



**D'AMICO INTERNATIONAL SHIPPING S.A.**  
**INTERIM MANAGEMENT STATEMENTS – FIRST QUARTER 2017**

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d'Amico International Shipping S.A.  
Registered office at 25C Boulevard Royal, Luxembourg  
RCS B124790  
Share capital US\$ 42,851,035.60 as at 31 March 2017

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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

Carlos Balestra di Mottola *Chief Financial Officer*

### **INDEPENDENT AUDITORS**

Moore-Stephens Audit S.A.

## KEY FIGURES

### FINANCIALS

<i>US\$ Thousand</i>	<b>Q1 2017</b>	<b>Q1 2016</b>
Time charter equivalent (TCE) earnings	66 566	75 080
EBITDA	16 508	21 586
<i>as % of margin on TCE</i>	<i>24.80%</i>	<i>28.75%</i>
EBIT	7 285	12 723
<i>as % of margin on TCE</i>	<i>10.94%</i>	<i>16.95%</i>
Net profit/(loss)	1 832	7 191
<i>as % of margin on TCE</i>	<i>2.75%</i>	<i>9.58%</i>
Basic earnings/ (loss) per share	US\$ 0.004	US\$ 0.017
Operating cash flow	(1 396)	25 502
Gross CAPEX	(27 183)	(38 588)
	<b>As at</b>	<b>As at</b>
	<b>31 March 2017</b>	<b>31 December 2016</b>
Total assets	989 384	989 204
Net financial indebtedness	528 153	527 793
Shareholders' equity	365 835	363 366

### OTHER OPERATING MEASURES

<i>US\$ Thousand</i>	<b>Q1 2017</b>	<b>Q1 2016</b>
<b>Daily operating measures</b> - TCE earnings per employment day (US\$) <sup>1</sup>	14 412	16 970
<b>Fleet development</b> - Total vessel equivalent	53.3	49.5
- Owned	31.0	25.7
- Chartered	22.3	23.8
Off-hire days/ available vessel days <sup>2</sup> (%)	3.7%	1.8%
Fixed rate contract/ available vessel days <sup>3</sup> (coverage %)	41.2%	46.7%

<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.

## ALTERNATIVE PERFORMANCE MEASUREMENTS (APM)

APM are financial and non-financial measures of historical or future financial performance, financial position or cash-flows, other than a financial measure defined or specified in the Company's applicable financial reporting framework; DIS management is using these financial measures, along with the mostly directly comparable IFRS measures, as they provide helpful additional information for users of the financial statements, indicating how the business has performed over the period, filling the gaps left by the reporting standards: in-fact, certain discussions and analyses set out in this Annual Report and Accounts include measures which are not defined by IFRS. In the following section are set out the Company's definitions of used APM:

### FINANCIAL APMs (They are based on or derived from figures of the financial statements)

<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortization. It is equivalent to the gross operating profit, which indicates the Company's revenues from sales less its cost of the services (transport) sold.
<b>EBIT</b>	Earnings before interest and tax. It is equivalent to the net operating profit.
<b>Gross Capital expenditure</b>	Means the expenditure for the acquisition of fixed assets as well as expenditures capitalised as a result of the intermediate or special surveys of our vessels, or of investments for the improvement of our vessels; it gives an indication about the strategic planning (expansion) of the Company (capital intensive industry).
<b>Net Indebtedness</b>	Comprises total borrowing arrangements and financial liabilities, less cash and cash equivalents and liquid financial assets or short-term investments available to service those debt items. It is a metric indicating the overall debt situation of a company.
<b>Time charter equivalent earnings</b>	Is equal to voyage revenues less voyage expenses. It allow a period-to-period comparison of revenues, which is not influenced by whether the vessels were employed on Spot charters, Voyage charters or Contracts of affreightment (please see Non-Financial APM definitions below).

### NON-FINANCIAL APMs (not derived from figures of the financial statements)

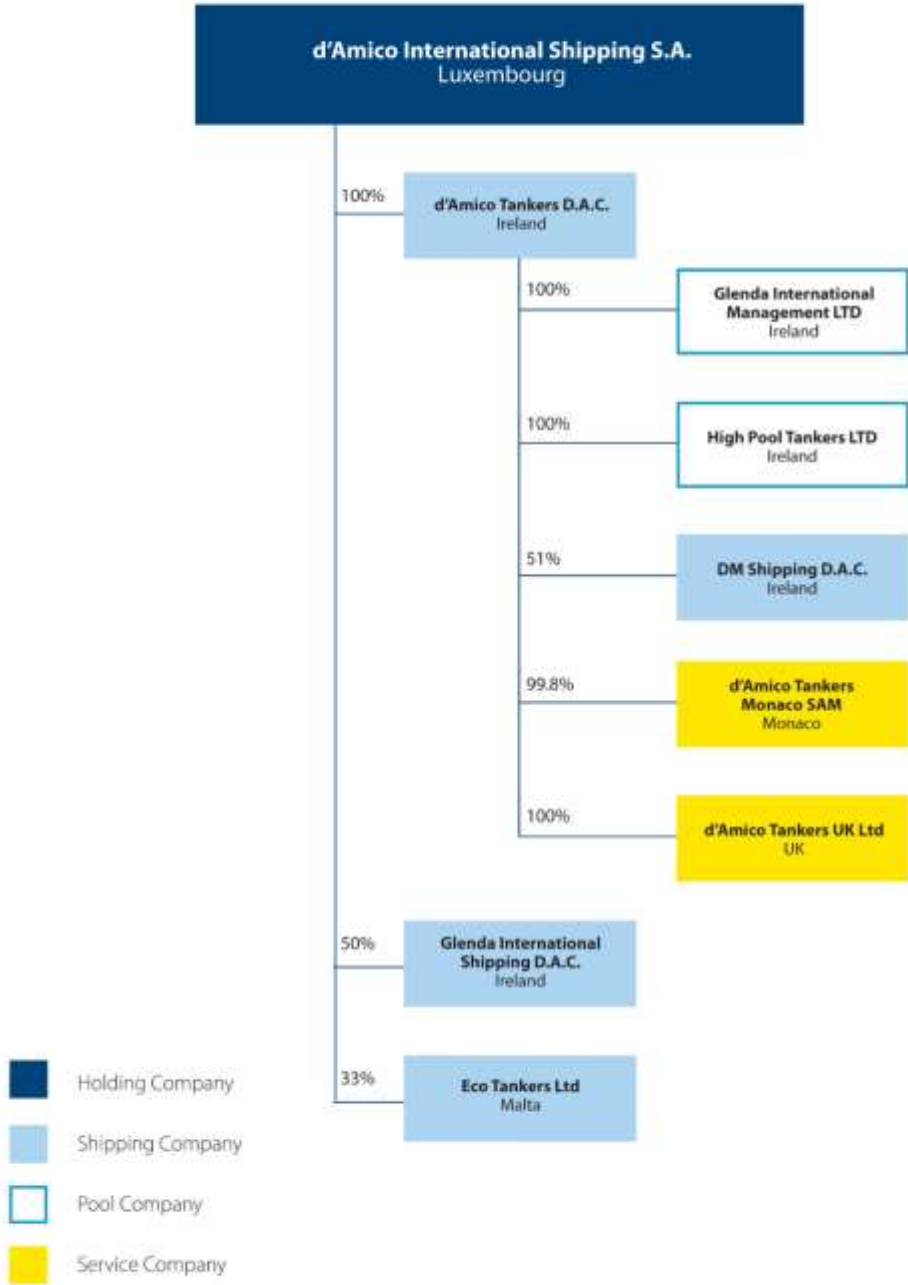
<b>Available vessel days</b>	Total theoretical number of days a vessel is available for sailing during a period It provides an indication of the Company's fleet earnings potential during a period, which takes into account the date of delivery to and redelivery from the Company of the vessels in its fleet.
<b>Bareboat charter</b>	means a charter of a vessel under which the ship owner is usually paid a fixed amount of charter hire for a certain period of time during which the charterer is responsible for the vessel operating expenses and voyage expenses of the vessel and for the management of the vessel, including crewing. A bareboat charter is also known as a "demise charter" or a "time charter by demise".
<b>Charter</b>	means the hire of a vessel for a specified period of time or to carry a cargo from a loading port to a discharging port. The contract for a charter is commonly called a charter party.
<b>Contract of affreightment (COA)</b>	means an agreement between an owner and a charterer which obliges the owner to provide a vessel to the charterer to move specific quantities of cargo, at a fixed rate, over a stated time period but without designating specific vessels or voyage schedules, thereby providing the owner with greater operating flexibility than with voyage charters alone.

<b>Coverage</b>	Ratio indicating how many available vessel days are already covered by fixed rate contracts (time charter contracts or contracts of affreightment). It provides an indication of how exposed the Company is to changes in the freight market during a certain period.
<b>Fixed-rate contracts</b>	Time Charter Contracts or Contracts of Affreightment. Please see respective definitions of these Non-Financial APMs in this section.
<b>Off-hire</b>	means the period in which a vessel is unable to perform the services for which it is immediately required under a time charter. Off-hire periods can include days spent on repairs, dry-docking and surveys, whether or not scheduled. It can help to explain changes in Time-charter equivalent earnings between different periods.
<b>Spot charter or Voyage charter</b>	means the hiring of a vessel for a voyage between a load port and a discharge port. The charterer pays the vessel owner on a per-ton or lump-sum basis. The payment for the use of the vessel is known as freight.
<b>Time charter</b>	means a charter under which the ship owner is paid charter hire on a per-day basis for a specified period of time (a fixed rate contract). Typically, the ship owner is responsible for providing the crew and paying vessel operating expenses while the charterer is responsible for paying the voyage expenses and additional voyage insurance.
<b>Time charter equivalent earnings per day</b>	is a measure of the average daily revenue performance of a vessel on a per voyage basis. The DIS Group's method of calculating time charter equivalent earnings per day is consistent with industry standards and is determined by dividing voyage revenues (net of voyage expenses) by voyage days for the relevant time period. Time charter equivalent earnings per day is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance despite changes in the mix of charter types ( <i>i.e.</i> spot charters, time charters and contracts of affreightment) under which the vessels may be employed during specific periods. It allows comparison of the Company's performance with industry peers and market benchmarks.
<b>Vessels equivalent</b>	The number of vessels equivalent in a period is equal to the sum of the products of all vessels controlled by the Company by the total available vessel days over that period and the participation of the Company (direct or indirect) in that vessel, divided by the number of calendar days in that period. It provides an indication of the Company's fleet size and earnings potential over a period.
<b>Voyage charter</b>	means a charter under which a ship owner is paid freight on the basis of moving cargo from a loading port to a discharging port. The ship owner is responsible for paying both vessel operating expenses and voyage expenses. Typically, the charterer is responsible for any delay at the loading or discharging ports.

# REPORT ON OPERATIONS

## GROUP STRUCTURE

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



## 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 d.a.c. (Ireland), a fleet with an average age of approximately 7.8 years, compared to an average in the product tankers industry of 10.1 years (source: Clarkson). All DIS vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to major oil companies and trading houses. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), with the requirements of oil-majors and energy-related companies and other relevant international standards. Based on MARPOL/IMO rules, cargoes such as palm oil, vegetable oil and other chemicals can only be transported by vessels that meet certain requirements (IMO Classed). As at March 31 2017, 70% of the DIS fleet was IMO Classed, allowing the Group to transport a large range of products.

### Fleet

The following tables set forth information about the DIS fleet as at March 31, 2017, which consists of **53.8** vessels (March 31, 2016: 48.8)

<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 Challenge	50,000	2017	Hyundai Mipo, South Korea	IMO II/III
High Wind	50,000	2016	Hyundai Mipo, South Korea	IMO II/III
High Trust	49,990	2016	Hyundai Mipo, South Korea	IMO II/III
High Trader	49,990	2015	Hyundai Mipo, South Korea	IMO II/III
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>1</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>2</sup>	47,203	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Meryl <sup>3</sup>	47,251	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melody <sup>2</sup>	47,238	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melanie <sup>3</sup>	47,162	2010	Hyundai Mipo, South Korea	IMO II/III
GLEND A Meredith <sup>3</sup>	46,147	2010	Hyundai Mipo, South Korea	IMO II/III
GLEND A Megan <sup>2</sup>	47,147	2009	Hyundai Mipo, South Korea	IMO II/III
High 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	-

<sup>1</sup> Vessel owned by Eco Tankers Limited (in which DIS has 33% interest)

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

<sup>3</sup> Vessels owned by GLEND A International Shipping d.a.c. (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	-
High Strength <sup>1</sup>	46,800	2009	Nakai Zosen, Japan	-
High Force	53,603	2009	Shin Kurushima, Japan	-
High Efficiency <sup>1</sup>	46,547	2009	Nakai Zosen, Japan	-
High Current	46,590	2009	Nakai Zosen, Japan	-
High Beam	46,646	2009	Nakai Zosen, Japan	-
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	-
SW Southport <sup>4</sup>	46,992	2004	STX, South Korea	IMO II/III
SW Tropez <sup>5</sup>	46,992	2004	STX, South Korea	IMO II/III
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

### Handy-size fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
<b>Owned</b>				
Cielo di Salerno	39,043	2016	Hyundai Mipo, South Korea	IMO II/III
Cielo di Hanoi	39,043	2016	Hyundai Mipo, South Korea	IMO II/III
Cielo di Capri	39,043	2016	Hyundai Mipo, South Korea	IMO II/III
Cielo di Ulsan	39,060	2015	Hyundai Mipo, South Korea	IMO II/III
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 Guangzhou <sup>2</sup>	38,877	2006	Guangzhou, China	IMO II
Cielo di Milano	40,081	2003	Shina Shipbuilding Co., South Korea	IMO II/III
<b>Time chartered without purchase option</b>				
Port Stewart	38,877	2003	Guangzhou, China	-
Port Russel	37,808	2002	Guangzhou, China	IMO II/III
SW Cap Ferrat I <sup>3</sup>	36,032	2002	STX, South Korea	IMO II/III

<sup>1</sup> Vessels owned by the joint venture DM Shipping d.a.c. (in which DIS has 51% interest) and time chartered to d'Amico Tankers d.a.c.

<sup>2</sup> Vessel previously in bare-boat charter contract to d'Amico Tankers and then purchased in December 2015.

<sup>3</sup> Former Cielo di Salerno sold by d'Amico Tankers in December 2015 and taken back in time charter

<sup>4</sup> Former High Endurance sold by d'Amico Tankers in Feb'17 and taken back in time charter for 4 years

<sup>5</sup> Former High Endeavour sold by d'Amico Tankers in Mar'17 and taken back in time charter for 4 years

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

As at March 31 2017, d'Amico International Shipping directly employed 53.8 Vessels: 18.8 MRs ('Medium Range') and 4 Handy-size vessels on fixed term contracts, whilst 24 MRs and 7 Handy-size vessels are currently employed on the spot market. In addition, the Group employs a portion of its controlled vessels through some joint ventures.

*GLENDIA International Shipping d.a.c.*, a 50/50 jointly controlled entity with the Glencore Group. The JV company owns 6 MR vessels built between August 2009 and February 2011. Glenda International Shipping has currently three vessels time-chartered to d'Amico Tankers, two vessels to the Glencore Group and one vessel employed on the spot market.

*DM Shipping d.a.c.*, a 51/49 jointly controlled entity 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 a 33% shareholding. The JV company owns an eco-design MR product tanker of 50,000 dwt built at 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 (d'Amico), 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). At the closing of the period, the entire d'Amico Group controls a wide fleet of owned and chartered-in vessels, of which 53.8 are part of the DIS fleet, operating in the product tanker market. d'Amico International Shipping benefits from a strong brand name and a well-established reputation in the international markets due to the long operating history of the d'Amico Group. In addition, it benefits from the expertise of the d'Amico Group, which provides support for technical management services, as well as safety, quality and technical products and services to DIS' vessels, including crewing and insurance arrangements.

d'Amico International Shipping operates from Luxembourg, Ireland, UK, Monaco, Singapore and the USA. As at March 31 2017, the Group employed 716 seagoing personnel and 35 onshore personnel.

## FINANCIAL REVIEW OF THE GROUP

### Summary of the results in the first quarter of 2017

According to the IMF's January update after a subdued 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging economies. The IEA said in their recent report that after expanding by 1.6 million b/d in 2016, global oil product demand growth will slow to 1.4 million b/d in 2017. In January demand grew much stronger than anticipated in Russia and France, but slower than expected in Germany, Japan, India and Korea. Oil products demand growth for Q1 2017 is estimated by the IEA at around 1.6 million b/d relative to the same quarter last year.

OECD industry product stocks peaked in August 2016 at 1.58 billion barrels and have been declining since then, ending the year at 1.50 billion barrels. In January 2017, however, such stocks built by a sizeable 43 million barrels (or around 1.5 million b/d), with Europe contributing to an increase of 10 million barrels due to high diesel imports and a lack of gasoline exports. In February 2017, however, according to the IEA, industry product stocks resumed their declining trend, ending the month at 1.52 billion barrels.

In the first two months of Q1 product tankers' freight rates moved down from the levels reached at the end of 2016, with an improvement recorded only in the last two weeks of the quarter. Global stocks built at the beginning of the quarter and with no real increase in demand for winter fuels rates flattened out. West of Suez saw some improvement with increased demand into South America and Mexico. Poor domestic demand for gasoline in the US and West Africa reduced exports from Europe. Refinery outage and poor demand curtailed Middle East runs to the Far East. During the last part of the quarter, the East of Suez remained flat at depressed levels with a healthy supply of tonnage facing lacklustre demand. However, as we approached the end of Q1, the Western Hemisphere saw a marked improvement in demand for products into West Africa and South America, drastically reducing supply of tonnage and subsequently improving earnings.

The one-year time-charter rate is always the best indicator of spot market expectations. Despite the improvement in spot rates towards the end of the quarter in the west, the one-year rate for an MR increased only from \$12,500 to \$ 13,500 per day during the period.

In Q1 2017, DIS generated a Net Profit of US\$ 1.8 million, mainly thanks to a stronger freight markets compared to the second half of last year. This results compares with US\$ 7.2 million Net Profit posted in Q1 2016. In detail, in Q1 2017 DIS' daily spot rate was US\$ 13,363 still significant lower than the same quarter of last year (US\$ 18,076) but considerably higher than in both Q4 2016 (US\$ 10,120) and Q3 2016 (US\$ 10,101). The product tanker market seems to be gaining further momentum going into Q2 2017.

At the same time, 41.2% of DIS' total employment days in Q1 2017, were covered through 'time-charter' contracts at an average daily rate of US\$ 15,908, which represents a lower percentage than the previous year but at a higher average rate (Q1 2016: 46.7% coverage at an average daily rate of US\$ 15,706). Such high level of time charter coverage is one of the pillars of DIS' commercial strategy and allows it to mitigate the effects of spot market volatility, securing a certain level of earnings and cash generation. DIS' total daily average rate (which includes both spot and time-charter contracts) was US\$ 14,412 in Q1 2017 compared with US\$ 16,970 achieved in the previous year.

Thanks to an improved TCE performance and to a cost efficient operating platform, DIS achieved an EBITDA of US\$ 16.5 million in Q1 2017. This level is lower than the same quarter of last year (Q1 2016: US\$ 21.6 million) but it is US\$ 1.7 million higher than the entire EBITDA generated in the previous six months, reflecting improving market conditions. DIS' EBITDA margin was 24.8% in Q1 2017 vs. 28.8% in Q1 2018.

In the first three months of the year, DIS had US\$ 27.2 million in 'capital expenditures', mainly in relation to its new-building plan. Since 2012, DIS has ordered a total of 22 'Eco design' product tankers<sup>1</sup> (10 MR, 6 Handy-size and 6 LR1 vessels), of which 16<sup>1</sup> vessels have been already delivered as at the end of Q1 2017. This corresponds to an overall investment plan of approximately US\$ 755.0 million and is in line with the Company's strategy to modernize

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<sup>1</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.)

its fleet through new-buildings with an eco-design. In addition, DIS has already fixed 14 of its new-building vessels on long-term time-charter contracts with three oil-majors and a leading refining company, all at profitable levels.

## Operating Performance

<i>US\$ Thousand</i>	<b>Q1 2017</b>	<b>Q1 2016</b>
Revenue	91 938	93 374
Voyage costs	(25 372)	(18 294)
<b>Time charter equivalent earnings</b>	<b>66 566</b>	<b>75 080</b>
Time charter hire costs	(28 928)	(31 435)
Other direct operating costs	(19 905)	(18 128)
General and administrative costs	(3 902)	(3 979)
Other operating Income	-	48
Result on disposal of vessels	2 677	-
<b>Gross operating result / EBITDA</b>	<b>16 508</b>	<b>21 586</b>
Depreciation	(9 223)	(8 863)
<b>Operating result / EBIT</b>	<b>7 285</b>	<b>12 723</b>
Net financial income	1 513	1 052
Net financial charges	(6 870)	(6 447)
Share of profit of associate	81	(20)
<b>Profit / (loss) before tax</b>	<b>2 009</b>	<b>7 308</b>
Income taxes	(177)	(117)
<b>Net profit / (loss)</b>	<b>1 832</b>	<b>7 191</b>

**Revenue** was US\$ 91.9 million in Q1 2017 compared to US\$ 93.4 million in Q1 2016. The decrease in gross revenues compared with the previous year was mainly a consequence of the weaker product tankers market in the first three months of 2017. In addition, the percentage of off-hire days in Q1 2017 (3.7%) was significantly higher than the same period of the previous year (1.8%), mainly due to commercial off-hires and the timing of dry-docks.

**Voyage costs** reflected the vessel employment mix, in the form of spot and time-charter contracts. These costs, which occur only for vessels employed on the spot market, amounted to US\$ 25.4 million in Q1 2017 compared with US\$ 18.3 million recorded in the same quarter of last year.

**Time charter equivalent earnings** were US\$ 66.6 million in Q1 2017 vs. US\$ 75.1 million in Q1 2015. Such variance is due to the softer spot market compared with the same period of last year.

In particular, DIS realized a **Daily Average Spot Rate of US\$ 13,363 in Q1 2017** compared with US\$ 18,076 achieved in the same quarter of 2016. However DIS' spot result of Q1 2017 represents an improvement of 32% (or US\$ 3,200/day) relative to the previous two quarters.

Following its strategy, in Q1 2017 DIS maintained a **high level of 'coverage'** (fixed contracts), securing an average of **41.2%** (Q1 2016: 46.7%) of its available vessel days at a **Daily Average Fixed Rate of US\$ 15,908** (Q1 2016: US\$ 15,706). In addition to securing revenue and supporting the operating cash flow generation, these contracts enabled DIS to strengthen its historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

**DIS' Total Daily Average TCE (Spot and Time Charter) was US\$ 14,412 in Q1 2017 vs. US\$ 16,970 in Q1 2016.**

<i>DIS TCE daily rates (US Dollars)</i>	<b>Q1 2016</b>	<i>Q2 2016</i>	<i>Q3 2016</i>	<i>Q4 2016</i>	<b>Q1 2017</b>
Spot	18 076	15 560	10 101	10 120	13 363
Fixed	15 706	16 059	16 106	16 085	15 908
<b>Average</b>	16 970	15 803	12 904	12 601	<b>14 412</b>

**Time charter hire costs** relate to the chartered-in vessels and amounted to US\$ 28.9 million in Q1 2017 vs. US\$ 31.4 million in Q1 2016. The decrease compared with the same period of last year is due to the lower average number of chartered-in vessels operated in the first quarter of 2017 (Q1 2017: 22.3 vs. Q1 2016: 23.8).

**Other direct operating costs** mainly consist of crew, technical and luboil relating to the operation of owned vessels together with insurance expenses for both owned and chartered-in vessels. These costs were US\$ 19.9 million in Q1 2017 vs. US\$ 18.1 million in Q1 2016. The increase in absolute values compared with the previous year, is only due to the larger number of owned vessels in Q1 2017, following the delivery of 6 'eco-design' new-building tankers from January 2016 to March 2017. DIS constantly monitors its operating costs, 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' fleet represents an essential part of d'Amico's vision and strategy.

**General and administrative costs** were US\$ 3.9 million in Q1 2017, substantially in line with US\$ 4.0 million posted in the same period of last year. These costs relate mainly to onshore personnel, together with office costs, consultancies, travel expenses and others.

**Result on disposal of vessel.** In Q1 2017, DIS sold the M/T High Endurance and the M/T High Endeavour (two 2004-built MR vessels) generating a total net gain on disposal of US\$ 2.7 million.

**EBITDA** was **US\$ 16.5 million in Q1 2017** vs. US\$ 21.6 million achieved in the same quarter of the previous year. The reduction relative to last year, is mainly due to lower 'TCE Earnings', partially compensated by lower 'Time charter hire costs'. **DIS' EBITDA Margin was 24.8% in Q1 2017** compared with 28.8% in Q1 2016.

**Depreciation and Impairment** amounted to US\$ 9.2 million in Q1 2017 vs. US\$ 8.9 million in Q1 2016. Such increase compared with the previous year is attributable to the higher number of owned vessels in Q1 2017, due to the 6 new-building tankers delivered in since January 2016.

**EBIT for the first three months of 2017** was **positive for US\$ 7.3 million** compared to US\$ 12.7 million for the same period of last year.

**Net financial income** was positive for US\$ 1.5 million in Q1 2017 vs. US\$ 1.1 million in Q1 2016. The 2017 amount comprises a US\$ 1.0 million positive exchange difference (primarily on the USD/JPY rate) and a US\$ 0.5 million unrealized gain in relation to the ineffective part of DIS' Interest Rate Swap Agreements.

**Net financial charges** were US\$ (6.9) million in Q1 2017 vs. US\$ (6.4) million in Q1 2016. The amount is made of the interests due on DIS' loan facilities.

DIS recorded a **Profit before tax** of US\$ 2.0 million in Q1 2017 vs. US\$ 7.3 million in the same period last year.

**Income taxes** were US\$ 0.1 million in Q1 2017, in line with the same quarter of last year.

DIS' **Net Profit** was **US\$ 1.8 million** compared with US\$ 7.2 million posted in the same period of 2016. The variance compared to the previous year is almost entirely due to the higher spot rates in the first three months of 2016.

## Consolidated Statement of Financial Position

<i>(US\$ Thousand)</i>	As at 31 March 2017	As at 31 December 2016
<b>ASSETS</b>		
Non current assets	859 418	837 055
Current assets	129 966	152 149
<b>Total assets</b>	<b>989 384</b>	<b>989 204</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Shareholders' equity	365 835	363 366
Non-current liabilities	453 279	435 724
Current liabilities	170 270	190 114
<b>Total liabilities and shareholders' equity</b>	<b>989 384</b>	<b>989 204</b>

**Non-current assets** mainly relate to DIS' owned vessels net book value and it includes also the portion relating to its new-buildings under construction. The balance at the end of Q1 2017 is higher than the previous year, mainly due to the yard instalments paid on DIS' new-building program during the quarter (including the last instalments due in connection with the delivery of one new-building vessel in Q1 2017). According to the valuation report provided by a primary broker, the estimated market value of DIS' owned fleet as at December 31 2016 was of US\$ 741.9 million.

**Gross Capital expenditures (Capex)** were US\$ 27.2 million in Q1 2017. This amount mainly comprises the instalments paid on the new-building vessels under construction at Hyundai-Mipo. Dry-dock costs pertaining to owned vessels are also capitalized.

**Current assets** as at March 31 2017 amounted to US\$ 130 million. Other than the working capital items (inventories and trade receivables amounting to US\$ 14.1 million and US\$ 43.9 million respectively), current assets include 'Cash and cash equivalent' of US\$ 29.8 million, current financial receivables of US\$ 0.1 million and assets held for sale of US\$ 42.0 million, comprising the book value of 3 MR vessels (M/T High Priority, M/T High Presence, M/T High Prosperity), which are currently under sale negotiations.

**Non-current liabilities** were US\$ 453.3 million as at March 31 2017 and mainly consist of the long-term portion of debt due to banks, disclosed under the Net Indebtedness section of the report.

The balance of **Current liabilities**, other than the debt due to banks and other lenders (disclosed under the Net Indebtedness section of the report), includes working capital items amounting to US\$ 37.7 million (essentially relating to trade and other payables) and US\$ 15.9 million of financial liabilities. The total balance of Current liabilities includes also US\$ 23.2 million of outstanding debt on the 3 vessels classified as 'assets held for sale'.

The **Shareholders' equity** balance as at March 31 2017 was of US\$ 365.8 million (US\$ 363.4 million as at December 31 2016). The variance with the previous year is primarily due to the Net Result generated in the current year and the valuation of cash-flow hedges.

## Net Indebtedness

DIS' Net debt as at March 31, 2017 amounted to US\$ 528.2 million substantially in line with US\$ 527.8 million at the end of 2016.

<i>US\$ Thousand</i>	As at 31 March 2017	As at 31 December 2016
Liquidity - Cash and cash equivalents	29 822	31 632
Current financial receivables	132	95
<b>Total current financial assets</b>	<b>29 954</b>	<b>31 727</b>
Bank loans – current	106 377	124 975
Shareholders' loan	10 056	10 001
Other current financial liabilities – 3 <sup>rd</sup> p.ties	15 899	11 885
<b>Total current financial debt</b>	<b>132 332</b>	<b>146 861</b>
<b>Net current financial debt</b>	<b>102 378</b>	<b>115 134</b>
Other non-current financial assets – third parties	5 673	2 213
Other non-current financial assets – related party DMS	21 831	20 853
<b>Total non-current financial assets</b>	<b>27 504</b>	<b>23 066</b>
Bank loans non-current	445 349	427 304
Other non-current financial liabilities – 3 <sup>rd</sup> p.ties	7 930	8 420
<b>Total non-current financial debt</b>	<b>453 279</b>	<b>435 724</b>
<b>Net non-current financial debt</b>	<b>425 775</b>	<b>412 658</b>
<b>Net financial indebtedness</b>	<b>528 153</b>	<b>527 792</b>

The balance of *Total Current Financial Assets (Cash and cash equivalents* together with some short-term financial receivables) was of US\$ 30.0 million as at the end of Q1 2017.

*Total Non-Current Financial Assets* mainly shows DIS (through d'Amico Tankers d.a.c.) shareholder loan to DM Shipping d.a.c., a 51/49 joint venture company with the Mitsubishi Group. The Company owns 2 MR vessels, built and delivered respectively in July and October 2009.

The total outstanding bank debt (*Bank loans*) as at March 31 2017 amounted to US\$ 551.7 million, of which US\$ 106.3 million is due within one year (including also US\$ 23.2 million outstanding debt on the 3 vessels classified as 'assets held for sale'). Other than some short term credit lines, DIS' debt as at March 31 2017 comprises mainly the following long-term facilities granted to d'Amico Tankers d.a.c. (Ireland), the key operating company of the Group: (i) US\$ 250 million Term Loan facility granted by a pool of nine primary financial institutions (Crédit Agricole Corporate and Investment Bank, Nordea Bank, ING Bank, Banca IMI, Commonwealth Bank of Australia, Skandinaviska Enskilda Banken (SEB), The Governor and Company of the Bank of Ireland, Credit Industriel et Commercial, DnB), to refinance 8 existing vessels and provide financing for 6 new-building vessels, with an outstanding debt of US\$ 96.8 million; (ii) Intesa medium-term facility with an outstanding debt of US\$ 45.0 million; (iii) Crédit Agricole-CIB and DnB NOR Bank 7 years term loan facility to finance 2 MR vessels built and delivered in 2012 for a total outstanding debt of US\$ 30.9 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 and for an MR vessel built and delivered in January 2016, for an outstanding debt of US\$ 26.1 million; (v) ING Bank 6 years term loan facility to finance 2 MR vessels built in 2005 for a total outstanding debt of US\$ 14.5 million; (vi) Crédit Agricole-CIB 6 years term loan facility to finance 2 MR vessels built in 2014 for total outstanding debt of US\$ 32.9 million; (vii) Danish Ship Finance 7 years term loan facility to finance 2 MR vessels built in 2014 and 2015 for a total outstanding debt of US\$ 32.5 million; (viii) DnB NOR Bank 5 years term loan facility to finance 1 MR vessel built in 2014 for a total outstanding debt of US\$ 18.8 million; (ix) ABN Amro 6 years term loan facility to finance 1 Handysize vessel built in 2014 for a total outstanding debt of US\$ 18.3 million; (x) Banca IMI (Intesa Group) 7 years term loan facility to finance 2 Handy-size vessels built respectively in 2015 and 2016 for a total outstanding debt of US\$ 42.8 million; (xi) Skandinaviska Enskilda Banken (SEB) 6 years term loan facility to finance 1 MR vessel built in 2015 for a total outstanding



debt of US\$ 20.6 million; (xii) Crédit Agricole CIB 4 years term loan facility to finance 1 Handy-size vessel built in 2006 and purchased in 2015 for a total outstanding debt of US\$ 8.5 million; (xiii) Monte dei Paschi di Siena 5 year term loan facility to finance 2 LR1 vessels under construction at Hyundai-Mipo and expected to be delivered in 2017, with an outstanding debt of US\$ 21.7 million; (xiv) Century Tokyo Leasing 6 years term loan facility to finance 2 Handy-size vessel delivered respectively in July and October 2016 and 1 MR vessel delivered in January 2017, with an outstanding debt of US\$ 72.3 million; (xv) ING 12 months facility to finance 1 Handy-size vessel built in 2003 and purchased in July 2016 for a total outstanding debt of US\$ 8.6 million. In addition, DIS' debt comprises also: its portion of the bank loans of its joint venture 'Glenda International Shipping d.a.c.' with Commerzbank AG Global Shipping and Credit Suisse amounting to US\$ 50.8 million, to finance the 6 Glenda International Shipping d.a.c. vessels, delivered between 2009 and 2011.

*Other Non-current financial liabilities* includes the negative fair value of derivatives hedging instruments (interest rate swap agreements), accrued interest and financial fees.

The Net debt includes also US\$ 10.0 million loan granted in December 2016 by DIS' parent company d'Amico International S.A., shown under *Total current financial debt*.

## Cash Flow

DIS Net Cash Flow for Q1 2017 was negative for US\$ (1.7) million, including US\$ 27.2 million gross capital expenditures.

<i>US\$ Thousand</i>	Q1 2017	Q1 2016
Cash flow from operating activities	(1 396)	25 502
Cash flow from investing activities	(22)	(38 588)
Cash flow from financing activities	(273)	14 402
<b>Change in cash balance</b>	<b>(1 691)</b>	<b>1 316</b>
<b>Cash and cash equivalents net of bank overdrafts at the beginning of the period</b>	<b>20 164</b>	<b>40 287</b>
Cash and cash equivalents at the end of the period	29 822	41 714
Bank overdrafts at the end of the period	(11 349)	(111)
<b>Cash and cash equivalents net of bank overdrafts at the end of the period</b>	<b>18 473</b>	<b>41 603</b>

*Cash flow from operating activities* was negative for US\$ 1.4 million in the first three months of the current year, compared to US\$ 25.5 million realized in Q1 2016. The result achieved in Q1 2016 was due to mainly to the stronger freight markets relative to Q1 2017 and to a very positive 'timing' effect in working capital benefiting the first three months of last year.

The net *Cash flow from investing activities* was close to zero in Q1 2017 and comprises US\$ 27.2 million capital expenditures in connection with the installments paid on the new-building vessels under construction at Hyundai-Mipo, as well as dry-dock expenses. The net investing cash flow includes also US\$ 27.0 million 'proceeds from the disposal of fixed assets' in relation to the sale of M/T High Endurance and M/T High Endeavour in Q1 2017.

*Cash flow from financing activities* was negative for US\$ 0.3 million in Q1 2017. This figure comprises mainly: (i) US\$ 29.8 million bank loan drawdown in relation to the financing of the newbuilding vessels delivered during the quarter; (ii) US\$ 31.1 million in bank debt repayments.



## SIGNIFICANT EVENTS OF THE FIRST QUARTER

In Q1 2017 the following main events occurred in the activity of d'Amico International Shipping Group:

**Amendments to the bylaws of the Company and increase in the authorized share capital:** In January 2017 – d'Amico International Shipping S.A. announced that further to recent, important changes to the Luxembourg law of 10 August 1915 on commercial companies by the law of 10 August 2016 (the “Company Law”), governing law of d'Amico International Shipping S.A., the board of directors of the Company (the “Board of Directors”) resolved to convene an extraordinary general meeting of shareholders to be held on 3 March 2017 (the “EGM”) to modify the articles of association of the Company in order to align its provisions with the amended Luxembourg Company Law, and at the same time take the opportunity to set the authorised share capital, including the existing issued share capital of the Company at a total amount of one hundred million US dollars (US\$ 100,000,000) enabling the Board of Directors to increase the share capital of the Company within the next five years with a view to strengthen the Company's share capital and financial flexibility.

**On March 3 2017 the Extraordinary General Meeting of Shareholders of d'Amico International Shipping S.A. (the “Company” or the “Group”) resolved to:**

- To approve the proposed amendment to the articles of association of the Company as proposed by the Board of Directors in the explanatory report published on 30 January 2017 and available to the Shareholders on the Company's website (<https://en.damicointernationalshipping.com/>);
- in particular, to set the authorised corporate capital, including the issued share capital, at a total amount of USD 100 million, divided into one billion shares with no nominal value and to renew, for a period of five years, the authorisation of the Board of Directors to increase the capital in one or several tranches within the limits of the amended authorised capital, as well as the authorisation of the Board of Directors to limit or cancel, in full or partially, the preferential subscription right of existing shareholders.

**On March 3 2017, the Board of Directors of the Company – exercising the powers delegated by the Extraordinary General Meeting of Shareholders as described above – has on the basis of this authorization resolved:**

- To prepare the launch of a public rights offering, in Luxembourg and Italy, addressed to the shareholders of the Company that would result in an increase of the share capital of the Company, through the issuance of new shares with no par value and with the same rights (including, but not limited to the right of dividend) as the shares existing at the time of the issuance, up to a USD equivalent of a maximum of Euro 35 million (including share premium); the new shares would be offered to the Company's existing shareholders as holders of preferential subscription rights (the “Preferential Subscription Rights”) for the subscription to new shares of the Company (the “New Shares”) together with free warrants – exercisable over a five years' time horizon – to be issued simultaneously (the “Warrants”). The Warrants would give right to warrants holders to subscribe to additional shares with no nominal value and with the same rights (including, but not limited to the right to dividends) attached thereto as to the existing shares (the “Warrant Shares”) (the “Rights Offering”). New Shares that would not be subscribed during the preferential subscription right period would be expected to be offered by the Company through a subsequent private placement (the “Private Placement” and together with the Rights Offering, the “Offering”);
- the Warrants, as proposed to be issued, would, if duly exercised according to the terms and conditions of the Warrants that are yet to be defined by the Board of Directors of the Company, result in an increase in the share capital of the Company, within the limits of the authorized capital, up to a USD equivalent of a maximum of Euro 60 million (including share premium), through the issuance of Warrant Shares with no par value and regular dividend and incorporating the same rights of the shares existing at the time of the issuance;
- the New Shares and the Warrant Shares are expected to be listed on the MTA Star Segment, with the appropriate filings of a request for admission to listing with Borsa Italiana to be initiated in due course. The Board of Directors of the Company expects, market conditions so permitting, to be able to proceed with the Offering within the first half of 2017.

### d'Amico Tankers d.a.c.:

- **'Second-Hand Owned Vessels':** in January 2017, d'Amico Tankers d.a.c. sold MT High Endurance and MT High Endeavour, two 46,992 dwt medium-range product tanker vessels, built in 2004 by STX, South Korea (the "Vessels"), to Sea World Tankers a client of Sea World Management SAM (the "Buyer"), for a consideration of US\$ 13.5 million each. At the same time, d'Amico Tankers will maintain the commercial employment of the Vessels having also concluded with the Buyer a 4 year time charter agreement at an attractive rate.
- **'Time Charter-Out' Fleet:** In February 2017, d'Amico Tankers d.a.c. extended a time charter contract with an oil major due to expire in Q1 for another year, at a profitable rate.
- **'Time Charter-In' Fleet:** In February 2017, the contract on M/T High Enterprise, an MR vessel built in 2009 and time-chartered-in by d'Amico Tankers d.a.c. since then, was extended for a further 1 year period at a reduced rate.  
In March 2017, d'Amico Tankers d.a.c. agreed to take in time-charter-in M/T High Sun, an MR vessel built in 2014 and owned by Eco Tankers Limited (in which DIS has 33% interest) for an 18 month period and with expected delivery in Q3 2017.
- **New-building vessels:** In January 2017, M/T High Challenge, an 'Eco' new-building MR product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to the Company.
- **Newbuilding Vessels:** In February 2017, d'Amico Tankers agreed with Hyundai Mipo Dockyard Co. Ltd. – South Korea to postpone the delivery of its first newbuilding LR1 from April 2017 to October 2017. This agreement follows a specific request of an oil major and a key customer of the Company, which will take the vessel on a 18 month TC contract upon her delivery from Hyundai Vinashin Shipyard Co. Ltd. – Vietnam. At the same time, the estimated delivery dates of the remaining 5 LR1s under construction at Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, have also been slightly delayed by approximately 2 months compared to the original schedule.

### GLENDIA International Shipping d.a.c.:

- **'Time Charter-Out' Fleet:** In February 2017, GLENDIA International Shipping d.a.c. reduced the time charter out rates on its 6 owned MR vessels for 12 month period effective from the end of Q1 2017. Three of these vessels are currently time-chartered to d'Amico Tankers and three vessels to the Glencore Group.

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

### d'Amico International Shipping:

**'DIS controlling shareholder will guarantee 100% of the capital increase':** On April 10 2017, d'Amico International S.A. ("DAM") the controlling shareholder of d'Amico International Shipping S.A. (the "Company", "DIS" or the "Group"), confirmed its unconditional and irrevocable undertaking to exercise all the preferential subscription rights which it is entitled to receive under the offering and to subscribe for and to fully and timely pay up the corresponding number of new shares with warrants issued simultaneously, as set out in the undertaking letter dated on 30 January 2017. Following the press release issued by DIS on March 3, 2017 and the relevant DIS Board of Directors resolution of the same day, DAM further irrevocably undertook and committed to subscribe to any share that will not be subscribed in the private placement and on the same terms, notably as to pricing, as will be proposed in the rights offering and the private placement.

**The Board of d'Amico International Shipping S.A. approves the rights issue terms and conditions.** Transaction scheduled to launch 24 April 2017 and close 18 May 2017. On April 18 2017 the Board of Directors of d'Amico International Shipping S.A. (the "Company" or the "Group"), exercising the powers delegated by the Extraordinary General Meeting of Shareholders of 3 March 2017, has resolved:

- to approve a rights issue addressed to the shareholders of the Company which consists of (i) an offering by the Company with preferential subscription rights (the “Preferential Subscription Rights”) of new shares of the Company (the “New Shares”) with warrants issued simultaneously (the “Warrants”) to be exercised into shares (the “Warrant Shares”), (the “Rights Offering”) and (ii) in case the Preferential Subscription Rights are only partially exercised during the Rights Offering, a private placement whereby the Board of Directors will place any New Shares that were not subscribed in the Rights Offering and with cancellation in this second round of offering of any preferential subscription right (the “Private Placement”, together with the Rights Offering, the “Offering”);
  - to approve an increase of the share capital of the Company, within the limits of the authorised capital, of up to a maximum of the USD equivalent of Euro 34,922,277 (including share premium), through the issuance of up to 140,250,109 New Shares, that will generally in all respects rank pari passu with the existing shares, at an issuance price per New Share of Euro 0.249 (the “Issuance Price”), in the ratio of 1 New Share for every 3 Preferential Subscription Rights exercised (the “Ratio”) and with attached up to 140,250,109 free Warrants issued simultaneously in the ratio of 1 Warrant for every 3 Preferential Subscription Rights exercised;
  - to approve a further increase of the share capital of the Company, within the limits of the authorised capital, of up to a maximum of the USD equivalent of Euro 59,606,296 (including share premium), through the issuance – in one or more tranches – of up to 140,250,109 Warrant Shares upon exercise of the Warrants, that will generally in all respects rank pari-passu with the shares in issue on the relevant exercise date.

The Board of Directors has decided to proceed with the Offering to strengthen the Company’s balance sheet. The Offering has been structured to reward shareholders with a medium to long-term investment horizon, with the long maturity of the Warrants, providing to the investors the possibility of benefiting from an expected recovery in the highly cyclical product tankers market. The favourable market outlook is based on an expected slowdown in the deliveries of new-buildings, coupled with strong historical and forecasted growth rates in demand for the seaborne transportation of refined products, also driven by an increase in the averages distances travelled by the Company’s vessels.

The Issuance Price of the New Shares incorporates a discount of 17% to the reference price of d’Amico International Shipping shares on the Mercato Telematico Azionario of Borsa Italiana S.p.A. (“MTA”) as at 13 April 2017, a discount of 14% to the simple average of the reference market prices registered by d’Amico International Shipping’s shares during the last 6 months and a discount of 13% to the TERP.

Holders of the Existing Shares on 21 April 2017 at the closing of the MTA will be entitled to Preferential Subscription Rights. The Preferential Subscription Rights (ISIN code: LU1588444940) may be exercised from 24 April 2017 to 18 May 2017 (the “Rights Subscription Period”). The Preferential Subscription Rights will be tradable during the Rights Subscription Period and will be tradable on the MTA from 24 April 2017 to 12 May 2017 inclusive (end of trading on the MTA).

In case the Preferential Subscription Rights will be only partially exercised during the Rights Offering period, the Board of Directors will place any remaining shares through a Private Placement commencing upon the expiry of the Rights Subscription Period at the same terms and conditions of the Rights Offering.

The Warrants confer certain rights and can be exercised under the Warrant terms and conditions. Based on the Warrant Terms and Conditions, the holders of Warrants will have the right to subscribe to Warrant Shares in the ratio of 1 Warrant Share for every 1 Warrant exercised based on the following exercise prices and exercised during the following periods:

- Euro 0.315, for the Warrants exercised in all the banking days in June 2018;
- Euro 0.340, for the Warrants exercised in all the banking days in June 2019;
- Euro 0.367, for the Warrants exercised in all the banking days in June 2020;
- Euro 0.395, for the Warrants exercised in all the banking days in June 2021;
- Euro 0.425, for the Warrants exercised in all the banking days in June 2022.

From 22 June 2017 to 31 May 2022, the Board of Directors – under conditions set by the Warrants Terms and Conditions – may set additional exercise periods. An application was filed for the admission of the Warrants to trading on the STAR segment of the MTA and Borsa Italiana admitted the Warrants to trading by decision no. 8337 transmitted by Borsa Italiana on 13 April 2017. The first date of trading of the Warrants will be determined by Borsa Italiana.

The Warrants are expected to be traded under ISIN code LU1588548724. The New Shares and the Warrant Shares are expected to be automatically traded on the STAR segment of the MTA, under ISIN code LU0290697514. Warrant terms and conditions will be attached to the prospectus of the Offering (the “Prospectus”) as Appendix 1 - Terms and conditions of the “D’AMICO INTERNATIONAL SHIPPING WARRANTS 2017 – 2022”.

On April 18 2017, the CSSF approved the Prospectus for the purposes of the offer to the public in Luxembourg and Italy of the New Shares, Warrants and Warrants Shares and for purposes of the admission to trading of the New Shares, Warrants and Warrant Shares on the STAR segment of the MTA, in accordance with article 7 of the Luxembourg Prospectus Law and at the request of the Issuer, the CSSF provided the competent authority in Italy (“CONSOB”), with a certificate of approval attesting that this Prospectus has been prepared in accordance with the Luxembourg Prospectus Law implementing the EU Directive 2003/71/EC, like emended.

The CSSF’s approval does not imply any judgement on the economic or financial merits of the Offering or on the quality or solvency of the Company.

The Prospectus along with the minutes of the Board of Directors meeting are available on the DIS website under the 2017 capital increase dedicated area of the Investor Relations section ([www.investorrelations.damicointernationalshipping.com](http://www.investorrelations.damicointernationalshipping.com)). This Documentation is also available at the Company’s registered office.

The Prospectus and the minutes of the Board of Directors meeting are disclosed by the e-market SDIR circuit and stored at Borsa Italiana S.p.A, using the e-market STORAGE system. The Prospectus is disclosed at Bourse de Luxembourg S.A. too, in its quality of OAM. The Prospectus and the Italian translation of the Summary will be available on the CONSOB website.

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

	As at 31 March 2017			As at 4 May 2017		
	MR	Handysize	Total	MR	Handysize	Total
Owned	22.3	8.0	30.3	22.3	8.0	30.3
Time chartered	20.5	3.0	23.5	20.5	3.0	23.5
<b>Total</b>	<b>42.8</b>	<b>11.0</b>	<b>53.8</b>	<b>42.8</b>	<b>11.0</b>	<b>53.8</b>

## Business Outlook

Going into Q2 2017, the supply-demand balance is improving. Prolonged refinery outage in Asia and low regional demand are keeping freight levels flat. However, after the Islamic holy month of Ramadan at the end of June, with refineries coming back on-line following maintenance, the Asian gasoline market could see a recovery in demand. Indonesia is expected to start Q2 on a quiet note, only importing 8.4 million barrels in April, down from an average of 10.6 million b/month in the January-March period. Demand for gasoline cargoes is also expected to remain firm from such countries as Sri Lanka, Pakistan and Vietnam. In the Western hemisphere increased demand into South America and especially Chile, due to refinery turnaround, and into West Africa due to low petroleum stocks, is supporting demand for product tankers. Supply of tonnage in the Western hemisphere is reduced by the large volumes of sunflower and soybean oil exported East from South America – after 500 thousands booked in March,

close to one million tonnes of vegetable oil exports was already booked for April. These exports are traditionally stronger from March to June with volumes shipped on this route during this period last year totalling 2.8 million tonnes. While these exports reduce vessel supply in South America, they increase the tonnage available in the Far East, depressing rates in the region and having a particularly negative effect on the market for seaborne transportation of Asian palm oil – vessels that have previously transported vegetable oils are FOSFA suitable ships and therefore entitled to transport such products.

The key drivers that should affect the product tanker freight markets and d’Amico International Shipping’s performance are (i) global oil supply (ii) the crude oil price and refinery margins (iii) demand for refined products and (iv) the product tankers fleet growth rate. Some of the factors that could drive a recovery in the product tanker market in the medium-term are detailed below:

### ***Product Tanker Demand***

- The International Energy Agency, in its 2017 Oil Market Report (OMR), published in March 2017, forecasted annual global demand growth to average 1.2 million b/d, or 1.2% per annum, from 2016-2022, corresponding to an increase in the period of 7.3 million b/d. From an average of 96.6 million b/d in 2016, global demand is expected to rise to 103.8 million b/d by 2022.
- According to the IEA, the transport and petrochemical sectors account for the majority of the forecasted growth in oil demand up to 2022, at just under one-half and just over one third, respectively.
- From 2016 to 2022, non-OECD countries will account for the majority of the forecast growth. A modest net decline in demand is expected in the OECD area due to slower economic growth and higher vehicle efficiency. Non-OECD oil demand rises by 8.5 million b/d, while OECD contracts by a net 1.2 million b/d over the forecast period. By 2022 non-OECD demand will be 28% larger than in the OECD.
- The International Maritime Organisation (IMO) has mandated that from 2020 vessels use marine fuels with less than 0.5% sulphur content outside the Emissions Control Areas (ECA), down from the current standard of 3.5%. This new regulation is likely to significantly increase demand for ultra-low sulphur distillates. Since, this fuel cannot be produced in all areas and since it is unlikely that sufficient investment is available to upgrade existing refineries, a large portion of the pent-up demand for these products will have to be met by imports. This could structurally support demand for product tankers.
- According to Clarksons total Seaborne volume of petroleum products has been growing at 4.1% CAGR since 2000 driven by refinery expansion and throughput.
- The IEA expects refinery capacity to grow by 7 million b/d by 2022. Most of the additions are planned in the Middle East and Asia, in particular in China and India. In the IEA’s March 2017 OMR forecast, project cancellations in Brazil dramatically reduce South America additions.
- Asia is already a net importer of Naphtha and is expected to add gasoline and diesel to its product imports basket. While Middle Eastern refinery throughput will cover some of this requirement, Asian importers will have to look to US and European markets to secure the needed products.
- Seaborne trade thrives on the existence of mismatches – in the oil products sector these can be in any given country driven by differences among the types of products produced and demanded, the types and quality of oil products produced by refineries, and the margins achieved by refineries due to the different prices of crude oil used, of the energy consumed and of their technological sophistication. The global refinery map is constantly changing, leading to product supply imbalances between regions. As these mismatches grow product tanker demand will increase.

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

- According to Clarksons, excluding cancellations, slippage and pure chemical tankers, 89 ships are scheduled to be delivered in 2017. Since 26 MRs were delivered in the first three months of 2017, only 63 are expected to be delivered in the last 9 months of the year, equivalent to 7 per month.
- There have been 5 ships scrapped in the first quarter of 2017.
- According to Affinity Shipping there are 31 ship currently under construction that will not be delivered this year.
- According to Affinity Shipping there have been only four new orders for MR tankers this year, confirming there has recently been little or no interest in new-buildings. The limited ordering activity, also as a result

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of the lower availability of equity and debt finance, is leading to a rapidly shrinking order book. This in turn will reduce the growth in the supply of tonnage.

- On average MR tankers are scrapped around 24 years of age. According to Clarksons there are 185 ships older than twenty years of age, corresponding to 8.5% of the existing fleet.
- Shipyards, especially in South Korea, are going through a period of uncertainty. Lack of orders and poor returns will inevitably lead to a reduction in global shipyard capacity.
- The International Maritime Organisation's (IMO) requirement that from 2020 vessels use marine fuels with less than 0.5% sulphur content could result in older less efficient ships being removed from trading as they become uncompetitive and are forced to burn more expensive diesel or gasoil.
- Port delays and an increase in the average length of voyages, have been and are expected to continue reducing the ready supply of tonnage.

**D' AMICO INTERNATIONAL SHIPPING GROUP**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2017**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

<i>US\$ Thousand</i>	<b>Q1 2017</b>	<b>Q1 2016</b>
Revenue	91 938	93 374
Voyage costs	(25 372)	(18 294)
<b>Time charter equivalent earnings</b>	<b>66 566</b>	<b>75 080</b>
Time charter hire costs	(28 928)	(31 435)
Other direct operating costs	(19 905)	(18 128)
General and administrative costs	(3 902)	(3 979)
Other operating income	-	48
Result on disposal of vessels	2 677	-
<b>EBITDA</b>	<b>16 508</b>	<b>21 586</b>
Depreciation	(9 223)	(8 863)
<b>EBIT</b>	<b>7 285</b>	<b>12 723</b>
Net financial income	1 513	1 052
Net financial (charges)	(6 870)	(6 447)
Share of profit of associate	81	(20)
<b>Profit / (loss) before tax</b>	<b>2 009</b>	<b>7 308</b>
Income taxes	(177)	(117)
<b>Net profit / (loss)</b>	<b>1 832</b>	<b>7 191</b>
<i>The net result is entirely attributable to the equity holders of the Company</i>		
<b>Basic earnings / (loss) per share <sup>(1)</sup></b>	<b>US\$ 0.004</b>	<b>US\$ 0.017</b>

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

<i>US\$ Thousand</i>	<b>Q1 2017</b>	<b>Q1 2016</b>
Profit / (loss) for the period	1 832	7 191
<i>Items that may be reclassified subsequently into profit or loss</i>		
Movement of valuation of Cash flow hedges	551	(7 602)
Exchange differences in translating foreign operations	28	38
<b>Total comprehensive income for the period</b>	<b>2 411</b>	<b>(373)</b>
<i>The net result is entirely attributable to the equity holders of the Company</i>		
<b>Basic earnings / (loss) per share</b>	<b>US\$ 0.006</b>	<b>US\$ (0.001)</b>

<sup>1</sup> Basic earnings/ loss per share (e.p.s.), have been calculated on an average number of shares outstanding equal to 420,750,329 in the first quarter of 2017 and 414,814,045 in the first quarter of 2016. In Q1 2017 and in Q1 2016 diluted e.p.s. was equal to basic e.p.s..

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	As at 31 March 2017	As at 31 December 2016
<b>ASSETS</b>		
Tangible assets	828 687	810 728
Investments and other Non-current financial assets	3 227	3 261
Other Non-current financial assets	27 504	23 066
<b>Total non-current assets</b>	<b>859 418</b>	<b>837 055</b>
Assets held for sale	42 000	66 352
Inventories	14 073	12 857
Receivables and other current assets	43 939	41 213
Other current financial assets	132	95
Cash and cash equivalents	29 822	31 632
<b>Total current assets</b>	<b>129 966</b>	<b>152 149</b>
<b>TOTAL ASSETS</b>	<b>989 384</b>	<b>989 204</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Share capital	42 851	42 851
Retained earnings	66 304	64 472
Other reserves	256 680	256 043
<b>Total shareholders' equity</b>	<b>365 835</b>	<b>363 366</b>
Banks and other lenders	445 349	427 304
Other non-current financial liabilities	7 930	8 420
<b>Total non-current liabilities</b>	<b>453 279</b>	<b>435 724</b>
Banks and other lenders	106 377	124 975
Amount due to parent company	10 056	10 001
Other current financial liabilities	15 899	11 885
Payables and other current liabilities	37 724	43 059
Current tax payable	214	194
<b>Total current liabilities</b>	<b>170 270</b>	<b>190 114</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>989 384</b>	<b>989 204</b>

4 May 2017

On behalf of the Board

*Paolo d'Amico*  
Chairman

*Marco Fiori*  
Chief Executive Officer



## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>US\$ Thousand</i>	Q1 2017	Q1 2016
<b>Profit / (loss) for the period</b>	<b>1 832</b>	<b>7 191</b>
Depreciation and amortisation	9 223	8 863
Current and deferred income tax	177	117
Financial charges	6 168	6 277
Fair value of foreign currency retranslation	(811)	(882)
Share of profit of associate	(81)	20
Profit on disposal of fixed assets	(2 677)	-
Other non-cash items	-	(21)
<b>Cash flow from operating activities before changes in working capital</b>	<b>13 831</b>	<b>21 565</b>
Movement in inventories	(1 216)	1 396
Movement in amounts receivable	(2 777)	13 542
Movement in amounts payable	(5 502)	(3 051)
Taxes paid	(78)	(74)
Net interest paid	(5 690)	-
Movement in other financial liabilities	36	(7 876)
<b>Net cash flow from operating activities</b>	<b>(1 396)</b>	<b>25 502</b>
Acquisition of fixed assets	(27 183)	(38 588)
Proceeds from disposal of fixed assets	27 000	-
Dividend from equity accounted investee	132	-
Movement in financing to equity accounted investee	29	-
<b>Net cash flow from investing activities</b>	<b>(22)</b>	<b>(38 588)</b>
Share Capital increase	-	2 921
Other changes in shareholders' equity	86	367
Treasury shares	-	(609)
Net movement in other financial receivables	(3 200)	(658)
Net movement in other financial payables	4 137	-
Bank loan repayments	(31 103)	(102 404)
Bank loan draw-downs	29 807	114 785
<b>Net cash flow from financing activities</b>	<b>(273)</b>	<b>14 402</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(1 691)</b>	<b>1 316</b>
Cash and cash equivalents net of bank overdrafts at the beginning of the period	20 164	40 287
<b>Cash and cash equivalents net of bank overdrafts at the end of the period</b>	<b>18 473</b>	<b>41 603</b>
Cash and cash equivalents at the end of the period	29 822	41 714
Bank overdrafts at the end of the period	(11 349)	(111)

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>US\$ Thousand</i>	Share capital	Retained earnings	Other Reserves		Total
			<i>Other</i>	<i>Cash-Flow hedge</i>	
<b>Balance as at 1 January 2017</b>	<b>42 851</b>	<b>64 472</b>	<b>257 535</b>	<b>(1 492)</b>	<b>363 366</b>
Share option cost	-	-	58	-	58
Total comprehensive income	-	1 832	28	551	2 411
<b>Balance as at 31 March 2017</b>	<b>42 851</b>	<b>66 304</b>	<b>257 621</b>	<b>(941)</b>	<b>365 835</b>

<i>US\$ Thousand</i>	Share capital	Retained earnings	Other Reserves		Total
			<i>Other</i>	<i>Cash-Flow hedge</i>	
<b>Balance as at 1 January 2016</b>	<b>42 284</b>	<b>77 310</b>	<b>268 300</b>	<b>(3 181)</b>	<b>384 713</b>
Capital increase	567	-	2 354	-	2 921
Treasury shares	-	-	(609)	-	(609)
Total comprehensive income	-	7 191	38	(7 602)	(373)
<b>Balance as at 31 March 2016</b>	<b>42 851</b>	<b>84 501</b>	<b>270 083</b>	<b>(10 783)</b>	<b>386 652</b>

## NOTES

d'Amico International Shipping S.A. (the "Company", DIS) a Société Anonyme, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The financial statements have been prepared in accordance with provisions of Art. 5 of the Luxembourg Law dated 11 January 2008, which transposed Directive 2004/109/EC of the European Parliament and of Council of 15 December 2004 in the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market. The ultimate parent company of the Group is d'Amico Società di Navigazione.

The financial statements d'Amico International Shipping Group are prepared in accordance with 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 S.A., and its subsidiaries for the period ended March 31, 2017.

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 2016.

#### Critical Accounting Judgments and Key Estimates

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

#### 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, making the product tankers business a single segment.

#### Accounting principles

The accounting policies adopted are consistent with those of the previous financial year, except as described in the following paragraphs, which have a significant impact on the Group.

### **Accounting principles adopted from 1st of January 2017**

No new accounting principles have been applied with respect to the 2016 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 2018, 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 the 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 is not yet endorsed by the EU; it 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). Actual financial assets are held-to-maturity and measured at amortised cost, which appear to be meeting the conditions for classifications at amortised cost under IFRS 9. 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. The new hedging rules align hedge accounting more closely with the Group's risk management practices; as a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principle-based approach and the Group does not expect a significant impact on the accounting for its hedging relationships. The new standard introduces expanded disclosure requirements and changes in presentation; the new impairment model is an expected credit loss model which may result in earlier recognition of credit losses. Actual financial assets are held-to-maturity and measured at amortised cost, which appear to be meeting the conditions for classifications at amortised cost under IFRS 9.

IFRS 16 – *Leases* was issued in January 2016, with the aim to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, with some exemptions. This information would give a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash-flows of the entity: in-fact, leasing is a means of gaining access to assets, of obtaining finance and of reducing an entity's exposure to the risk of asset ownership. The new approach to leases will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. Within the Income Statement, operating expenses will be replaced with interest and depreciation, so key metrics like TCE and EBTDA will change. Operating cash-flow will be higher as cash payments for the principal portion of the lease liability will be classified within financing activities. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019, and subject to EU endorsement, the Company will apply IFRS 16 from its effective date. The Company has gathered a working group which is currently assessing to what extent these commitments are going to impact the net assets, financial position and results of operations of DIS Group.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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## 2. COMMITMENTS AND CONTINGENCIES

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### Capital commitments

As at March 31 2017, the Group's capital commitments amounted to US\$ 190.3 million.

<i>US\$ Million</i>	<b>As at 31 March 2017</b>	<b>As at 31 December 2016</b>
Within one year	107.2	96.9
Between 1 – 3 years	83.1	118.1
Between 3 – 5 years	-	-
More than 5 years	-	-
	<b>190.3</b>	<b>215.0</b>

4 May 2017

On behalf of the Board

*Paolo d'Amico*  
Chairman

*Marco Fiori*  
Chief Executive Officer

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

*Carlos Balestra di Mottola*  
Chief Financial Officer