in Q2 2015 vs. 8.7 million in Q2 2014. Such decrease compared to the previous year mainly is due to the fact that the Company has changed the depreciation policy of its vessels from 20 to 25 years, in line with today's general industry practice.

**EBIT** for the first six months of the year was **positive for US\$ 29.8 million**, compared to the operating loss of US\$ 2.5 million booked in the same period of last year. Q2 2015 EBIT was positive for US\$ 17.7 million vs. US\$ 1.7 million in the same period last year.

**Net financial Income** was positive for US\$ 1.4 million in H1 2015 (US\$ 2.6 million negative result in H1 2014) and positive for US\$ 1.5 million in Q2 2015 (US\$ 0.1 million negative result in Q2 2014). The total amount includes US\$ 7.5 million Loan Interest charges. However such negative amount was more than off-set by mainly the positive impact arising from the Company's treasury activity (including also DIS' JPY Debt) and the Pre-Hedge Interest Rates Swap (IRS) agreements.

The Company's **Profit before tax** for H1 2015 was US\$ 31.4 million (loss of US\$ 5.0 million in H1 2014) and profit of US\$ 19.9 million Q2 2015 (profit of US\$ 1.7 million in Q2 2014).

**Income taxes** were US\$ 1.3 million in H1 2015 (US\$ 0.4 million in H1 2014) and to US\$ 0.6 million in Q2 2015 (US\$ 0.3 million in Q2 2014). The increase in H1 2015 compared to the same period of last year is due to the taxation of some financial incomes which are subject to the standard corporate tax rate of 12.5% and not included in the tonnage tax scheme.

DIS **Net Profit** for H1 2015 was US\$ 30.1million compared to a Net Loss of US\$ 5.5 million in H1 2014, while Q2 2015 Net result was positive for US\$ 18.7 million compared to US\$ 1.4 million positive result posted in Q2 2014.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	As at 30 June 2015	As at 31 December 2014
<b>ASSETS</b>		
Non current assets	727 301	672 172
Current assets	99 427	132 346
<b>Total assets</b>	<b>826 728</b>	<b>804 518</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Shareholders' equity	364 561	334 905
Non-current liabilities	355 288	354 611
Current liabilities	106 879	115 002
<b>Total liabilities and shareholders' equity</b>	<b>826 728</b>	<b>804 518</b>

**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. The balance at the end of H1 2015 is higher than the previous year, mainly

due to the delivery of one of DIS newbuilding vessels in February 2015 and to the payment of the first yard instalment (20% of the purchase price) on the LR1 newbuildings ordered in Q2 2015. According to the valuation report provided by a primary broker, the estimated market value of DIS owned fleet as at June 30 2015 was of US\$ 716.5 million.

**Gross Capital expenditures** were US\$ 70.9 million in the first six months of the year and US\$ 42.9 million in Q2 2015. This amount mainly comprises the instalments paid on the newbuilding vessels under construction at Hyundai-Mipo. Dry-dock costs pertaining to owned vessels are also included in capitalized costs.

**Current assets** as at June 30 2015 were US\$ 99.4 million. Other than the working capital items (inventories and trade receivables amounting to US\$ 13.0 million and US\$ 59.0 million respectively), current assets include cash on hand of US\$ 26.1 million and current financial receivables of US\$ 1.4 million.

**Non-current liabilities** were US\$ 355.3 million at the end of H1 2015 and mainly 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\$ 39.8 million (essentially relating to trade and other payables) and US\$ 12.3 million of financial instruments valuation.

The **Shareholders' equity** balance as at June 30, 2015 was of US\$ 364.6 million (US\$ 334.9 million as at December 31, 2014). The variance with the previous year is primarily due to the Net Profit generated in the current year and the cash flow hedge valuation.

## NET INDEBTEDNESS

DIS' Net debt as at June 30, 2015 amounted to US\$ 374.0 million vs. US\$ 340.9 at the end of 2014. The increase compared to the previous year is mainly due to the implementation of DIS' US\$ 667.0 million newbuilding plan, with total investments of US\$ 70.9 million made in H1 2015.

<i>US\$ Thousand</i>	As at 30 June 2015	As at 31 December 2014
Liquidity - Cash and cash equivalents	26 089	68 383
Current financial receivables	1 388	2 741
<b>Total current financial assets</b>	<b>27 477</b>	<b>71 124</b>
Bank loans – current	54 197	58 978
Other current financial liabilities – 3 <sup>rd</sup> p.ties	12 273	19 141
<b>Total current financial debt</b>	<b>66 470</b>	<b>78 119</b>
<b>Net current financial debt</b>	<b>38 993</b>	<b>6 995</b>
Other non-current financial assets	20 242	20 657
<b>Total non-current financial assets</b>	<b>20 242</b>	<b>20 657</b>
Bank loans non-current	357 572	351 430
Other non-current financial liabilities – 3 <sup>rd</sup> p.ties	2 716	3 181
<b>Total non-current financial debt</b>	<b>355 288</b>	<b>354 611</b>
<b>Net non-current financial debt</b>	<b>335 046</b>	<b>333 953</b>
<b>Net financial indebtedness</b>	<b>374 039</b>	<b>340 949</b>

The balance of *Total Current Financial Assets* (Cash and cash equivalents together with some short-term financial receivables) was of US\$ 27.5 million at the end of H1 2015.

*Total Non-Current Financial Assets* mainly shows DIS (through d'Amico Tankers Limited) 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 June 30, 2015 amounted to US\$ 406.8 million, of which US\$ 54.2 million are due within one year. Other than some short term credit lines, DIS debt structure is mainly based on the following long-term 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\$ 77.7 million; (ii) Intesa loan facility of US\$ 66.6 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\$ 36.3 million; (iv) Danish Ship Finance 6 years term loan facility to finance the purchase of the second-hand vessel M/T High Prosperity in 2012, for US\$ 9.2 million; (v) ING Bank 6 year term loan facility to finance two MR vessels built in 2005 for total US\$ 17.5 million. In addition to this, DIS debt comprises also: (i) loan facilities and bank fees due on some financed newbuilding vessels (of which 7<sup>12</sup> vessels were delivered as at June 30, 2015) for a total outstanding debt of US\$ 129.2 million at the end of H1 2015; 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\$ 58.9 million, to finance the 6 Glenda International Shipping Limited vessels, delivered between 2009 and 2011.

*Other current financial liabilities* includes the negative valuation of derivatives hedging instruments (mainly interest rate swap agreements) and some deferred incomes on option premiums, for total US\$ 2.7 million.

## CASH FLOW

DIS net cash flow for H1 2015 was negative for US\$ 42.3 million, mainly due to US\$ 70.9 million gross capital expenditures, partially compensated by US\$ 30.2 million positive operating cash flow.

Q2 2015	Q2 2014	US\$ Thousand	H1 2015	H1 2014
19 121	6 623	Cash flow from operating activities	30 202	8 554
(42 873)	(31 848)	Cash flow from investing activities	(70 894)	(124 832)
929	7 737	Cash flow from financing activities	(1 602)	114 424
<b>(22 823)</b>	<b>(17 488)</b>	<b>Change in cash balance</b>	<b>(42 294)</b>	<b>(1 854)</b>
48 912	48 982	Cash and cash equivalents at the beginning of the period	68 383	33 170
-	(670)	Exchange gain/(loss) on cash and cash equivalents	-	(492)
<b>26 089</b>	<b>30 824</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>26 089</b>	<b>30 824</b>

DIS **Cash flow from operating activities** was **positive for US\$ 30.2 million** in the first six months of the current year (of which US\$ 19.1 million were generated in Q2 2015), compared to US\$ 8.6 million realized in H1 2014 (US\$ 6.6 million in Q2 2014). Such significant variance compared to 2014, is directly related to the **substantial improvement in the EBITDA performance** occurred in the current year.

The net **Cash flow from investing activities** was US\$ 70.9 million (outflow) in H1 2015 (US\$ 42.9 million in Q2) and it was made up of the capital expenditures in connection with the installments paid on the newbuilding vessels under construction at Hyundai-Mipo (including the first 20% yard instalment paid on the 4 LR1 vessels ordered in Q2 2015), as well as dry-dock expenses.

**Cash flow from financing activities** was negative for US\$ 1.6 million in H1 2015 (positive for US\$ 0.9 million in Q2 2015). This figure mainly includes: (i) US\$ 0.4 million arising from the Second Exercise Period of the 'd'Amico International Shipping Warrants 2012 – 2016' (ISIN code LU0849020044) ended on January 31 2015, in which 2,661,273 Warrants were exercised at a price of Euro 0.40 per ordinary share newly issued by DIS; (ii) US\$ 50.8 million bank loan drawdown mainly in relation to one newbuilding vessel delivered in February 2014 and to the financing of two 2005-built ships; (iii) US\$ 52.9 million bank debt repayments.

<sup>12</sup> Excluding M/T High Sun, an MR vessel ordered at Hyundai Mipo Dockyard Co. Ltd. and owned by Eco Tankers Limited (in which DIS has 33% interest, in JV with Venice Shipping and Logistics S.p.A.)

## SIGNIFICANT EVENTS OF THE FIRST SEMESTER

In H1 2015 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 – Second Exercise Period ended in January 2015:**

In February 2015, d'Amico International Shipping S.A. ("DIS") announced that the Second Exercise Period of the "d'Amico International Shipping Warrants 2012 – 2016" (ISIN code LU0849020044) has ended on January 30<sup>th</sup> 2015. During this Second Exercise Period 2,661,273 Warrants were exercised at a price of Euro 0.40 per ordinary share without nominal value issued by DIS and admitted to trading on the MTA market of Borsa Italiana SpA each as a "Warrant Share". In accordance with the terms and conditions of the Warrant Regulations, DIS issued on February 6<sup>th</sup> 2015, based on the Warrants Ratio of one (1) Warrant Share for every three (3) Warrants exercised, 887.091 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 Second Exercise Period. The ISIN code of the Warrant Shares will coincide with the ISIN Code of DIS's outstanding shares being LU0290697514. After the capital increase occurred at the end of the Second Exercise period DIS' share capital now amounts to US\$ 42,284,239.80 divided into 422,842,398 ordinary shares without unit value.

### **d'Amico Tankers Limited:**

- **Newbuilding Vessels:** In February 2015, one 'Eco' newbuilding product tanker built at Hyundai Mipo Dockyard Co. Ltd. – South Korea, M/T High Loyalty (Medium Range - 50,000 dwt), was delivered to d'Amico Tankers Limited. In May 2015, the Vessel was delivered to one of the main Oil-Major for a period of 5 year Time Charter contract, at a profitable daily rate.

In April 2015, d'Amico International Shipping S.A. announced that its operating subsidiary d'Amico Tankers Limited, entered into an agreement for the construction and sale of two new Long Range (LR1 – 75,000 DWT) modern product tanker vessels with Hyundai MIPO Dockyard Co. Ltd – South Korea. These vessels will be built by Vinashin Shipyard Co. Ltd – Vietnam and are expected to be delivered in mid-2017, for a total consideration of about US\$ 44.0 million each. The above two double-hull newbuildings are the latest ECO design vessels with the highest fuel efficiency.

In June 2015, d'Amico International Shipping S.A. announced that its operating subsidiary d'Amico Tankers Limited ordered the purchase, and the subsequent execution of the relevant shipbuilding contracts for the construction of two additional new Long Range (LR1 – 75,000 DWT) modern product tanker vessels with Hyundai Mipo Dockyard Co. Ltd. – South Korea. These Vessels will be built by Hyundai Vinashin Shipyard Co. Ltd – Vietnam and are expected to be delivered in H2 2017 and Q1 2018 respectively, for a total consideration of about US\$ 44.0 million each.

- **'Time Charter-Out' Fleet:** In April 2015, d'Amico Tankers Limited fixed three of its 'Eco' MR newbuilding vessels with one of the main Oil Majors, for 3 year Time charter contracts at profitable rates. The three vessels, Hull S410, Hull S411 and Hull S424, are expected to be delivered in Q4'15, Q1'16 and Q4'16 respectively.

In April 2015, d'Amico Tankers Limited fixed one of its 'Eco' Handy newbuilding vessels with one of the main Oil Majors, for 24 to 30 month Time charter contract at a profitable rate. The vessel, Hull S420, is expected to be delivered in Q4 2015.

In May 2015, d'Amico Tankers Limited fixed one of its MR owned vessels with a main Oil Major, for 2 year Time Charter contract at a profitable rate.

- **'Time Charter-In' Fleet:** In April 2015, d'Amico Tankers Limited agreed to take 2 MR (50,000 dwt) product tanker vessels in Time charter-in for 8 years, plus options to extend the contract for further 3 years. These vessels will be built at Onomichi Dockyard Co., Ltd – Japan and are expected to be delivered respectively in the first half of 2017 and in the first half of 2018. In addition to this, d'Amico Tankers Limited has options to purchase the two vessels, starting from the 4<sup>th</sup> year of the Time charter contract.

In April 2015, d'Amico Tankers Limited agreed to take 2 further MR (50,000 dwt) product tanker vessels in Time charter-in for 7 years, plus options to extend the contract for further 3 years. These vessels will be built at Minaminippon Shipbuilding Co., Ltd – Japan and are expected to be delivered respectively in the first half and in the second half of 2017. In addition to this, d'Amico Tankers Limited has options to purchase the two vessels, starting from the 4<sup>th</sup> year of the Time charter contract.

In May 2015, M/T High Power, an MR vessel built in 2004 and previously employed in High Pool Tankers, was delivered to d'Amico Tankers Limited for 3 year Time Charter contract.

In May 2015, M/T High Saturn, an MR vessel built in 2008 and Time Chartered-In by d'Amico Tankers Limited since then, was redelivered back to her Owners.

In June 2015, M/T High Mars, an MR vessel built in 2008 and Time Chartered-In by d'Amico Tankers Limited since then, was redelivered back to her Owners.

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

### d'Amico Tankers Limited:

- **'Time Charter-Out' Fleet:** In July 2015, d'Amico Tankers Limited fixed the first of the four LR1 newbuilding vessels ordered in Q2 2015 at Hyundai MIPO Dockyard Co. Ltd – South Korea, with one of the main Oil-Majors for 18 month Time charter contract at a profitable rate. Following these last deal, d'Amico has already secured Time charter coverage on 13 of its total 20 Newbuilding vessels (of which 8 vessels already delivered as at the end of June 2015). All these contracts were made with Oil Majors and leading refining companies at very profitable rates.

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

	As at 30 June 2015			As at 30 July 2015		
	MR	Handysize	Total	MR	Handysize	Total
Owned	20.3	3.0	23.3	20.3	3.0	23.3
Time chartered	22.5	6.0	28.5	22.5	6.0	28.5
<b>Total</b>	<b>42.8</b>	<b>9.0</b>	<b>51.8</b>	<b>42.8</b>	<b>9.0</b>	<b>51.8</b>

## Business Outlook

All Tanker markets are currently experiencing relatively robust demand at the beginning of the third quarter of 2015. The IEA demand outlook is, despite their downward revision, set to modestly grow throughout the balance of the year. The outlook for the product tanker market remains positive going into Q3. The increased refining capacity in the Middle East region should stimulate refined products tanker demand through 2015, as production seems destined for export markets. The increase in Asian refining capacity and very attractive refining margins should be supportive of products exports. Refinery maintenances will soon come to an end in all regions. This, combined with a net of just under 1 million b/d of new crude distillation capacity that has come on stream since last summer, led by the Middle East, and very high utilization rates (led by the US), driven by very good refinery margins, should push global refinery runs to record levels. In Q3 2015, the global refinery throughput is forecast to increase a further 700,000 b/d, setting a new record of 79.4 million b/d, posting a 1.45 million b/d y-o-y growth. Refinery throughput in the United States is currently 19.2 million b/d and forecast to rise to 19.5 million b/d by the end of 2015.

The US currently is exporting around 2.3 million b/d of products which is 7% higher year on year. The product demand in the US is also strengthening currently around 16 million b/d which is 4% higher year on year. Continued Improvement in ton mile demand should structurally support product tanker utilization. Sustained demand for



Products into areas such as Australia, South America and United West Coast has resulted in product travelling greater distances.

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***

- Growth in refined product demand continues albeit at a modest pace. Global oil product demand is forecast to average 95.2 million b/d in 2016, a rise of 1.2 million b/d. The global gain stems almost entirely from additional non-OECD demand
- Total non-OECD oil product demand rose by around 2% in the first half of 2015, or just below 1 million b/d led by robust gains in gasoline and 'other products'. The forecast for second half of 2015 is much the same, equating to non-OECD oil demand growth of approximately 2.1% on the year as a whole, as demand averages 47.9 million b/d in 2015. Gently accelerating macroeconomic momentum in 2016 should then support a modest acceleration in non-OECD oil demand growth, to 2.5%, as deliveries should average 49.1 million b/d in 2016
- Although global oil demand growth has remained sluggish since 2008, the changing composition of global refining capacity and increased US crude oil production should continue to support demand for product tankers. In fact, even if global refining capacity had not increased since 2009, the net effect of Atlantic Basin refining capacity contracting by approximately 1.2 million barrels b/d over that time period combined with Middle East/Asian refining capacity increasing by a similar excess amount over that time period translated to increased long haul refined products tanker demand
- Australia will shut an additional 100,000 b/d of refinery capacity by the end of next year which will only add to their dependence on imports of products. Sydney alone requires 80,000 b/d imports of gasoline or approximately six MRs per month
- Product supply balances between regions will increase in importance to the product tanker market over the next five years. Europe's deficit in distillates is set to increase to b/d to 1.6 million b/d by 2019

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

- The order book for MR tankers that are on paper scheduled to be delivered this year is at its highest since the large delivery years of 2008-2010. According to various reports there are between 140 and 200 are to be delivered in 2015
- 58 MR tankers were delivered in the first half of the year, and 10 ships were permanently removed. So based on the current delivery rate it is unlikely that the forecasted deliveries will be met
- Slippage, cancelations and order changes have reduced deliveries by at around 32% over the last five years
- There is a certain amount of concern about the large influx of new Product tankers; however this has been countered by volumes growth and tonne-mile growth of 7.28% and 14.7% respectively between 2009 and 2014
- There has been very strong ordering of MR tankers over the last couple of years. This has now slowed down considerably with 204 ships ordered in 2013, 33 in 2014 and 2 orders this year
- The global refinery map is constantly changing and bringing about product supply imbalances between regions. This should fundamentally lead to longer haul voyages effectively reducing the supply of tonnage
- Port delays 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

### CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2015

#### CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

Q2 2015	Q2 2014	US\$ Thousand	Note	H1 2015	H1 2014
110 113	72 278	Revenue	(2)	212 115	141 151
(28 956)	(23 629)	Voyage costs	(3)	(53 990)	(46 052)
<b>81 157</b>	<b>48 649</b>	<b>Time charter equivalent earnings</b>	(4)	<b>158 125</b>	<b>95 099</b>
(37 383)	(25 535)	Time charter hire costs	(5)	(72 162)	(49 657)
(16 722)	(14 785)	Other direct operating costs	(6)	(33 963)	(29 133)
(3 678)	(4 507)	General and administrative costs	(7)	(7 112)	(8 876)
58	218	Other operating income	(8)	193	414
-	6 351	Result from disposal of vessel		-	6 351
<b>23 432</b>	<b>10 391</b>	<b>EBITDA</b>		<b>45 081</b>	<b>14 198</b>
(5 698)	(8 663)	Depreciation	(13)	(15 326)	(16 711)
<b>17 734</b>	<b>1 727</b>	<b>EBIT</b>		<b>29 755</b>	<b>(2 513)</b>
1 477	(123)	Net financial income (charges)	(10)	1 430	(2 580)
92	77	Profit share of equity method investees	(11)	177	74
<b>19 903</b>	<b>1 681</b>	<b>Profit / (loss) before tax</b>		<b>31 362</b>	<b>(5 019)</b>
(613)	(296)	Income taxes	(12)	(1 312)	(432)
<b>18 690</b>	<b>1 385</b>	<b>Net profit / (loss)</b>		<b>30 050</b>	<b>(5 451)</b>
<i>The net result is attributable to the equity holders of the Company</i>					
<b>0.044</b>	<b>(0.003)</b>	<b>Earnings / (loss) per share in US\$ (1)</b>		<b>0.071</b>	<b>(0.013)</b>

#### CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

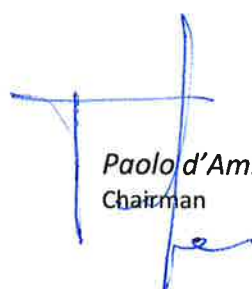
Q2 2015	Q2 2014	US\$ Thousand	H1 2015	H1 2014
18 690	1 385	Profit / (loss) for the period	30 050	(5 451)
<i>Items that can subsequently be reclassified into Profit or Loss</i>				
658	(2 253)	Cash flow hedges	(712)	(545)
<b>19 348</b>	<b>(868)</b>	<b>Total comprehensive income for the period</b>	<b>29 338</b>	<b>(5 996)</b>
<i>The net result is entirely attributable to the equity holders of the Company</i>				

(<sup>1</sup>) Earnings per share (e.p.s.) have been calculated on a number of shares equal to 421.955.327 in the second quarter and first half of the year 2015, while in the second quarter and first half of 2014 e.p.s. were calculated on a number of 421.955.307 shares. Diluted earnings per share - including Warrant shares - would be US\$ 0.071 and US\$ 0.044 in HY1 2015 and Q2 2015 respectively.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	Note	As at 30 June 2015	As at 31 December 2014
<b>ASSETS</b>			
Tangible assets	(13)	702 737	647 167
Investment accounted for using the equity method	(14)	4 322	4 348
Other non-current financial assets	(15)	20 242	20 657
<b>Total non-current assets</b>		<b>727 301</b>	<b>672 172</b>
Inventories	(16)	12 981	12 422
Receivables and other current assets	(17)	58 969	48 800
Other Current financial assets	(15)	1 388	2 741
Cash and cash equivalents	(18)	26 089	68 383
<b>Total current assets</b>		<b>99 427</b>	<b>132 346</b>
<b>Total assets</b>		<b>826 728</b>	<b>804 518</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	(19)	42 284	42 196
Retained earnings	(19)	52 888	22 837
Other reserves	(19)	269 389	269 872
<b>Total shareholders' equity</b>		<b>364 561</b>	<b>334 905</b>
Banks and other lenders	(20)	352 572	351 430
Other non-current financial liabilities	(22)	2 716	3 181
<b>Total non-current liabilities</b>		<b>355 288</b>	<b>354 611</b>
Banks and other lenders	(20)	54 197	58 978
Payables and other current liabilities	(21)	39 804	36 348
Other current financial liabilities	(22)	12 273	19 141
Current tax payable	(23)	605	535
<b>Total current liabilities</b>		<b>106 879</b>	<b>115 002</b>
<b>Total shareholders' equity and liabilities</b>		<b>826 728</b>	<b>804 518</b>

30 July 2015  
On behalf of the Board



**Paolo d'Amico**  
Chairman



**Marco Fiori**  
Chief Executive Officer

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Q2 2015	Q2 2014	US\$ Thousand	H1 2015	H1 2014
<b>18 690</b>	<b>1 385</b>	<b>Profit (loss) for the period</b>	<b>30 050</b>	<b>(5 451)</b>
5 698	8 663	Depreciation, amortisation and write-down	15 326	16 711
613	296	Current and deferred income tax	1 312	432
(1 404)	(30)	Financial charges (income)	(1 447)	2 607
(98)	99	Fair value gains on foreign currency retranslation	17	47
-	(6 351)	Result on disposal of vessels	-	(6 351)
(92)		Profit share of equity-accounted investment	(177)	(74)
19	55	Other non-cash items	(1)	-
<b>23 426</b>	<b>4 117</b>	<b>Cash flow from operating activities before changes in working capital</b>	<b>45 080</b>	<b>7 921</b>
(990)	298	Movement in inventories	(559)	1 871
1 529	3 671	Movement in amounts receivable	(10 169)	(3 328)
(1 688)	3 497	Movement in amounts payable	2 792	7 874
(416)	(1 886)	Taxes paid	(428)	(2 284)
(2 740)	(3 074)	Interest and other financial income received	(6 514)	(3 500)
<b>19 121</b>	<b>6 623</b>	<b>Net cash flow from operating activities</b>	<b>30 202</b>	<b>8 554</b>
(42 873)	(44 893)	Net acquisition of fixed assets	(70 894)	(137 613)
-	13 830	Proceeds from disposal of fixed assets	-	13 830
-	(785)	Investment in associate	-	(1 049)
<b>(42 873)</b>	<b>(31 848)</b>	<b>Net cash flow from investing activities</b>	<b>(70 894)</b>	<b>(124 832)</b>
-	-	Share capital increase	405	30 477
111	-	Other changes in Shareholder's equity	111	-
-	(6 849)	Dividend paid	-	(6 849)
-	-	Movement in other financial receivables	-	-
-	-	Movement in other financial payable	-	-
-	4 100	Bank overdraft	-	4 100
(11 768)	(3 014)	Bank loan repayments	(52 904)	(7 804)
12 586	13 500	Bank loan draw-downs	50 786	94 500
<b>929</b>	<b>7 737</b>	<b>Net cash flow from financing activities</b>	<b>(1 602)</b>	<b>114 424</b>
<b>(22 823)</b>	<b>(17 488)</b>	<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(42 294)</b>	<b>(1 854)</b>
48 912	48 982	Cash and cash equivalents at the beginning of the period	68 383	33 170
-	(670)	Exchange gain (loss) on cash and cash equivalents	-	(492)
<b>26 089</b>	<b>30 824</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>26 089</b>	<b>30 824</b>

## INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

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

<i>US\$ Thousand</i>	Share	Retained	Other Reserves		Total
	capital	earnings	Other	Cash-Flow hedge	
<b>Balance as at 1 January 2014</b>	<b>35 988</b>	<b>31 292</b>	<b>252 354</b>	<b>(2 937)</b>	<b>316 697</b>
Reclassification of cash-flow hedge ineffectiveness	-	(5 692)	-	4 151	(1 541)
Adjustment for retrospective application of new IFRS standards	-	7 532	(110)	-	7 422
Reclassification	-	7 137	(7 137)	-	-
<b>Balance as at 1 January 2014 Adjusted <sup>(1)</sup></b>	<b>35 988</b>	<b>40 269</b>	<b>245 107</b>	<b>1 214</b>	<b>322 578</b>
Capital increase	6 208	-	24 269	-	30 477
Dividend paid (US\$ 0.0165 per share)	-	(6 962)	-	-	(6 962)
Other changes (consolidation reserve)			21		21
Total comprehensive income		(5 451)		(545)	(5 996)
<b>Balance as at 30 June 2014</b>	<b>42 196</b>	<b>27 856</b>	<b>269 397</b>	<b>669</b>	<b>340 118</b>

<sup>1</sup> Adjusted for the effects of the first-time retrospective application of new IFRSs, the reclassification within equity of the ineffective part of the cash-flow and the reclassification within equity related to a different presentation of previous years' results. 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 2014 Group report.

## 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 interim consolidated financial statements have been prepared in accordance with provisions of Art. 4 of the Luxembourg Law dated 11 January 2008, which transposed Directive 2004/109/EC of the European Parliament and of Council of 15 December 2004 in the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

The d'Amico International Shipping Group (the "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 consolidated financial statements are prepared on the basis of historic cost convention, with the exception of certain financial assets and liabilities, which are stated at fair value through profit or loss.

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

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

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### 1. ACCOUNTING POLICIES

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The principal accounting policies, which have been consistently applied, are set out below.

#### Basis of Preparation

The financial statements present the consolidated results of the parent company, d'Amico International Shipping SA, and its subsidiaries for the period ended 30 June 2015, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

#### Critical Accounting Judgments and Key Estimates

The preparation of the financial statements requires Management to make accounting estimates and in some cases assumptions in the application of accounting principles. The Management's decisions are based on historical experience as well as on expectations associated with the realization of future events, considered reasonable under the circumstances. Critical accounting estimates and judgments are exercised in all areas of the business. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2014.

#### *Measurement of Fair Values.*

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

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

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs are other than quoted prices included within Level 1 that are observable directly or indirectly for the asset or the liability;
- Level 3 inputs are not observable from market data.

The key sources of estimation uncertainty were the same as 31 December 2014. Further information about fair value calculation is found in Notes 13, and 24.

## 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 (Fleet globally deployed).

## Accounting principles

### **Accounting principles adopted from 1st of January 2015**

No new accounting principles have been applied with respect to the 2014 consolidated 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 Group, were in issue but not yet effective:

IFRS 15 – *Revenue from contract with customers*, was issued in May 2014 by the IASB, with the aim of bringing together the rules actually existing in various standards and to set-up a frame of basic principles to be applied to all categories of transactions including revenues, basically requiring a company to recognize revenue upon the transfer of *control* of goods or services to a customer at an amount reflecting the consideration expected to be received, in *five steps*. The guidance requires as well additional disclosure about the nature, amount, timing and certainty of revenues and cash-flows arising from contracts with customers. The standard will be effective from January 2017, although early adoption is permitted. IFRS 15 is not expected to have a significant impact on the net assets, financial position and results of operations of DIS Group, but will have a significant impact on the disclosures to be presented in the financial statements.

IFRS 9 – *Financial Instruments* was issued in July 2014 and should be applied retrospectively in financial years from 1 January 2018; the enhancements introduced will replace the rules for the recognition and measurement of financial instruments as set out in IAS 39. In more detail, financial assets will be divided in two categories: the ones measured at amortised cost and those measured at fair value, the first group comprising those financial assets for which the contractual terms give rise on specific dates to cash-flows that are solely payment of principal and interest and for which the business model is to hold them for collecting the contractual cash-flows; the second group will entail all other financial assets (fair value measurement). While the rules applied to financial liabilities are mostly the same as set out in IAS 39, amended guidance is introduced on the classification through other comprehensive income of modification in the fair value of certain debt instruments, depending on the own credit risk, that is the changes in the amount of fair values of the liability will be split into the amount of the change that is attributable to the changes in the credit risk of the liability – to be presented in other comprehensive income – and the remaining amount of the change in the fair value of the liability, which shall be presented in the statement of profit or loss.

## 2. REVENUE

<i>US\$ Thousand</i>	Q2 2015	Q2 2014	H1 2015	H1 2014
Revenue	110 113	72 278	212 115	141 151

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

### 3. VOYAGE COSTS

<i>US\$ Thousand</i>	Q2 2015	Q2 2014	H1 2015	H1 2014
Bunkers (fuel)	(15 618)	(17 150)	(30 609)	(35 326)
Commissions	(2 755)	(804)	(4 856)	(1 584)
Port charges	(10 441)	(5 309)	(17 471)	(8 415)
Other	(142)	(366)	(1 054)	(727)
Total	(28 956)	(23 629)	(53 990)	(46 052)

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>	Q2 2015	Q2 2014	H1 2015	H1 2014
Time charter equivalent earnings	81 157	48 649	158 125	95 099

Time charter equivalent earnings represent revenue less voyage costs. In the first half of 2015 about 44% of the Time Charter Equivalent earnings came from fixed contracts (contracts longer than 12 months) (HY1 2014: 56%).

### 5. TIME CHARTER HIRE COSTS

<i>US\$ Thousand</i>	Q2 2015	Q2 2014	H1 2015	H1 2014
Time charter hire costs	(37 383)	(25 535)	(72 162)	(49 657)

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

### 6. OTHER DIRECT OPERATING COSTS

<i>US\$ Thousand</i>	Q2 2015	Q2 2014	H1 2015	H1 2014
Crew costs	(8 245)	(7 246)	(16 367)	(13 810)
Technical expenses	(5 571)	(4 228)	(10 409)	(8 296)
Luboil	(647)	(598)	(1 364)	(1 153)
Technical and quality management	(2 060)	(1 964)	(4 130)	(3 943)
Other costs	(199)	(749)	(1 693)	(1 931)
Total	(16 722)	(14 785)	(33 963)	(29 133)

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 2015 d'Amico International Shipping SA and its subsidiaries had 641 employees, of which 605 seagoing personnel and 36 on-shore. Onshore personnel costs are included under general and administrative costs. The Group has no liabilities with regard to pensions and other post-retirement benefits.



## 7. GENERAL AND ADMINISTRATIVE COSTS

<i>US\$ Thousand</i>	Q2 2015	Q2 2014	H1 2015	H1 2014
Personnel	(1 577)	(2 184)	(3 043)	(4 256)
Other general and administrative costs	(2 101)	(2 323)	(4 069)	(4 620)
Total	(3 678)	(4 507)	(7 112)	(8 876)

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\$ 2.5 million.

## 8. OTHER OPERATING INCOME

<i>US\$ Thousand</i>	Q2 2015	Q2 2014	H1 2015	H1 2014
Other operating income	58	218	193	414

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>	Q2 2015	Q2 2014	H1 2015	H1 2014
Result on disposal of vessels	-	6 351	-	6 351

No vessels were sold during the first six months of 2015; 2014 amount relates to the sale of the vessels Cielo di Parigi, during the second quarter of that period.

## 10. NET FINANCIAL INCOME (CHARGES)

<i>US\$ Thousand</i>	Q2 2015	Q2 2014	H1 2015	H1 2014
<b>Income</b>				
<i>Loans and receivables at amortised cost:</i>				
Interest Income	46	11	98	33
Realized on financial activities	393	3 058	3 124	4 378
<i>At fair value through income statement:</i>				
Gains on derivative instruments	4 810	-	6 606	-
Exchange differences	-	549	135	957
Total Financial Income	5 249	3 618	9 963	5 368
<b>Charges</b>				
<i>Financial liabilities measured at amortised cost:</i>				
Interest expense	(3 336)	(1 929)	(6 605)	(4 144)
<i>At fair value through income statement:</i>				
Derivative instruments	-	(1 614)	(974)	(3 059)
Exchange differences	-	-	-	-
Financial fees	(436)	(198)	(954)	(745)
Total financial charges	(3 772)	(3 741)	(8 533)	(7 948)
Net Financial Charges	1 477	(123)	1 430	(2 580)

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

The total financial income in H1 and Q2 2015 is mainly composed of unrealized amounts (valuations) of the financial hedging instruments and realized amounts that pertain mainly to the first quarter of 2015. Total financial charges arise mainly from the interest expenses on bank loans financing the vessels while minor amounts represent the fair value valuation of interest rate swap contracts (for further details see note 24); financial fees paid on the bank loans. The Group systematically monitors its exposure to the foreign exchange and interest rate risk, in order to detect potential negative effects in advance.

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## 11. PROFIT SHARE OF EQUITY ACCOUNTED INVESTEEES

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The result from investment consists of the DIS share of the profit and loss of the investee accounted for at equity method, amounted to a net gain of US\$ 177 thousand and US\$ 92 thousand for H1 and Q2 2015 respectively; for the same periods of 2014 it was of US\$ 74 thousand and US\$ 77 thousand respectively.

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## 12. INCOME TAXES

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<i>US\$ Thousand</i>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>H1 2015</b>	<b>H1 2014</b>
Current income taxes	(613)	(296)	(1 312)	(432)

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 2015 tonnage tax provision for d'Amico Tankers Limited and Glenda International Shipping amounts 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%.

### 13. TANGIBLE ASSETS

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

The following table shows, for comparison purposes, the changes in the fixed assets in the first half of 2014.

<i>US\$ Thousand</i>	<b>Fleet on water</b>	<b>Vessels under construction</b>	<b>Dry-dock</b>	<b>Other assets</b>	<b>Total</b>
<b>At 1 January 2014</b>					
Cost or valuation	635 881	90 621	6 552	1 779	734 833
Accumulated depreciation	(236 779)	-	(3 104)	(1 089)	(240 972)
<b>Net book amount</b>	<b>399 103</b>	<b>90 621</b>	<b>3 448</b>	<b>689</b>	<b>493 861</b>
<b>Period ended 30 June 2014</b>					
Opening net book amount	399 103	90 621	3 448	689	493 861
Additions	-	134 717	2 154	2	136 873
Vessel delivered	126 880	(126 880)	-	-	-
Disposals at cost	(25 031)	-	-	-	(25 031)
Depreciation and impairment write-back	18 288	-	-	-	18 288
Depreciation charge	(15 201)	-	(1 409)	(101)	(16 711)
Exchange differences	-	-	-	2	2
<b>Closing net book amount</b>	<b>504 038</b>	<b>98 458</b>	<b>4 193</b>	<b>593</b>	<b>607 282</b>
<b>At 30 June 2014</b>					
Cost or valuation	737 730	98 458	8 706	1 784	846 678
Accumulated depreciation	(233 692)	-	(4 513)	(1 191)	(239 596)
<b>Net book amount</b>	<b>504 038</b>	<b>98 458</b>	<b>4 193</b>	<b>593</b>	<b>607 282</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 include instalments totalling US\$ 23.1 million on one vessels that was delivered during the first six months of 2015 and instalments of US\$ 42.2 million on a further twelve vessels in the course of construction

expected to be delivered between 2015 and 2016. Capitalized instalments at Group level for HY1 2014 were US\$ 70.9 million. Mortgages are secured on all the vessels owned by the Group - for further details see note 12.

With effect from 1 January 2015, management has changed its estimate of the vessels' expected useful lives from 20 years to 25 years as well as the residual value. The reason for the change in useful lives is that experience shows that vessels types similar to d'Amico International Shipping ones are usually not scrapped before 25-30 years. Furthermore, the majority of the companies which DIS usually compares itself with also apply useful lives of 25 years. The change in residual value is based on the decreasing market price of scrap steel. The total effect of the changed estimates in the period positively affects EBIT by USD 3.5 million under the item Depreciation and write-downs" and the item "Vessels" in the statement of financial position with a corresponding amount.

The total market value of the Group Fleet, including the market value of instalments paid for vessels under construction, according to a valuation report provided by an independent ship broker at the end of June 2015, is of US\$ 716.5 million, on a pro-rata basis; the value in use calculation, which excludes vessels under construction, shows an amount of the Fleet on the water of US\$ 932.1 million.

### Measurement of Fair Value – Valuation technique – Impairment testing

The fair value measurement for the Fleet has been categorised as Level 2 based on the information given on the valuation techniques in note n.1. In particular, the valuation method applied by the brokers considers recent prices achieved for similar tonnage (recent vessel sales): this supports the active market criteria and therefore the level 2 determination appears appropriate. The disclosures envisaged for Level 3 categories of fair value are not applicable to the current measurement.

The Fleet fair value measurement (value-in-use) is **non-recurring**, any time events clue that the Fleet market value could be 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 past experience and future expectations; impairment testing is considered at CGU level / Fleet level and has been based on the following key assumptions: (i) Earnings: under contracts concluded and the estimate of future rates; (ii) Useful economic life of 25 years; (iii) Estimated economic value at end of life based on current rates (iv) Costs reflect the current d'Amico structure; (v) The figures have been discounted based at a rate of 6%, 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. The freight rate scenario has been updated using the last perspective rates based on the most updated market forecast. Management notes that the calculations are particularly sensitive to changes in the key assumptions of future hire rates and discount rate.

At the reporting date both desk top brokers valuations and the values in use calculation are higher than the net book value of the vessels. Moreover, Management considers that the availability of new fuel efficient product tanker designs will positively impact the results of existing vessels; 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; they confirm closely monitoring the market values in 2015 and carefully considering the remaining impairment position.

### DRY-DOCK

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

### OTHER ASSETS

Other assets mainly include fixtures, fittings, office equipment.

#### 14. INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

<i>US\$ Thousand</i>	As at 30 June 2015	As at 31 December 2014
Investments at equity	4 322	4 348

At 30 June 2015 Investments accounted for using the equity method amount to US\$ 4.3 million (31 December 2014: unchanged).

#### 15. OTHER FINANCIAL ASSETS

<i>US\$ Thousand</i>	As at 30 June 2015			As at 31 December 2014		
	Non-current	Current	Total	Non-current	Current	Total
Long-term financing DMS	20 242	-	20 242	20 657	-	20 657
Fair value of derivative instruments	-	1 177	1 177		2 741	2 741
Other financial assets	-	211	211			
Total	20 242	1 388	21 630	20 657	2 741	23 398

The non-current amount of US\$ 20.2 million in H1 2015 represents the equivalent of JP¥ 2.4 billion Long-term financing and accrued interest to the jointly controlled entity DMS, with the purpose of initial financing of its owned vessels. On 31 December 2014 the financing amount was US\$ 20.7 million (equivalent of JP¥ 2.3 billion equivalent).

The current amount of US\$ 1.2 million in 2015 represents the fair value of derivative instruments hedging the administrative expenses currency exposure and the bunker hedging exposure (31 December 2014: current amount of US\$ 2.7 million).

#### 16. INVENTORIES

<i>US\$ Thousand</i>	As at 30 June 2015	As at 31 December 2014
Inventories	12 981	12 422

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

#### 17. RECEIVABLES AND OTHER CURRENT ASSETS

<i>US\$ Thousand</i>	As at 30 June 2015	As at 31 December 2014
Trade receivables	57 390	49 101
Other debtors	743	1 453
Prepayments and accrued income	836	(1 754)
Total	58 969	48 800

Receivables, as at 30 June 2015, include trade receivables amounting to US\$ 57.4 million, net of the allowance for credit losses of US\$ 1.9 million. Other current assets mainly consist of other debtors, prepayments and accrued income amounting to US\$ 1.6 million.

## 18. CASH AND CASH EQUIVALENTS

<i>US\$ Thousand</i>	As at 30 June 2015	As at 31 December 2014
Cash and cash equivalents	26 089	68 383

Cash and cash equivalents is mainly represented by short-term deposits and includes approximately US\$ 0.2 million of cash held by High Pool Tankers Ltd which is distributed to other pool participants in July (consolidated amount at 90%). The balance includes also US\$ 2.7million secured in connection with the derivative instruments margin call deposit.

## 19. SHAREHOLDERS' EQUITY

Changes in first six months of 2015 Shareholders' equity items are detailed in the relevant statement.

### Share capital

At 30 June 2015 the share capital of d'Amico International Shipping amounted to US\$ 42,284,239.80, corresponding to 422,842,398 ordinary shares with no nominal value.

In the month of February, following the exercise of the warrants attached to the shares issued at the moment of 2012 capital increase, at the ratio of one share for every three warrants and according to the Prospectus dated 6 November 2012, n. 887,091 new ordinary shares were issued at a price of EUR 0.40 each.

### Retained earnings

As at 30 June 2015 the item includes previous year and current net results and deductions for dividends distributed. Following retrospective application of new IFRS 11, retained earnings are adjusted with elimination of negative equity of DM Shipping Ltd., the jointly controlled entity which is not consolidated line-by-line anymore.

### Other reserves

The other reserves include the following items:

<i>US\$ Thousand</i>	As at 30 June 2015	As at 31 December 2014
Share premium reserve	282 958	282 643
Treasury shares	(16 356)	(16 356)
Hedging reserve	(129)	583
Other reserves	2 916	3 002
Total	269 389	269 872

### 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 increases occurred in the months of December 2012, in February 2014 and February 2015.

### Treasury shares

Treasury shares at 30 June 2015 consist of 5,090,495 ordinary shares (YE 2014: 5,090,495) for an amount of US\$ 16.4 million (2014: US\$ 16.4 million), corresponding to 1.20% of the outstanding shares at the financial position date (YE 2014: 1.21%). These shares were acquired in 2007 and 2008 and during the second half of 2011, following the approval of the Buy-back programme.

### Hedging reserve

The fair value reserve arose as a result of the valuation of the Interest Rate Swap agreements connected to some of the bank facilities to their fair value of US\$ 0.1 million (liability). Details of the fair value of the derivative financial instruments are set out in note 24.

### Other Reserves

The movement in other reserves is caused by the movement of the conversion reserve by US\$ 87.0 thousand.

## 20. BANKS AND OTHER LENDERS

<i>US\$ Thousand</i>	As at 30 June 2015	As at 31 December 2014
<i>Non-current liabilities</i>		
Banks and other lenders	352 572	351 430
<i>Current liabilities</i>		
Banks and other lenders	54 197	58 978
Total	406 769	410 408

The total bank debt decreased by US\$ 3.6 million in the first six months of 2015, in connection with the drawdown of facilities related to New Buildings delivered during the period (cfr. note 13) of US\$ 19.5 with Danish Ship Finance and US\$ 18.7 with ING Bank I netted by the repayments on existing loans - including interest and financial fees - totalling US\$ 41.84 million.

## 21. PAYABLES AND OTHER CURRENT LIABILITIES

<i>US\$ Thousand</i>	As at 30 June 2015	As at 31 December 2014
Trade payables	34 907	32 045
Other creditors	3 971	908
Accruals & deferred income	926	3 395
Total	39 804	36 348

Payables and other current liabilities as at 30 June 2015, mainly include trade payables, of which an amount of US\$ 4.3 million relates to the related party, Rudder SAM (bunkers).

## 22. OTHER FINANCIAL LIABILITIES

<i>US\$ Thousand</i>	As at 30 June 2015			As at 31 December 2014		
	Non-current	Current	Total	Non-current	Current	Total
Other financial liabilities	-	4 072	4 072	-	4 915	4 915
Fair value of derivative instruments	2 716	8 201	10 917	3 181	14 226	17 407
Total Other financial liabilities	2 716	12 273	14 989	3 181	19 141	22 322

The balance on 30 June 2015 mainly represents other financial liabilities relating to the valuation of financial hedging instruments together with the fair value of the Interest Rate Swap hedging instruments and accrued

commitment fees. The derivatives instruments fair values calculation techniques and disclosure about financial market risk are shown in note 24.

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## 23. CURRENT TAX PAYABLE

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<i>US\$ Thousand</i>	As at 30 June 2015	As at 31 December 2014
Current tax liabilities	605	535

The balance at 30 June 2015 mainly reflects the income taxes and tonnage tax payable by the subsidiaries.

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## 24. RISK MANAGEMENT

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Uncertainty about future global economic trends continues. The shipping industry is highly sensitive to market fluctuations, which can determine significant changes in freight rates and tonnage prices. Furthermore, as a multinational Group that has operations throughout the world, it is primarily exposed to the market risk of changes in foreign currency exchange rates, being the US\$ functional currency and the majority of its transactions are denominated in US\$, fluctuation in interest rates and in the price of bunkers. Since deposits and credit facilities necessary to the funding of the new-building or the purchase of vessels earn/pay interest at a variable rate, the Company is also exposed to the interest rate risk.

The overall risk management is part of the d'Amico International Shipping strategy, aiming to reduce the DIS' earnings exposure to cyclical fluctuations.

These half-year condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements and for detailed description of this information they should be read in conjunction with the Group's annual financial statements as at 31 December 2014, note 26; DIS risk situation as described has not changed significantly in the six months to 30 June 2015. There have been no changes in the risk management policies since the year end.

### FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

#### Fair value risk and valuation techniques

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

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash-flow analysis is performed. *Foreign currency forward contracts* are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts. *Interest rates swaps* are measured at the present value of the future cash-flow estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair value of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash-flow analysis. Loans in JPY are reflected at amortized cost.
- The fair value of financial instruments accounts for the counterparty risk (financial assets) and the entity's own credit risk (liabilities).



### Accounting classification and fair values

The following table shows the carrying amounts and the fair values of financial assets and liabilities, together with their levels within the fair value hierarchy at 30 June 2015.

The fair values of the Company's financial assets and liabilities approximate to their carrying amounts at the financial position date.

US\$ Thousand	30 June 2015					
	Loans and receivables	Derivative instruments	Total	Fair Value		Total
				Level 1	Level 2	
<b>Assets</b>						
Non-current financial assets	20 242	-	20 242	-	-	-
Receivables and other current assets	58 969	-	58 969	-	-	-
Other current financial assets	211	1 177	1 388	-	1 177	1 177
Cash and cash equivalents	26 089	-	26 089	-	-	-
<b>Liabilities</b>						
Banks and other lenders	352 572	-	352 572	-	-	-
Other non-current financial liabilities	-	2 716	2 716	-	2 716	2 716
Payables and other current liabilities	39 804	-	39 804	-	-	-
Other current financial liabilities	-	12 273	12 273	-	12 273	12 273
Current tax payable	605	-	605	-	-	-

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014.

US\$ Thousand	31 December 2014					
	Loans and receivables	Derivative instruments	Total	Fair Value		Total
				Level 1	Level 2	
<b>Assets</b>						
Non-current financial assets	20 657	-	20 657	-	-	-
Receivables and other current assets	48 800	-	48 800	-	-	-
Other current financial assets	-	2 741	2 741	-	2 741	2 741
Cash and cash equivalents	68 383	-	68 383	-	-	-
<b>Liabilities</b>						
Banks and other lenders	410 408	-	410 408	-	-	-
Other non-current financial liabilities	-	3 181	3 181	-	3 181	3 181
Payables and other current liabilities	36 348	-	36 348	-	-	-
Other current financial liabilities	4 915	14 226	19 141	-	14 226	14 226
Current tax payable	535	-	535	-	-	-

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

The fair value of the non-current financial assets, banks and other lenders and cash and cash-equivalents, together with short-term trade receivables and payables is not disclosed as their carrying amount is reasonably approximate to their fair value.

The carrying amount of financial assets represents the maximum credit exposure.

## 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, Statutory Auditors and executives with strategic responsibilities and their families are also considered related parties.

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

During the first six months of 2015 the most significant financial transactions included a management service agreement (for technical, crewing and IT services) with d'Amico Group companies, a brand fee with d'Amico Società di Navigazione S.p.A., a personnel, service agreement with d'Amico Shipping Singapore and d'Amico Shipping USA and purchase of Intermediate Fuel Oil and Marine Diesel Oil, from Rudder SAM, a d'Amico Group controlled company, included in the bunker cost of the year.

Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of related party significant transactions on the Group's consolidated income statement for the first six months of 2015 and 2014 – not elsewhere disclosed in the present report - are the following:

<i>US\$ Thousand</i>	H1 2015		H1 2014	
	Total	Of which related parties	Total	Of which related parties
Revenue	212 115	-	141 151	-
Voyage costs	(53 990)	-	(46 052)	-
Time charter hire costs	(72 162)	(7 781)	(49 657)	(3 790)
Other direct operating costs	(33 963)	(2 336)	(29 133)	(3 638)
General and administrative costs	(7 112)	(1 255)	(8 876)	(3 133)
Other operating income	193	-	414	-
Result on disposal of vessels	-	-	6 351	(20)
Net financial income (charges)	1 430	-	(2 580)	(81)

The effects of related party transactions on the Group's consolidated balance sheets as at 30 June 2015 and 31 December 2014 not elsewhere disclosed in the present report, are the following:

<i>US\$ Thousand</i>	As at 30 June 2015		As at 31 December 2014	
	Total	Of which related parties	Total	Of which related parties
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible assets	702 737	-	647 167	-
Investment in jointly controlled entities	4 322	-	4 348	-
Other Non-current financial assets	20 242	20 242	20 657	20 657
<b>Current assets</b>				
Inventories	12 981	-	12 422	-
Receivables and other current assets	58 969	1 116	48 800	-
Current financial assets	1 388	-	2 741	-
Cash and cash equivalents	26 089	-	68 383	-
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Banks and other lenders	352 572	-	351 430	-
Other non-current financial liabilities	2 716	-	3 181	-
<b>Current liabilities</b>				
Banks and other lenders	54 197	-	58 978	-
Payables and other current liabilities	39 804	7 569	36 348	7 470
Other financial current liabilities	12 273	-	19 141	-
Current taxes payable	605	-	535	-

## 26. COMMITMENTS AND CONTINGENCIES

### Capital commitments

As at June 30 2015, the Group's capital commitments amounted to US\$ 321.7 million, of which payments over the next 12 months amounted to US\$ 108.9 million.

<i>US\$ Million</i>	As at 30 June 2015	As at 31 December 2014
Within one year	108.9	78.3
Between 1 – 3 years	212.8	131.9
Between 3 – 5 years	-	-
More than 5 years	-	-
	<u>321.7</u>	<u>210.2</u>

Capital commitments relate to the payment for: 4 Hyundai-Mipo dockyard 40,000 dwt Product/chemical tanker newbuilding vessels, 4 Hyundai-Mipo dockyard 50,000 dwt Product/chemical tanker newbuilding vessels and 4 Hyundai-Mipo dockyard 75,000 dwt Product/chemical tanker newbuilding vessels. All DIS newbuilding vessels are expected to be delivered between 2015 and Q1 2018.

As at June 30 2015, the Group's minimum operating lease rental commitments amounted to US\$ 360.4 million, of which payments over the next 12 months amounted to US\$ 85.8 million.

<i>US\$ Million</i>	<b>As at 30 June 2015</b>	<b>As at 31 December 2014</b>
Within one year	85.8	117.6
Between 1 – 3 years	103.1	84.4
Between 3 – 5 years	63.7	23.0
More than 5 years	107.8	-
	360.4	225.0

As at June 30 2015, d'Amico Tankers Limited operated 28.5 vessel equivalents on time charter-in contracts as lessee. The existing time charters had an average remaining contract period of 1.3 years at the end of June 2015 (2 years including optional periods). Further, 4 additional MR (50,000 dwt) Product/chemical tanker newbuilding vessels are expected to be delivered in time charter to d'Amico Tankers between the 2017 and H1 2018, with an average contract period of 7.5 years (10.5 years including optional periods).

### **Purchase options**

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

### **Ongoing disputes**

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

### **Tonnage tax deferred taxation**

Effective from 1 January 2007, d'Amico Tankers Limited qualified to be taxed under the Tonnage Tax regime in Ireland; DM Shipping Limited obtained the ruling commencing 1 January 2009 and Glenda International Shipping in 2010. The regime includes 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	42 284 240	USD	n.a.	Integral
d'Amico Tankers Limited	Dublin / Ireland	100 001	EUR	100.0%	Integral
High Pool Tankers Limited	Dublin / Ireland	2	EUR	90.5%	Proportional
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%	Equity
Eco Tankers Limited	Malta	50 000	USD	33.0%	Equity
d'Amico Tankers Monaco SAM	Monaco	150 000	EUR	100.0%	Integral
d'Amico Tankers UK Ltd	London / UK	50 000	USD	100.0%	Integral

The consolidation area in H1 2015 does not differ with respect to the 2014 consolidated accounts.

30 July 2015

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 2014 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



## Report on review of the condensed consolidated interim financial information

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

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### *Introduction*

We have reviewed the accompanying condensed consolidated interim statement of financial position of d'Amico International Shipping S.A. (DIS) as of 30 June 2015 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed interim statement of changes in consolidated shareholders' equity and condensed consolidated interim statement of cash flows for the six-month period then ended. The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 30 July 2015

Philippe Duren