d’Amico International Shipping S.A.
9 months / Third Quarter 2018 Financial Report

This document is available on www.damicointernationalshipping.com
d’Amico International Shipping S.A.
Registered office at 25C Boulevard Royal, Luxembourg
Share capital US$ 65,373,392.00 as at 30 September 2018

CONTENTS

BOARD OF DIRECTORS AND CONTROL BODIES

BOARD OF DIRECTORS

Chairman
Paolo d'Amico

Chief Executive Officer
Marco Fiori

Directors
Carlos Balestra di Mottola *Chief Financial Officer*
Cesare d'Amico
Massimo Castrogiovanni
Stas Andrzej Jozwiak
John Joseph Danilovich
Heinz Peter Barandun

INDEPENDENT AUDITORS

Moore Stephens Audit S.A.

KEY FIGURES

FINANCIALS

Q3 2018	Q3 2017	*US$ Thousand*	9 MONTHS 2018	9 MONTHS 2017
55 053	65 507	Time charter equivalent (TCE) earnings*	180 702	194 171
(2 233)	8 972	EBITDA *	7 836	33 677
(4.06)%	*13.70%*	*as % of margin on TCE*	*4.34%*	*17.34%*
(12 694)	(264)	EBIT *	(21 518)	5 862
(23.06)%	*(0.40)%*	*as % of margin on TCE*	*(11.91)%*	*3.02%*
(20 954)	(7 384)	Net profit / (loss)	(41 174)	(13 584)
(38.06)%	*(11.27)%*	*as % of margin on TCE*	*(22.79)%*	*(7.0)%*
US$ (0.032)	US$ (0.013)	Earnings / (loss) per share	US$ (0.064)	US$ (0.028)
(500)	(2 368)	Operating cash flow	442	(3 454)
(28 181)	(37 020)	Gross CAPEX*	(100 213)	(99 868)
			As at 30 September 2018	**As at 31 December 2017**
		Total assets	1 061 471	1 013 235
		Net financial indebtedness*	587 990	510 285
		Shareholders' equity	356 909	394 432

**see Alternative Performance Measures on page 10*

OTHER OPERATING MEASURES[1]

Q3 2018	Q3 2017		9 MONTHS 2018	9 MONTHS 2017
10 680	12 977	**Daily operating measures** - TCE earnings per employment day (US$)[2]	11 967	13 392
56.3	55.4	**Fleet development** - Total vessel equivalent	55.6	54.3
26.0	30.0	- Owned	26.2	30.4
4.7	-	- Bareboat chartered	4.0	-
25.6	25.4	- Time chartered	25.4	23.9
1.7%	0.9%	Off-hire days/ available vessel days[3] (%)	1.0%	2.1%
33.0%	27.3%	Fixed rate contract/ available vessel days[4] (coverage %)	32.5%	33.6%

[1] In August 2018, the time-charter-in contracts on 4 vessels, all expiring between August 2018 and October 2018, were extended for 1 to 3 more spot voyages. The original fixed hire rate was changed into a "floating hire rate" based on the spot market earnings of each of the vessels. Therefore, d'Amico is effectively acting as commercial manager of these vessels, earning a 2% commission on all their gross revenues. Such vessels are excluded from the above "other operating measure" and from all the other DIS' KPIs.

[2] This figure represents time charter ("TC") equivalent earnings for vessels employed on the spot market and time charter contracts net of commissions. Please refer to the Alternative Performance Measures included further on in this report.

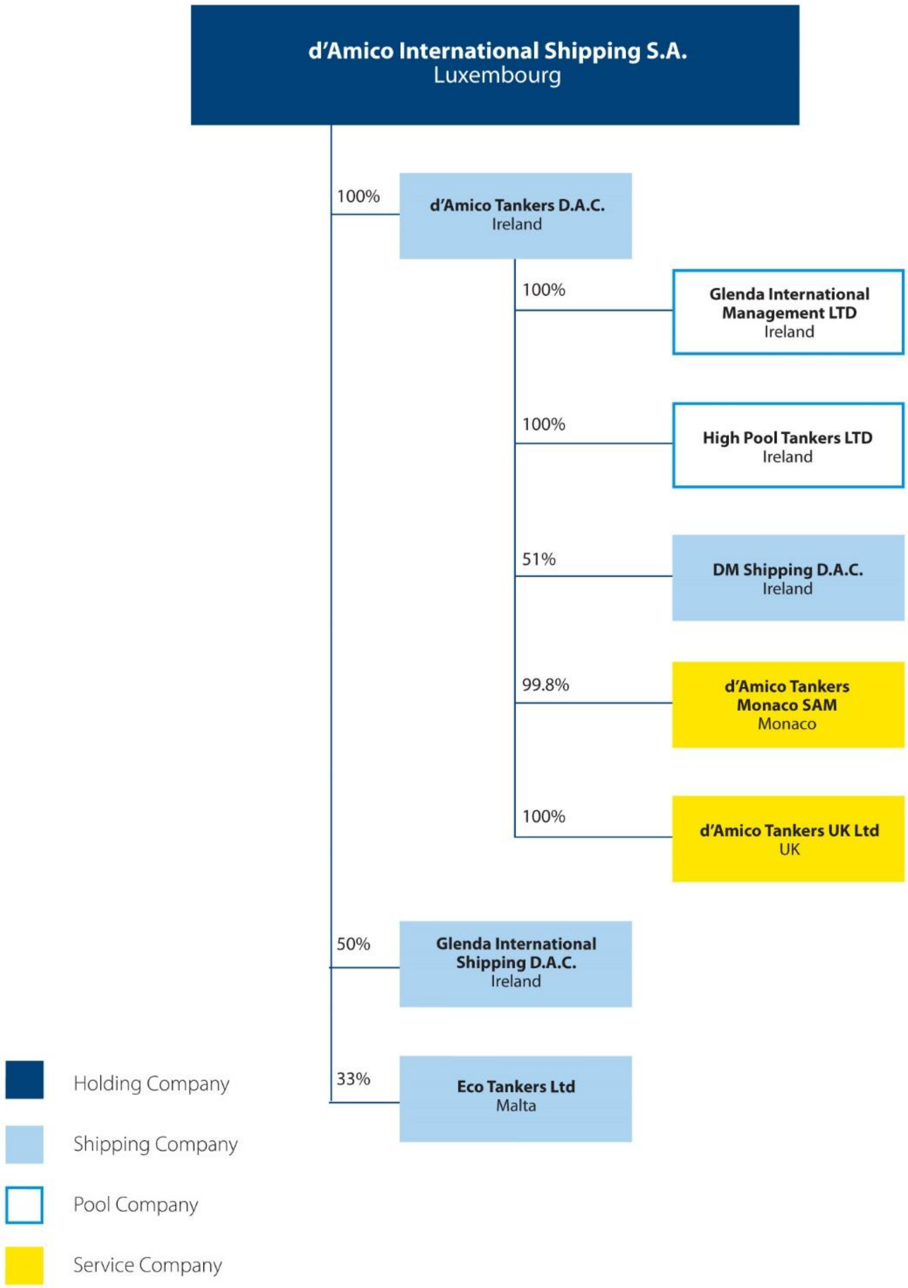
[3] This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

[4] Fixed rate contract days/available vessel days (coverage ratio): this figure represents the proportion of available vessel days employed on time charter contracts, inclusive of off-hire days.

CONSOLIDATED INTERIM MANAGEMENT REPORT

GROUP STRUCTURE

d'Amico International Shipping Group's structure is set out below:



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, which traces its origins to 1936. d'Amico International Shipping operates, mainly through its fully owned subsidiary d'Amico Tankers d.a.c. (Ireland), controlling a fleet with an average age of approximately 7 years, compared to an average in the product tankers industry of 10.1 years (source: Clarksons Research). 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 September 30, 2018, 72% of DIS' fleet was IMO Classed, allowing the Group to transport a large range of products.

d'Amico International Shipping's revenue is mainly generated from the employment, either directly or through its partnerships, of the vessels of its fleet under spot contracts and time charters, for the marine transportation of refined petroleum products. Vessels operating under fixed rate contracts, including time charters, usually provide more steady and predictable cash flows than vessels operating in the spot market. Spot contracts offer the opportunity to maximise DIS' revenue during periods of increasing market rates, although they may result in lower results than time charters during periods of decreasing rates. This employment mix varies according to prevailing and forecasted market conditions. Gains can also arise from the sale of the vessels in the Fleet.

DIS believes that it benefits from a strong brand name and an established reputation in the international market due to its long operating history and that such a reputation is important in maintaining and strengthening its long-term relationships with its partners and existing customers and developing relationships with new customers. Its partners and customers appreciate the transparency and accountability which have characterised the Group and the way in which its business has been operated from its early days. Accountability, transparency and a focus on quality are pillars of its operations and key to DIS' success.

The quality of its fleet is preserved through scheduled maintenance programmes, by aiming for exacting standards on owned vessels and, and by chartering-in vessels from owners who meet high quality standards.

DIS' Global Footprint

DIS has a presence in Luxembourg, Dublin (Ireland), London (U.K.), Monte Carlo (Monaco), Singapore and Stamford, CT (USA). These offices are located in the key maritime centres around the world. DIS' believes that its international presence allows it to meet the needs of its international clients in different geographical areas, while the offices also strengthen the Group's recognition and its brand name worldwide. In addition, through the different opening hours of offices located in several time zones, DIS is able to continuously monitor its operations and to assist its customers.

Fleet

DIS controlled as at 30 September 2018, either through ownership, charter arrangements or commercial management, a modern fleet of 57.5 product tanker (September 30, 2017: 55.5). The product tanker vessels of DIS range from approximately 36,000 to 75,000 dwt.

Since 2012, DIS ordered 22 new buildings, of which 2 were still under construction as at the end of September 2018. All these newbuildings are fuel efficient and in compliance with recent environmental legislation. They can therefore cater to the high standards required by the Group's oil customers, in addition to being highly cost effective.

Operating a large fleet enhances the generation of earnings and operating efficiencies. A large fleet strengthens the Group's ability to advantageously position vessels and improves the fleet's availability and scheduling flexibility, providing to DIS a competitive advantage in securing spot voyages. In particular, the scale of its operations provides it with the flexibility necessary to enable it to capitalise on favourable spot market conditions in order to maximise earnings and negotiate favourable contracts with suppliers.

The following tables sets forth information about DIS' fleet on the water as at September 30, 2018.

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
LR1 fleet				
Owned				
Cielo di Cagliari	75,000	2018	Hyundai Mipo, South Korea	IMO II/III
Cielo Rosso	75,000	2017	Hyundai Mipo, South Korea	IMO II/III
Cielo di Rotterdam	75,000	2018	Hyundai Mipo, South Korea	IMO II/III
Cielo Bianco	75,000	2017	Hyundai Mipo, South Korea	IMO II/III
MR fleet				
Owned				
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 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 Tide	51,768	2012	Hyundai Mipo, South Korea	IMO II/III
High Seas	51,678	2012	Hyundai Mipo, South Korea	IMO II/III
GLENDA Melissa[5]	47,203	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDA Meryl[6]	47,251	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDA Melody[6]	47,238	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDA Melanie[5]	47,162	2010	Hyundai Mipo, South Korea	IMO II/III
GLENDA Meredith[5]	46,147	2010	Hyundai Mipo, South Korea	IMO II/III
GLENDA Megan[6]	47,147	2009	Hyundai Mipo, South Korea	IMO II/III
High Venture	51,087	2006	STX, South Korea	IMO II/III
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
Bareboat with purchase options and purchase obligations				
High Trust	49,990	2016	Hyundai Mipo, South Korea	IMO II/III
High Freedom	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Discovery	50,036	2014	Hyundai Mipo, South Korea	IMO II/III
High Fidelity	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Priority	46,847	2005	Nakai Zosen, Japan	-
TC-in long-term with purchase options				
High Leader	50,000	2018	Japan Marine, Japan	IMO II/III
High Navigator	50,000	2018	Japan Marine, Japan	IMO II/III
High Explorer	50,000	2018	Onomichi, Japan	IMO II/III
High Adventurer	50,000	2017	Onomichi, Japan	IMO II/III
Crimson Pearl	50,000	2017	Minaminippon Shipbuilding, JPN	IMO II/III
Crimson Jade	50,000	2017	Minaminippon Shipbuilding, JPN	IMO II/III

[5] Vessels owned by GLENDA International Shipping d.a.c. (in which DIS has 50% interest) and time chartered to d'Amico Tankers d.a.c.
[6] Vessels owned by GLENDA International Shipping d.a.c. (in which DIS has 50% interest)

TC-in long-term without purchase option				
Carina	47,962	2010	Iwagi Zosen, Japan	-
High Efficiency[7]	46,547	2009	Nakai Zosen, Japan	
High Strength[8]	46,800	2009	Nakai Zosen, Japan	-
Freja Baltic	47,548	2008	Onimichi Dockyard, Japan	-
High Prosperity	48,711	2006	Imabari, Japan	-
High SD Yihe[9]	48,700	2005	Imabari, Japan	-
SW Southport I	46,992	2004	STX, South Korea	IMO II/III
SW Tropez	46,992	2004	STX, South Korea	IMO II/III
TC-in short-term				
High Sun[10]	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Force	53,603	2009	Shin Kurushima, Japan	-
High Pearl	48,023	2009	Imabari, Japan	-
High Beam	46,646	2009	Nakai Zosen, Japan	-
Freja Hafnia	53,700	2006	Shin Kurushima, Japan	-
Citrus Express	53,688	2006	Shin Kurushima, Japan	-
High Power	46,874	2004	Nakai Zosen, Japan	-
Vessel under Commercial Agreement				
High Current	46,590	2009	Nakai Zosen, Japan	-
High Beam	46,646	2009	Nakai Zosen, Japan	-
High Enterprise	45,800	2009	Shin Kurushima, Japan	-
High Glow	46,846	2006	Nakai Zosen, Japan	-

Handy-size fleet				
Owned				
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	38,877	2006	Guangzhou, China	IMO II
TC-in long-term without purchase option				
SW Cap Ferrat I	36,032	2002	STX, South Korea	IMO II/III

[7] Vessel 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.

[8] Vessel 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.

[9] Former High Presence sold by d'Amico Tankers d.a.c in Feb'18 and taken back in time charter for 6 years

[10] Vessel owned by Eco Tankers Limited (in which DIS has 33% interest)

Fleet Employment and Partnership

As at September 30, 2018, d'Amico International Shipping directly employed 57.5 Vessels: 4 LR1 ('Long Range 1'), 13.5 MRs ('Medium Range') and 3 Handy-size on term contracts at a fixed rate, whilst 32 MRs and 5 Handy-size vessels are currently employed on the spot market. In addition, the Group employs a portion of its controlled vessels through joint ventures.

GLENDA 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 and three vessels to the Glencore Group.

DM Shipping d.a.c. (DMS), 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 vessel is currently time-chartered to d'Amico Tankers d.a.c. 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 57.5 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 September 30 2018, the Group employed 732 seagoing personnel and 37 onshore personnel.

ALTERNATIVE PERFORMANCE MEASURES (APM)

Along with the most directly comparable IFRS measures, DIS management is regularly using Alternative Performance Measures, as they provide helpful additional information for users of its financial statements, indicating how the business has performed over the period, filling the gaps left by the reporting standards. APMs 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 Group's applicable financial reporting framework and standards (IFRS); for this reason they might not be comparable to similarly titled measures used by other companies and are not measurements under IFRS or GAAP and thus should not be considered substitutes for the information contained in the Group's financial statements. In the following section are set out the Group's definitions of used APMs:

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

Time charter equivalent earnings
It is a shipping industry standard allowing to compare period-to-period net freight revenues, which are not influenced by whether the vessels were employed on Spot charters, Voyage charters or Contracts of affreightment (please see Non-Financial APM definitions below). As indicated in the Profit and Loss financial statement, it is equal to (voyage) revenues less voyage costs.

EBITDA and EBITDA Margin
EBITDA is defined as result for the period before the impact of taxes, interest, the Group's share of the result of joint ventures and associates, depreciation and amortization. It is equivalent to the gross operating profit, which indicates the Group's revenues from sales less its cost of the services (transport) sold. EBITDA Margin is defined as EBITDA divided by Time charter equivalent earnings (as described above). DIS believes that EBITDA and EBITDA Margin are useful additional indicators investors can use to evaluate the Group's operating performance.

EBIT and EBIT Margin
EBIT is defined as the result for the period before the impact of tax, interest and the Group's share of the result of joint ventures and associates. It is equivalent to the net operating profit and the Group uses it to monitor its return after operating expenses and the cost of the use of its tangible assets. EBIT Margins is defined as operating profit as a percentage of Time charter equivalent earnings, and represents for DIS a suitable measure to show the contribution of the TC Earnings in covering both fixed and variable costs.

Gross CAPEX
It means gross capital expenditure, that is 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 DIS vessels, as indicated under Net acquisition of fixed assets within the cash-flow from investing activities; it gives an indication about the strategic planning (expansion) of the Group (capital intensive industry).

Net Indebtedness
Comprises bank loans and other financial liabilities, less cash and cash equivalents and liquid financial assets or short-term investments available to service those debt items. The Group believes net indebtedness is relevant to investors as it is a metric on the overall debt situation of a company, indicating the absolute level of non-equity funding of the business. The relevant table in the net indebtedness section within the report on operations, reconciles net debt to the pertinent balance sheet lines items.

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

Available vessel days
Total theoretical number of days a vessel is available for sailing during a period. It provides an indication of the Group's fleet earnings potential during a period, which takes into account the date of delivery to and redelivery from the Group of the vessels in its fleet (please refer also to the Key figures, other operating measures).

Coverage
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 Group is to changes in the freight market during a certain period (please refer to Time charter equivalent earnings in the Management financial review).

Daily spot rate or daily TC rate
Daily spot rate refers to daily time-charter equivalent earnings (please refer to definition below) generated by employing DIS' vessels on the spot market (or on a voyage basis) and daily TC rate refers to daily time-charter earnings generated by employing DIS' vessels on 'time-charter' contracts (please refer to the Management financial review).

Off-hire
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 (please refer to Revenues, in the Management financial review).

Time charter equivalent earnings per day
Is a measure of the average daily revenue performance of a vessel on a per voyage basis. DIS' 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 on-hire 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, since it is unaffected by the changes in the mix of charter contracts (*i.e.* spot charters, time charters and contracts of affreightment) through which the vessels are employed. It allows a comparison of the Group's performance with industry peers and market benchmarks (please refer to Key figures).

Vessels equivalent
The number of vessels equivalent in a period is equal to the sum of the products of the total available vessel days over that period for each vessel and the participation of the Group (direct or indirect) in that vessel, divided by the number of calendar days in that period. It provides an indication of the Group's fleet size and earnings potential over a period (please refer to Key figures).

OTHER DEFINITIONS

Bareboat charter
Is a contract type under which the ship owner is usually paid monthly in advance charter hire at an agreed daily rate for a specified period of time, during which the charterer is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses (please refer to note 6). A bareboat charter is also known as a "demise charter" or a "time charter by demise".

Charter
Is a contract for the hire of a vessel for a specified period of time or to carry cargo from a loading port to a discharging port. The contract for a charter is commonly called a charter party and there are three main types of such contracts, a bareboat charter party, a voyage charter party and time charter party (refer to definitions in this section).

Contract of affreightment (COA)
Is 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.

Disponent Owner
The company that operates a vessel controlling it either through a time-charter or a bareboat charter.

Fixed-rate contracts
For DIS these usually refer to revenues generated through time-charter contracts or contracts of affreightment (please refer to definitions in this section). Bareboat charter contracts are also usually fixed rate contracts but DIS controls rather than employs vessels through such contracts.

Spot charter or Voyage charter
Is a contract type through which an owner or disponent owner (please refer to definition in this section) is paid freight on the basis of moving cargo from a loading port to a discharging 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. The disponent 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.

Time charter
Is a contract type through which the ship owner or disponent owner (please refer to definition within this section) is paid usually monthly in advance charter hire at an agreed daily rate for a specified period of time (usually a fixed rate contract). With such contracts the charterer is responsible for paying the voyage expenses and additional voyage insurance. A ship-owner or bareboat charterer operating its vessel on time-charter is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses.

SUMMARY OF THE RESULTS IN THE THIRD QUARTER AND NINE MONTHS OF 2018

Market conditions across all product tanker sectors have softened further in the first nine months of 2018, largely due to existing oversupply of tonnage coupled with weaker demand trends. Whilst higher bunker prices have capped earnings in 2018, they have also contributed to more limited product arbitrage opportunities, mainly between the Atlantic and Asia, weighing on products trade growth in the year to date. According to Clarksons in 2018, product tanker dwt demand is projected to grow by 2.1%, with the pace of growth slowing compared to recent years, partially due to declining shipments into Southeast Asia and Brazil; this is a sharp decline from their estimate in January 2018 when they forecast product tanker dwt demand growth of 3.8%.

The one-year time-charter rate is always the best indicator of spot market expectations. As markets failed to show any signs of improvement in Q3, this rate for conventional (non-eco) MRs has softened to between US$ 12,500 and US$ 12,750 per day.

In **the first 9 months of 2018, DIS recorded a Net Loss of US$ (41.2) million** vs. a Net Loss of US$ (13.6) million posted in the same period of last year. Such variance is mainly due to the weaker product tanker market experienced so far in 2018 and especially in the third quarter of the year (Q3 2018: Net loss of US$ (20.9) million). The first 9 months of 2017 benefitted also from US$ 2.6 million 'profit on disposal' following the sale of two vessels and from lower 'Time charter hire costs'.

In the first 9 months of 2018, DIS achieved a daily average spot rate of US$ 10,574 compared with US$ 12,290 generated in the same period of 2017.

At the same time, 32.5% of DIS' total employment days in the first 9 months of 2018, were covered through 'time-charter' contracts at an average daily rate of US$ 14,858 (9 months 2017: 33.6% coverage at an average daily rate of US$ 15,573). Such good 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 even throughout the negative cycles. DIS' total daily average rate (which includes both spot and time-charter contracts) was US$ 11,967 in the first 9 months of 2018 compared with US$ 13,392 achieved in the same period of the previous year.

In the first nine months of 2018, DIS **'gross capital expenditures' amounted to US$ 100.2 million** (US$ 56.2 million in Q3 2018), mainly in relation to DIS' newbuilding plan. Since 2012, DIS has ordered a total of **22 'Eco design' product tankers**[11] (10 MR, 6 Handy-size and 6 LR1 vessels), of which 20 vessels have been already delivered as at the end of Q3 2018. This corresponds to an overall **investment plan** of approximately **US$ 755.0 million** and is in line with the Group's strategy to modernize its fleet through new-buildings with an eco-design. In addition, DIS has already fixed the majority of its new-building vessels on long-term time-charter contracts with three oil-majors and a leading refining company, all at profitable levels.

[11] 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 a 33% interest, in JV with Venice Shipping and Logistics S.p.A.)

OPERATING PERFORMANCE

Q3 2018	Q3 2017	US$ Thousand	9 MONTHS 2018	9 MONTHS 2017
98 819	101 082	Revenue	301 181	289 184
(43 766)	(35 575)	Voyage costs	(120 479)	(95 013)
55 053	**65 507**	**Time charter equivalent earnings***	**180 702**	**194 171**
(33 900)	(33 390)	Time charter hire costs	(99 565)	(93 005)
(19 305)	(19 334)	Other direct operating costs	(61 372)	(59 023)
(3 978)	(3 815)	General and administrative costs	(12 078)	(11 108)
(103)	4	Result on disposal of fixed assets	149	2 642
(2 233)	**8 972**	**EBITDA***	**7 836**	**33 677**
(10 461)	(9 236)	Depreciation	(29 354)	(27 815)
(12 694)	**(264)**	**EBIT***	**(21 518)**	**5 862**
1 059	83	Net financial income	4 131	1 734
(9 403)	(7 004)	Net financial (charges)	(24 661)	(20 688)
1 342	2	Share of profit of associate	1 341	92
(20 755)	**(7 183)**	**Profit / (loss) before tax**	**(40 707)**	**(13 000)**
(199)	(201)	Income taxes	(467)	(584)
(20 954)	**(7 384)**	**Net profit / (loss)**	**(41 174)**	**(13 584)**

**see Alternative Performance Measures on page 10*

Revenue was US$ 98.8 million in Q3 2018 (US$ 101.1 million in Q3 2017) and US$ 301.2 million in the first 9 months of 2018 (US$ 289.2 million in the same period last year). The increase in the year-to-date gross revenues compared with the previous year, is attributable mainly to the higher spot exposure in 2018 and the higher number of vessels operated on average by DIS in the first nine months of the current year (9 months 2018: 55.6 vs. 9 months 2017: 54.3). In addition, the percentage of off-hire days in the first 9 months of 2018 (1.0%) was significantly lower than in the same period of the previous year (2.1%), mainly due to commercial off-hires and the timing of dry-docks.

Voyage costs reflect the mix of spot and time charter employment contracts. These costs, which occur only for vessels employed on the spot market, amounted to US$ 43.8 million in Q3 2018 and US$ 120.5 million in the first 9 months of the current year (US$ 35.6 million and US$ 95.0 million respectively, in the same periods of 2017). The higher costs reflect DIS' fleet growth, its larger portion of vessels employed on the spot market and an increase in average bunker prices.

Time charter equivalent earnings were US$ 55.1 million in Q3 2018 (US$ 65.5 million in Q3 2017) and US$ 180.7 million in the first 9 months of 2018 (US$ 194.2 million in the first 9 months of 2017). Such variance is mainly due to the weaker spot market experienced in the first 9 months of 2018 relative to the same period of last year.

On the back of such a depressed market, DIS realized a **Daily Average Spot Rate of US$ 8,689 in Q3 2018** (Q3 2017: US$ 11,960) and **of US$ 10,574 in the first 9 months 2018** (US$ 12,290 in the first 9 months 2017).

Following its strategy, during the first nine months of 2018, DIS maintained a **good level of 'coverage'** (fixed contracts), securing an average of **32.5%** (9 months 2017: 33.6%) of its available vessel days at a **Daily Average Fixed Rate of US$ 14,858** (9 months 2017: US$ 15,573). 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$ 10,680 in Q3 2018** (US$ 12,977 in Q3 2017) and **US$ 11,967 in the first 9 months of 2018** (US$ 13,392 in the 9 months 2017).

DIS TCE daily rates (US dollars)	2017 UNREVIEWED					2018 UNREVIEWED			
	Q1	Q2	Q3	**9m**	Q4	Q1	Q2	Q3	**9m**
Spot	13,363	11,763	11,960	**12,290**	11,299	12,726	10,327	8,689	**10,574**
Fixed	15,908	15,078	15,681	**15,573**	15,003	15,001	14,867	14,716	**14,858**
Average	14,412	12,851	12,977	**13,392**	12,459	13,446	11,818	10,680	**11,967**

Time charter hire costs relate to the chartered-in vessels and amounted to US$ 33.9 million in Q3 2018 and US$ 99.6 million in the first 9 months of 2018 (US$ 33.4 million in Q3 2017 and US$ 93.0 million in 9 months 2017). In the first nine months of 2018, DIS operated a slightly higher number of chartered-in vessels (9 months 2018: 25.4 vessels vs. 9 months 2017: 23.9 vessels), but at a lower daily average cost relative to the first 9 months 2017.

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$ US$ 19.3 million in Q3 2018 (US$ 19.3 million in Q3 2017) and US$ 61.4 million in the first 9 months of 2018 (US$ 59.0 million in 9 months 2017). DIS constantly monitors its operating costs, while focusing on crew with appropriate skills, high SQE (Safety, Quality & Environment) standards and 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 Q3 2018 (US$ 3.8 million in Q3 2017) and US$ 12.1 million in the first 9 months of 2018 (US$ 11.1 million in 9 months 2017). These costs relate mainly to onshore personnel, together with office costs, consultancies, travel expenses and others.

Result on disposal of vessel. In the first 9 months of 2018, DIS sold M/T High Presence (a 2005-built MR vessel) and M/T Cielo di Milano (a 2003-built Handy vessel), sold and leased back M/T High Freedom (a 2014-built MR vessel) and M/T High Trust (a 2016-built MR vessel). These transactions generated a total net gain on disposal of US$ 0.2 million in the period. In the first 9 months of 2017, DIS sold the M/T High Endurance and the M/T High Endeavour (two 2004-built MR vessels), and sold and leased back the M/T High Fidelity and the M/T High Discovery (two 2014-built MR vessels), generating a total net gain on disposal of US$ 2.6 million.

EBITDA was US$ (2.2) million in Q3 2018 and **US$ 7.8 million in the first nine months of 2018**, compared with US$ 9.0 million in Q3 2017 and US$ 33.7 million in the first nine months of 2017. The reduction relative to last year, is mainly due to lower 'TCE Earnings' achieved in the period. **DIS' EBITDA Margin was (4.1)% in Q3 2018 and 4.3% in the first 9 months of 2018** compared with 13.7% in Q3 2017 and 17.3% in the first 9 months of 2017.

Depreciation and Impairment amounted to US$ 10.5 million (US$ 9.2 million in Q3 2017) and to US$ 29.4 million in the first 9 months of 2018 (US$ 27.8 million in the first 9 months of 2017).

EBIT was **negative for US$ (12.7) million in Q3 2018** (negative for US$ (0.3) million in Q3 2017) and **negative for US$ (21.5) million in the first 9 months of 2018** (positive for US$ 5.9 million in the first 9 months of 2018).

Net financial income was US$ 1.1 million in Q3 2018 (US$ 0.1 million in Q3 2017) and US$ 4.1 million in the first 9 months of 2018 (US$ 1.7 million in 9 months 2017). The 9 months 2018 amount comprises realized amounts from derivative instruments totalling US$ 0.7 million, of which US$ 0.9 million interest income from the equity release on the IRS on the M/T High Freedom (following the sale of the vessel in Q1'18) and on the M/T High Trust (following the sale of the vessel in Q3'18) and US$ (0.2) million representing foreign exchange hedge realized loss. Realized amounts include also US$ 0.1 million foreign exchange commercial differences, bank interest income (funds held with financial institutions on deposit and current accounts) and interest on the financing provided to the DM Shipping joint venture. Unrealized gains of US$ 3.0 million relate to the ineffective portion (fair value) of the interest rate swaps cash-flow hedges.

Net financial charges were US$ 9.4 million in Q3 2018 (US$ 7.0 million in Q3 2017) and US$ 24.7 million in the first 9 months of 2018 (US$ 20.7 million in the same period of 2017). Realized charges in the nine months comprise the interest expenses due on DIS' bank loan facilities and financial leases, actual expenses on interest rate swaps and amortization of financial fees of US$ 24.4 million (9 months 2017: US$ 19.7 million), while in the third quarter of 2018 they were US$ 9.8million (Q3 2017: US$ 6.6 million). Unrealized amounts are made-up mostly of unrealized exchange differences on the financing provided to DM Shipping for a cost of US$ 0.2 million in the nine months and of US$ 0.5

million in the third quarter of the current year (in 9 months 2017 and Q3 2017 the unrealised exchange difference was a gain of US$ 0.8 million and of US$ 0.1 million).

DIS recorded a ***Loss before tax* of US$ (20.8) million in Q3 2018** (loss of US$ (7.2) million in Q3 2017) and of **US$ (40.7) million in the first 9 months of 2018** (loss of US$ (13.0) million in the first 9 months 2017).

Income taxes were US$ 0.2 million in Q3 2018 (US$ 0.2 million in Q3 2017) and US$ 0.5 million in the first 9 months of 2018 (US$ 0.6 million in the 9 months 2017).

DIS' ***Net Result*** was negative for US$ (21.0) million in Q3 2018 (US$ (7.4) million in Q3 2017) and for US$ (41.2) million in the first nine months of the year (US$ (13.6) million in 9 months 2017). The variance compared to the previous year is mainly due to the much weaker spot market experienced in the first nine months of 2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US$ Thousand	**As at 30 September 2018**	**As at 31 December 2017**
ASSETS		
Non-current assets	953 221	823 752
Current assets	108 250	189 483
Total assets	**1 061 471**	**1 013 235**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	356 909	394 432
Non-current liabilities	511 653	426 157
Current liabilities	192 909	192 646
Total liabilities and shareholders' equity	**1 061 471**	**1 013 235**

Non-current assets mainly relates to DIS' owned vessels net book value and it includes the portion relating to its new-buildings under construction. The balance at the end of September 2018 is higher than the previous year, mainly due to the yard instalments paid on DIS' new-building program during the first nine months of the year (including the last instalments due in connection with the delivery of one new-building vessel in Q1 2018 and two new-building vessels in Q2 2018). According to the valuation report provided by a primary broker, the estimated market value of DIS' owned fleet as at September 30, 2018 was of US$ 798.0 million.

Gross Capital expenditures (Capex) were of US$ 100.2 million in the first 9 months of the year and US$ 56.2 million in Q3 2018. The amount for the first nine months of 2018, comprises mainly the instalments paid on the newbuilding vessels under construction at Hyundai-Mipo. Dry-dock costs pertaining to owned vessels are also capitalized.

Current assets as at September 30, 2018 amounted to US$ 108.2 million. As at the same date, in addition to the working capital items (inventories and trade receivables amounting to US$ 20.0 million and US$ 57.3 million respectively), current assets include 'cash and cash equivalent' of US$ 30.4 million.

Non-current liabilities were US$ 511.7 million as at September 30 2018 and mainly consist of the long-term portion of debt due to banks (disclosed under the Net Indebtedness section of the report), US$ 114.2 million in liabilities for financial leases and US$ 25.0 million long-term financing granted by DIS' majority shareholder (d'Amico International S.A.).

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 as at September 30, 2018, working capital items amounting to US$ 57.8 million (essentially relating to trade and other payables), US$ 6.0 million in liabilities from financial leases and US$ 10.7 million in other current financial liabilities. The total balance of Current liabilities includes also US$ 13.7

million short-term financing granted by DIS' majority shareholder (d'Amico International S.A.).

The **Shareholders' equity** balance as at September 30 2018 was of US$ 356.9 million (US$ 394.4 million as at December 31, 2017). The variance relative to the previous year is primarily due to Net loss generated in the current year, partially compensated by the improvement in the valuation of cash-flow hedges.

NET INDEBTEDNESS *

DIS' Net debt as at September 30, 2018 amounted to **US$ 588.0 million** compared to US$ 510.3 million at the end of 2017. The net debt/fleet market value ratio was of 73.7% as at September 30, 2018 vs. 66.6% as at December 31, 2017.

US$ Thousand	**As at 30 September 2018**	**As at 31 December 2017**
Liquidity - *Cash and cash equivalents*	30 391	29 694
Current financial assets	599	344
Total current financial assets	***30 990***	***30 038***
Bank loans and other lenders– current	104 667	128 488
Liabilities from financial lease	5 994	3 267
Shareholders' financing	13 739	-
Other current financial liabilities – 3rd p.ties	10 677	10 043
Total current financial debt	***135 077***	***141 798***
Net current financial debt	**104 087**	**111 760**
Other non-current financial assets – third parties	6 216	5 947
Other non-current financial assets – related party (DMS)**	21 534	21 685
Total non-current financial assets	***27 750***	***27 632***
Bank loans non-current	370 137	357 544
Liabilities from financial lease	114 193	63 144
Shareholders' financing	25 000	-
Other non-current financial liabilities – 3rd p.ties	2 323	5 469
Total non-current financial debt	***511 653***	***426 157***
Net non-current financial debt	**483 903**	**398 525**
Net financial indebtedness	**587 990**	**510 285**

* *See Alternative Performance Measures on page 10*

*** Please refer to the Fleet employment and partnership chapter of the Management report*

The balance of *Total Current Financial Assets* (*Cash and cash equivalents* together with some short-term financial receivables) was of US$ 31.0 million as at the end of September 2018.

Total Non-Current Financial Assets includes mainly DIS' (through d'Amico Tankers d.a.c.) shareholder loan to DM Shipping d.a.c., a 51/49 joint venture 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 September 30, 2018 amounted to US$ 474.8 million, of which US$ 104.7 million is due within one year. Other than some short term credit lines, DIS' debt as at September 30, 2018 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$ 171.3 million; (ii) Intesa medium-term facility with an outstanding debt of US$ 22.5 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$ 26.2 million; (iv) Danish Ship Finance 7 years term loan facility to finance 1 MR vessels built in 2015, for a total outstanding debt of US$ 15.0 million; (v) DnB NOR Bank 5 years term loan facility to finance 1 MR vessel built in 2014, for a total outstanding debt of US$ 16.5 million; (vi) ABN Amro 6 years term loan facility to finance 1 Handysize vessel built in 2014 for a total outstanding debt of US$ 15.4 million; (vii) 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$ 38.3 million; (viii) Skandinaviska Enskilda Banken (SEB) 6 years term loan facility to finance 1 MR vessel built in 2015 for a total outstanding debt of US$ 18.4 million; (ix) 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$ 7.0 million; (x) Monte dei Paschi di Siena 5 year term loan facility to finance 1 LR1 vessel (delivered in November 2017)), with an outstanding debt of US$ 25 million; (xi) 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$ 63.2 million. In addition, DIS' debt comprises also its portion of the bank loans of its joint venture 'Glenda International Shipping d.a.c.' with Credit Suisse and Cross Ocean AGG Company I (owned by Cross Ocean Partners), amounting to US$ 41.4 million, to finance the 6 Glenda International Shipping d.a.c. vessels, delivered between 2009 and 2011.

Liabilities for financial leases include the financial leases on M/T High Fidelity, M/T High Discovery, M/T High Priority, M/T High Freedom, and M/T High Trust which were sold and leased back during 2017 and the first nine months of 2018.

Shareholders' loan is made of US$ 25.0 million long-term financing and US$ 13.7 million short-term financing granted by DIS' majority shareholder (d'Amico International S.A.).

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

CASH FLOW

DIS' **Net Cash Flow for the first 9 months of 2018 amounted to US$ (4.0) million** vs. US$ (0.9) million in the first 9 months of 2017. During the first nine months of the year, gross capital expenditures of US$ 100.2 million, were partially compensated by US$ 21.9 million proceeds from disposal and US$ 73.7 million positive financing cash flow.

Q3 2018	Q3 2017	*US$ Thousand*	9 MONTHS 2018	9 MONTHS 2017
(500)	(2 368)	Cash flow from operating activities	442	(3 271)
(47 395)	(9 053)	Cash flow from investing activities	(78 179)	(21 420)
43 818	1 565	Cash flow from financing activities	73 711	23 805
(4 077)	**(9 856)**	**Change in cash balance**	**(4 026)**	**(886)**
17 720	29 134	Cash and cash equivalents net of bank overdrafts at the beginning of the period	17 669	20 164
13 643	**19 278**	**Cash and cash equivalents net of bank overdrafts at the end of the period**	**13 643**	**19 278**
30 391	31 497	Cash and cash equivalents at the end of the period	30 391	31 497
(16 748)	(12 219)	Bank overdrafts at the end of the period	(16 748)	(12 219)

Cash flow from operating activities was negative for US$ (0.5) million in Q3 2018 (negative for US$ (2.4) million in Q3 2017) and positive for US$ 0.4 million in the first 9 months of 2018 (negative for US$ (3.5) million in 9 months 2017). The better result achieved in the first nine months of 2018 was due mainly to a reduction in working capital.

The net ***Cash flow from investing activities*** was negative for US$ (47.4) million in Q3 2018 (negative for US$ US$ (9.1) million in Q3 2017) and negative for US$ (78.2) million in the first 9 months of 2018 (negative for US$ (21.4) million in 9 months 2017). The 2018 amount comprises US$ 100.2 million in 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 US$ 21.9 million 'proceeds from the disposal of fixed assets' in relation to the sale of M/T High Presence in Q1 2018 and the sale of M/T Cielo di Milano in Q3 2018.

Cash flow from financing activities was positive for US$ 44.0 million in Q3 2018 (US$ 1.6 million in Q3 2017) and positive for US$ 73.9 million in the first 9 months of 2018 (US$ 24.0 million in 9 months 2017). This figure comprises mainly: (i) US$ (98.7) million in bank debt repayments; (ii) US$ 79.9 million in bank loan drawdowns; (iii) US$ 52.1 million inception and amortization of financial leases; (iv) US$ 1.6 million movement in financial payables; (iv) US$ 38.7 million long-term financing granted by DIS' majority shareholder (d'Amico International S.A.).

SIGNIFICANT EVENTS OF THE FIRST NINE MONTHS

In the first nine months of 2018 the main events for the d'Amico International Shipping Group were the following:

d'Amico Tankers d.a.c.:

- **'Time Charter-In' Fleet:** In January 2018, the contract on M/T Carina, an MR vessel built in 2010 and time-chartered-in by d'Amico Tankers d.a.c. since 2013, was extended for a further 2 year period starting from May 2018, at a reduced rate.

  In January 2018, the time-charter-in contract on M/T Port Said, an MR vessel built in 2003, with d'Amico Tankers ended and the vessel was redelivered to her Owners.

  In February 2018, the contract on M/T SW Cap Ferrat I, an MR vessel built in 2002 and time-chartered-in by d'Amico Tankers d.a.c. since 2015 and due to expire in December 2018, was extended for a further year, at a reduced rate.

  In April 2018, the time-charter-in contract on M/T Port Stewart, a Handy vessel built in 2003, with d'Amico Tankers ended and the vessel was redelivered to her Owners.

  In May 2018, the contract on M/T High Power, an MR vessel built in 2004 and time-chartered-in by d'Amico Tankers d.a.c. since 2015 and due to expire in May 2018, was extended for a 12 month period, at a reduced rate.

  In May 2018, d'Amico Tankers d.a.c. time-chartered-in M/T High Navigator, a newbuilding MR vessel built in Japan Marine United Co. (Japan) for a 8 year period and M/T High Explorer, a newbuilding MR vessel built in Onomichi Dockyard (Japan) for a 8 year period with options to extend the contract.

  In June 2018, d'Amico Tankers d.a.c. time-chartered-in M/T High Leader, a newbuilding MR vessel built in Japan Marine United Co. (Japan), for a 8 year period.

  In July 2018, the contract on M/T Freja Baltic, an MR vessel built in 2008 and time-chartered-in by d'Amico Tankers d.a.c. since 2014 and due to expire in August 2018, was extended for a further 2 year period, at a reduced rate.

  In August 2018, the time-charter-in contract on M/T Silver Express, an MR vessel built in 2009, with d'Amico Tankers ended and the vessel was redelivered to her Owners.

  In August 2018, the time-charter-in contracts on M/T High Beam, M/T High Current, M/T High Glow, M/T High Enterprise, M/T High Force, all expiring between August 2018 and October 2018, were extended for 1 to 3 more spot voyages. The original fixed hire rate was changed into a 'floating hire rate' based on the spot market earnings of each of the vessels. Therefore, d'Amico is effectively acting as commercial manager of these vessels, earning a 2% commission on all their gross revenues. As at the end of September, four of these vessels were already included in this new commercial scheme, with the fifth ship joining at the beginning of October.

- **'Time Charter-Out' Fleet:** In January 2018, a 3 year time charter contract between d'Amico Tankers d.a.c. and an oil-major expired and the vessel is now employed on the spot market.

  In February 2018, d'Amico Tankers d.a.c. fixed one of its 'eco' MR vessels with an oil major for a 1 year time charter contract at a profitable rate.

  In March 2018, d'Amico Tankers d.a.c. extended a 6 month time charter contract with a leading trading house on one of its LR1 vessels for a 9 months period with a charterer's option for an additional 6 months, at a higher rate.

  In March 2018, d'Amico Tankers d.a.c. extended its time charter contract with an oil major on three MR vessels. The first of these contracts was extended for 28 months at a profitable rate, with an option for further 8 months; the second contract was extended for 12 months at a profitable rate, with an option for further 12 months; the third contract was extended for 32 months at a profitable rate, with an option for further 6 months.

  In May 2018, d'Amico Tankers d.a.c. fixed one of its newbuilding 'eco' LR1 vessels expected to be delivered in Q3 2018, with a leading trading house, for a 9 months charter contract with a charterer's option for an additional 6 months.

  In August 2018, d'Amico Tankers d.a.c. extended its time charter contract with an oil major on one of its MR vessels for 12 months starting from September 2018. At the same time, d'Amico Tankers d.a.c. fixed two of its MR vessels on a time charter contract with the same oil major for 12 months, with an option for further 12 months.

- **Newbuilding vessels:** In January 2018, M/T Cielo di Rotterdam, an 'Eco' new-building LR1 product tanker built by Hyundai Mipo Dockyard Co. Ltd. (South Korea) at their Hyundai Vinashin Shipyard Co. Ltd. in Vietnam, was delivered to the Group.

  In January 2018, d'Amico Tankers agreed with Hyundai Mipo Dockyard Co. Ltd. (South Korea) to take delivery of the remaining LR1s under construction, as per the following approximate schedule: 1 vessel in January 2018, 2 vessels in July 2018 and the last 2 vessels in January 2019.

  In July 2018, M/T Cielo di Cagliari, an 'Eco' new-building LR1 product tanker built by Hyundai Mipo Dockyard Co. Ltd. (South Korea) at their Hyundai Vinashin Shipyard Co. Ltd. in Vietnam, was delivered to the Group.

  In August 2018, M/T Cielo Rosso, an 'Eco' new-building LR1 product tanker built by Hyundai Mipo Dockyard Co. Ltd. (South Korea) at their Hyundai Vinashin Shipyard Co. Ltd. in Vietnam, was delivered to the Group.

- **Vessel Sales:** In July 2018, DIS announced that its subsidiary d'Amico Tankers d.a.c. signed a memorandum of agreement for the sale of the M/T Cielo di Milano, a 40,081 dwt handy product tanker vessel, built in 2003 by Shina Shipbuilding, South Korea for a consideration of US$ 8.025 million. This transaction allows d'Amico Tankers to generate around US$ 2.4 million in cash, net of commissions and the reimbursement of the vessel's existing loan.

  In July 2018, DIS announced that its subsidiary d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T High Trust, a 49,990 dwt medium-range product tanker vessel, built in 2016 by Hyundai-Mipo, South Korea, for a consideration of US$ 29.5 million. This transaction allows d'Amico Tankers to generate at the vessel's delivery around US$ 11.9 million in cash, net of commissions and the reimbursement of the vessel's existing loan. In addition, through this transaction d'Amico Tankers will maintain full control of the vessel, since a 10-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the 10th year of the charter period. Furthermore, d'Amico Tankers has the option to repurchase the vessel, starting from the second anniversary of her sale at a competitive cost of funds.

In August 2018, DIS announced that its subsidiary d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T High Loyalty, a 49,990 dwt medium-range product tanker vessel, built in 2015 by Hyundai-Mipo, South Korea for a consideration of US$ 28.5 million. This transaction allows d'Amico Tankers to generate at the vessel's delivery around US$ 13.3 million in cash, net of commissions and the reimbursement of the vessel's existing loan. In addition, through this transaction d'Amico Tankers will maintain full control of the vessel, since a 10-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the 10th year of the charter period. Furthermore, d'Amico Tankers has the option to repurchase the vessel, starting from the second anniversary of her sale at a competitive cost of funds.

d'Amico International Shipping:

Shareholders' Loan: On June 26th, 2018, d'Amico International Shipping (the "Borrower") signed a loan agreement with its controlling shareholder, d'Amico International (the "Lender"). At the request of the Borrower, the Lender has agreed to make available to the Borrower a US$ term revolving facility of up US$ 30,000,000 (the "Facility"). The purpose of the Facility is for the Borrower's long-term corporate purposes and the parties agree that part of the Facility has been granted by the Lender to the Borrower on June 30th 2018 (the "Effective date") for an amount of US$ 25,000,000. The Facility maturity date will be the day following three (3) years from the Effective Date above (the "Maturity Date"), without prejudice to any earlier Maturity Date coinciding with the end of the Reimbursement Notice Period. Each Advance under the Facility shall carry an interest rate of 3 Months US$ LIBOR plus the applicable margin agreed at 2% p.a. The Borrower has the right to prepay partially or in whole any single Advance or the whole outstanding amount at any time. In this case the amount prepaid will be available for future Advances. The Lender can demand that part or the total amount outstanding under the Facility be reimbursed by the Borrower at any time with a notice of one year and one day (the "Reimbursement Notice Period"). If at the same time as asking for a reimbursement of the full amount outstanding, the Lender also asks for an early termination of the facility, the Maturity Date of the Facility will be the last day of the Reimbursement Notice Period.

Results of d'Amico International Shipping Warrants 2017-2022: on July 2nd 2018 DIS' share capital was increased following the end of the first exercise period of the "d'Amico International Shipping Warrants 2017 – 2022" (ISIN code LU1588548724). During this First Exercise Period n. 518,602 Warrants were exercised at the price of Euro 0.315 per ordinary share, resulting in the subscription of no. 518,602 Warrant Shares – on the basis of a ratio of one (1) Warrant Share, for each one (1) Warrant exercised – admitted to trading on the MTA market of Borsa Italiana SpA, without nominal value and with the same rights (including that to dividends) and features as DIS' ordinary shares outstanding (the "Warrant Shares"). Following such subscription, DIS' share capital amounts to US$ 65,373,392, represented by 653,733,920 ordinary shares without nominal value.

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK

d'Amico International Shipping:

Resignation of Marco Fiori, Chief Executive Officer of the Company: on October 23rd 2018, Marco Fiori, CEO of d'Amico International Shipping S.A., announced to the Board of Directors his intentions to resign from the position of Director and CEO of the Company for personal reasons, his resignation to be effective from December 31st 2018. The Board of Directors has accepted his resignation, expressing the most heartfelt thanks to him for the important contribution he has made to the company over the years and wishing him further future professional successes.

'Time Charter-In' Fleet: In October 2018, the time-charter-in contract on M/T Citrus Express, an MR vessel built in 2006, with d'Amico Tankers ended and the vessel was redelivered to her owners. In the same month, the time-charter-in contract on M/T High Sun, an MR vessel built in 2014, with d'Amico Tankers ended and the vessel was redelivered to her owners (Eco Tankers Limited, in which DIS has a 33% shareholding).

'Time Charter-Out' Fleet: In October 2018, d'Amico Tankers d.a.c. extended its time charter contract with a leading trading house on one of its LR1 vessels for 9 months starting from October 2018, with an option for further 9 months.

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

	As at 30 September 2018 UNREVIEWED				As at 8 October 2018 UNREVIEWED			
	LR1	MR	Handysize	Total	LR1	MR	Handysize	Total
Owned	4.0	15.0	7.0	26.0	4.0	14.0	7.0	25.0
Bareboat chartered*	0.0	5.0	0.0	5.0	0.0	6.0	0.0	6.0
Long-term time chartered	0.0	15.5	1.0	16.5	0.0	15.5	1.0	16.5
Short-term time chartered	0.0	6.0	0.0	6.0	0.0	3.0	0.0	3.0
Commercial Agreement[12]	0.0	4.0	0.0	4.0	0.0	5.0	0.0	5.0
Total	4.0	45.5	8.0	57.5	4.0	43.5	8.0	55.5

* with purchase obligation

Business Outlook

The IMF in their Global Economic outlook stated that global growth for 2018–19 is projected to remain steady at its 2017 level of 3.7%, but that its pace will be less vigorous than projected in April (0.2% lower in each year). The downward revision reflects surprises that suppressed activity in early 2018 in some major advanced economies, the negative effects of the trade measures implemented or approved between April and mid-September, as well as a weaker outlook for some key emerging market and developing economies, arising from country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil import bills.

Consequently the IEA lowered their forecast for demand growth in 2018 and 2019 by 110,000 b/d in both years, to 1.3 million b/d and 1.4 million b/d, respectively. This reduction due mainly to the weaker economic outlook, trade concerns and higher oil prices.

Also according to the IEA, OECD demand, supported by a strong Q1 18 and robust US growth, will expand by 300,000 b/d in 2018, slowing to 130,000 b/d in 2019. Non-OECD demand will grow by 1 million b/d in 2018, led by China and India, which together account for 60% of the global increase.

In the last quarter of 2018, demand for product tankers is projected to grow, driven by an expansion of refining volumes of around 3.1% from a trough of 81.5 million bpd in October 2018 to 84.0 million bpd in December 2018. In the first nine months of 2018, the pace of products trade growth has been limited by declining shipments into some Southeast Asian countries, and higher volumes refined in Brazil, which led to a reduction in imports by that country. However, with the refinery sector in Mexico continuing to struggle, growth in product imports by that country should provide some support, whilst expanding exports from the Middle East and the US should also boost products trade.

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 IEA revised their forecast in their last report for demand growth in 2018 and 2019, reducing it for both years by 110,000 b/d to 1.3 million b/d and 1.4 million b/d, respectively. This is due to the weaker economic outlook, trade concerns, and higher oil prices;
- Growth in Latin American products imports is expected to continue to find support from suppressed run rates at refineries in several countries in the region as a result of a variety of operational and maintenance issues. Mexico refinery capacity is currently running at 45%;

[12] In August 2018, the time-charter-in contracts on M/T High Beam, M/T High Current, M/T High Glow, M/T High Enterprise, M/T High Force, all expiring between August 2018 and October 2018, were extended for 1 to 3 more spot voyages. The original fixed hire rate was changed into a 'floating hire rate' based on the spot market earnings of each of the vessels. Therefore, d'Amico is effectively acting as commercial manager of these vessels, earning a 2% commission on all their gross revenues.

- According to Clarksons in 2018 product tanker dwt demand is projected to grow by 2.1%. However they also stated that potential exists for the pace of growth to increase to over 3% in 2019, with inventories in some key regions currently at low levels;
- US products exports to Mexico and Venezuela expanded by 22% and 75%, respectively, during the first nine months of 2018, relative to the same period last year. With refineries in both countries expected to continue to face difficulties in 2019, US exports are expected to continue to grow next year, albeit at a slightly slower pace;
- With significant refinery capacity additions planned in the Middle East next year, products shipments from the region are expected to continue to expand firmly by 9% year-on-year (Clarksons);
- Asian products exports, which were soft in 2018, are currently expected to expand by a healthy 4% in 2019 (Clarksons), with shipments projected to grow from a broad range of countries in the region;
- The International Maritime Organisation (IMO) has mandated that from 2020 vessels are to use marine fuels with less than 0.5% sulphur content outside the Emissions Control Areas (ECA), down from the current limit of 3.5%. Changes in this regulation is likely to lead to a surge in demand for very-low sulphur distillates and gasoil. It is expected to affect products trade patterns, regional refinery runs, storage patterns, and vessel productivity, although uncertainty remains over the extent of the potential impact.

Product Tanker Supply

- At the end of last year, according to Clarksons 74 MRs were scheduled to be delivered in 2018. However, in the first 9 months of 2018 actual MR deliveries were of only 39 vessels, compared to 57 planned, a slippage of 32%.
- At the end of last year, according to Clarksons 16 LR1s are scheduled to be delivered in 2018. In the first 9 months of 2018 actual and planned deliveries were in line at 12 vessels.
- In the first nine months of 2018, 32 MRs and 4 LR1s have been sold for demolition, resulting in a fleet growth for these two segments of only 0.6% during the period;
- On average MR tankers are scrapped around 24 years of age. According to Clarksons there are 103 MRs older than twenty years of age or 5% of the existing fleet;
- Shipyards are going through a period of uncertainty. Lack of orders and poor returns are leading to a reduction in global shipyard capacity;
- Scrapping coupled with a subdued order book and limited newbuild ordering should result in low fleet growth over the next two years;
- The International Maritime Organisation (IMO) mandate 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 the more expensive low sulphur fuels;
- Compliance with the IMO 2020 regulations can also be achieved through the installation of scrubbers onboard. Dry-docks required for such installations will when possible coincide with special surveys, but would result in longer off-hire periods and reduce the effective supply of vessels.
- Port delays and any increase in the length of voyages, as more cargoes are exported from the Middle East, could reduce the ready supply of tonnage.

D'AMICO INTERNATIONAL SHIPPING GROUP
CONSOLIDATED INTERIM FINANCIAL REPORT AS AT 30 SEPTEMBER 2018

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

Q3 2018	Q3 2017	*US$ Thousand*	9 MONTHS 2018	9 MONTHS 2017
98 819	101 082	Revenue	301 181	289 184
(43 766)	(35 575)	Voyage costs	(120 479)	(95 013)
55 053	**65 507**	**Time charter equivalent earnings***	**180 702**	**194 171**
(33 900)	(33 390)	Time charter hire costs	(99 565)	(93 005)
(19 305)	(19 334)	Other direct operating costs	(61 372)	(59 023)
(3 978)	(3 815)	General and administrative costs	(12 078)	(11 108)
(103)	4	Result on disposal of fixed assets	149	2 642
(2 233)	**8 972**	**EBITDA***	**7 836**	**33 677**
(10 461)	(9 236)	Depreciation	(29 354)	(27 815)
(12 694)	**(264)**	**EBIT***	**(21 518)**	**5 862**
1 060	83	Net financial income	4 131	1 734
(10 463)	(7 004)	Net financial (charges)	(24 661)	(20 688)
1 342	2	Profit share of equity accounted investees	1 341	92
(20 755)	**(7 183)**	**Profit / (loss) before tax**	**(40 707)**	**(13 000)**
(199)	(201)	Income taxes	(467)	(584)
(20 954)	**(7 384)**	**Net profit / (loss)**	**(41 174)**	**(13 584)**
The net result is attributable to the equity holders of the Company				
(0.032)	**(0.013)**	**Earnings /(loss) per share in US$ [(1)]**	**(0.064)**	**(0.028)**

**see Alternative Performance Measures on page 10*

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Q3 2018	Q3 2017	*US$ Thousand*	9 MONTHS 2018	9 MONTHS 2017
(20 954)	(7 384)	Profit / (loss) for the period	(41 174)	(13 584)
		Items that can subsequently be reclassified into Profit or Loss		
(1 964)	864	Cash flow hedges	1 317	656
(86)	102	Exchange differences in translating foreign operations	(185)	271
(40 042)	**(6 418)**	**Total comprehensive income for the period**	**(40 042)**	**(12 657)**

The net result is entirely attributable to the equity holders of the Company

([1]) Basic earnings per share (e.p.s.) were calculated on an average number of outstanding shares equal to 645,455,291 in the first nine months of 2018 (490,084,754 shares in the first nine months of 2017) and on an average of 646,068,256 outstanding shares in the third quarter of 2018 (Q3, 2017: 560,930,465 outstanding shares). In Q3/nine months of 2018 and Q3/nine months 2017 diluted e.p.s. was equal to basic e.p.s..

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

US$ Thousand	As at 30 September 2018	As at 31 December 2017
ASSETS		
Property, plant and equipment	921 361	792 851
Investments in jointly controlled entities	4 110	3 269
Other Non-current financial assets	27 750	27 632
Total non-current assets	**953 221**	**823 752**
Assets held for sale	-	77 750
Inventories	20 000	15 495
Receivables and other current assets	57 260	66 200
Other current financial assets	599	344
Cash and cash equivalents	30 391	29 694
Total current assets	**108 250**	**189 483**
TOTAL ASSETS	**1 061 471**	**1 013 235**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	65 373	65 322
Retained earnings	(15 281)	26 389
Other reserves	306 817	302 721
Total shareholders' equity	**356 909**	**394 432**
Banks and other lenders	370 137	357 544
Liabilities from financial leases	114 193	63 144
Shareholders' financing *	25 000	-
Other non-current financial liabilities	2 323	5 469
Total non-current liabilities	**511 653**	**426 157**
Banks and other lenders	104 667	128 488
Liabilities from financial leases	5 994	3 267
Shareholders' financing	13 739	-
Payables and current liabilities	57 824	50 811
Other current financial liabilities	10 677	10 043
Current tax payable	8	37
Total current liabilities	**192 909**	**192 646**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1 061 471**	**1 013 235**

* of which US$ 15.0 million fully subordinated to the rights and interest of any Secured Creditor

8 November 2018
On behalf of the Board

Paolo d'Amico
Chairman

Marco Fiori
Chief Executive Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Q3 2018	Q3 2017	*US$ Thousand*	9 MONTHS 2018	9 MONTHS 2017
(20 954)	**(7 883)**	**Profit (loss) for the period**	**(41 174)**	**(13 583)**
10 461	9 236	Depreciation, amortisation and write-down	29 354	27 815
133	201	Current and deferred income tax	374	584
8 525	6 380	Financial charges (income)	20 303	18 831
879	541	Unrealised foreign exchange result	228	123
(1 343)	(2)	Profit share of equity accounted investment	(1 342)	(2 642)
103	(4)	Result on disposal of fixed assets	(148)	(92)
(2 196)	**8 969**	**Cash flow from operating activities before changes in working capital**	**7 595**	**31 036**
(2 035)	1 290	Movement in inventories	(4 505)	(1 997)
(4 831)	- *	Change in contract assets	(8 010)	- *
14 332	(12 123)	Change in other amounts receivable	16 653	(14 160)
(302)	4 895	Change in other amounts payable	6 139	(1 711)
(132)	(198)	Taxes (paid) received	(106)	(606)
(6 262)	(5 297)	Net interest paid	(18 946)	(16 112)
884	96	Movement in other financial liabilities	1 448	96
42	73	Movement in share option reserve	174	183
(500)	**(2 295)**	**Net cash flow from operating activities**	**442**	**(3 271)**
(28 181)	(37 020)	Acquisition of fixed assets	(100 213)	(99 868)
(19 246)	27 938	Proceeds from disposal of fixed assets	21 857	78 229
-	-	Dividend from equity accounted investee	83	132
32	29	Movement in financing to equity accounted investee	94	87
(47 395)	**(9 053)**	**Net cash flow from investing activities**	**(78 179)**	**(21 420)**
211	(106)	Share capital increase	191	37 788
(33)	90	Other changes in shareholder's equity	(131)	271
11 739	-	Shareholders' financing	38 739	(10 001)
(167)	-	Movement in other financial receivables	1 000	-
197	-	Net movement in other financial payable	572	(2 000)
(43 625)	(30 465)	Bank loan repayments	(98 706)	(95 142)
49 238	4 374	Bank loan draw-downs	79 920	38 543
27 850	28 000	Proceeds from disposal of assets subsequently leased-back	55 850	55 000
(1 592)	(401)	Repayments of financial lease	(3 724)	(654)
43 818	**1 492**	**Net cash flow from financing activities**	**73 711**	**23 805**
(4 077)	**(9 856)**	**Net increase/ (decrease) in cash and cash equivalents**	**(4 026)**	**(886)**
17 720	29 134	Cash and cash equivalents net of bank overdrafts at the beginning of the period	17 669	20 164
13 643	**19 278**	**Cash and cash equivalents net of bank overdrafts at the end of the period**	**13 643**	**19 278**
30 391	31 497	Cash and cash equivalents at the end of the period	30 391	31 497
(16 748)	(12 219)	Bank overdrafts at the end of the period	(16 748)	(12 219)

*As allowed by the practical expedient in IFRS 15, the Company does not disclose the movement in contract assets and contract liabilities referring to comparative periods of 2017

INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

US$ Thousand	**Share capital**	**Retained earnings**	**Other Reserves** *Other*	**Other Reserves** *Cash-Flow hedge*	**Total**
Balance as at 1 January 2018	**65 322**	**26 389**	**301 757**	**964**	**394 432**
Capital increase	51	-	139	-	190
Cost of issue	-	-	(42)	-	(42)
Share option cost	-	-	174	-	174
Participation consolidated at equity	-	(496)	-	-	(496)
Total comprehensive income	-	(41 174)	(109)	3 934	(37 349)
Balance as at 30 September 2018	**65 373**	**(15 281)**	**301 918**	**4 898**	**356 909**

US$ Thousand	**Share capital**	**Retained earnings**	**Other Reserves** *Other*	**Other Reserves** *Cash-Flow hedge*	**Total**
Balance as at 1 January 2017	**42 851**	**64 472**	**257 535**	**(1 492)**	**363 366**
Capital increase	14 025	-	24 842	-	38 867
Cost of issue	-	-	(1 078)	-	(1 078)
Share option cost	-	-	183	-	183
Total comprehensive income	-	(13 211)	271	656	(12 284)
Balance as at 30 September 2017	**56 876**	**51 261**	**281 753**	**(836)**	**389 054**

The following notes form an integral part of the interim consolidated financial report.

NOTES

d'Amico International Shipping S.A. (the "Company", DIS) a Sociéte Anonyme, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The ultimate parent company of the Group is d'Amico Società di Navigazione.

The financial statements of 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 labilities, which are stated at fair value through profit or loss or Other comprehensive income for the effective portion of the hedges.

The financial statements are presented in U.S. Dollars, which is the functional currency of the Company and its principal subsidiaries.

1. ACCOUNTING POLICIES

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 30 September 2018.

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34; they 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 2017.

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 and are reviewed on an ongoing basis. 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 2017.

The Group reviews the Fleet for impairment at each reporting date by reference to events and independent third party shipbroker valuations. If there is an indication of impairment, value in use calculations for the cash generating units are prepared based on estimates of future cash flows discounted at the Group's weighted average cost of capital.

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, and are observable directly or indirectly for the asset or the liability;
- Level 3 inputs are not observable from market data.

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change has occurred.

Segment Information

d'Amico International Shipping transports refined petroleum products and vegetable oils and operates in only one business segment, Product Tankers. Furthermore, the Group only has one geographical segment, employing all of its vessels worldwide, rather than in specific geographic areas. The Company monitors, evaluates and allocates the Group's resources to one geographical and business unit, operations are run in one single currency – the US$ – and DIS regards, therefore, the product tankers business as a single segment.

Seasonality

In the Product Tankers business and for d'Amico International Shipping as a global Product Tanker player, there is some element of seasonality however there are other factors that can have a much more important influence on the demand for our vessels and in their earning potential.

Accounting principles

Accounting principles adopted from 1st of January 2018

IFRS 15 – *Revenue from contracts with customers*, is effective for periods beginning on or after 1 January 2018.

IFRS 9 – *Financial Instruments*, with an effective date for accounting periods beginning on or after 1 January 2018.

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 16 – *Leases* is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted, as long as IFRS 15 is also applied.

The changes for lessors, and for lessees under current finance leases, will be limited, but the standard will significantly affect the treatment by lessees of what are currently treated as operating leases. With some exceptions, lessees under current operating leases will be required to record a liability for the payments under the lease, which remains discounted at the rate implicit in the lease (or if not known, the lessee's incremental borrowing rate), and record a corresponding leased asset (amounting to the liability plus the present value of any restoration costs and any incremental costs in entering the lease, as well as any lease payments made prior to commencement of lease, minus any lease incentives already received).

Based on existing operating lease commitments the directors estimate that as at 30 September 2018 there would be recognition of an additional leased asset of US$ 124.5 million and an additional lease liability of US$ 124.5 million.

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.

Changes in accounting policies

Hereby we explain the impact of the adoption of IFRS 15 Revenue from contract with customers and IFRS 9 Financial Instruments on the Group's financial statements and we disclose the new accounting policies that have been applied from 1 January 2018, where they differ from those applied in the prior period.

Impact on the financial statements

As a result of the changes in the entity's accounting policies, prior year financial statements did not have to be restated since the impact of their application on prior year financials is not material.

IFRS 15 Financial Instruments – Impact of adoption

The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around five steps in recognising revenue:

1) Identify the performance obligations in the contract;
2) Determine the transaction price;
3) Allocate the transaction price to the performance obligation;
4) Recognise revenue when a performance obligation is satisfied;
5) The standard also provides specific principles to apply, when there is a contract modification, accounting for contract costs and accounting for refunds and warranties.

All of DIS' revenues from contracts with its customers are recognised over time. The Group has disclosed the details for two main categories, reflecting the differences in the type of contracts and timing of cash-flows: time charters, for which hire is paid monthly in advance for a specified period of time, and spot voyages, for which freight is paid at voyage completion, for moving cargo from the loading to the discharging port (see also APMs on page 10). The breakdown is aligned with the Company's revenues disclosures in other communications to the financial community and to its shareholders by its chief operating decision makers (e.g. investor presentations and press releases), and with the information used to make resource allocation decisions and with its use by peers in the shipping industry.

The Group has undertaken a review of its contracts and considers the main changes is the later recognition of revenue on voyage charters, with a change from a discharge to discharge basis to a load to discharge basis. The effect of these changes on the retained earnings as at 30 September 2018 is an increase of US$ 0.7 million: as long as the amount is not material no assets are recognised so far from the cost to fulfil a contract. IFRS 15 does not have a significant impact on the net assets, financial position and results of operations of DIS. Nevertheless the disclosures to be presented in the financial statements and notes are extensive.

IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces IAS 39 and deals with the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting.

Financial assets are measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income. A financial asset can only be measured at amortised cost when the Group has a business model to hold the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding. When the requirements for measuring the financial asset at amortised cost are met, but the business model also includes the selling of those instruments, then these financial assets are measured at fair value through other comprehensive income. All other financial assets are measured at fair value through profit or loss. The Group has considered its available-for-sale and held-to-maturity financial assets and there isn't a material adjustment arising from the classification changes of IFRS 9.

Embedded derivatives within a host contract within the scope of IFRS 9 are no longer separated and the whole contract is measured at fair value through profit or loss, when the host contract is an asset; they might be, however, if the host contract is a liability within the scope of IFRS 9. There are no change to the treatment of embedded derivatives in a host contract that is not a financial instrument. The Group has embedded derivatives within its contracts, although they are not financial instruments within the scope of IFRS 9 and therefore are not recognised within these financial statements.

The derecognition principles of IAS 39, 'Financial Instrument: Recognition and Measurement', have been transferred to IFRS 9, with no impact on the Group's net Assets.

The impairment model in IFRS 9 moves to one that is based on expected credit losses, rather than the IAS 39 incurred loss model. The impairment requirements apply to financial assets measured at amortised cost and fair value through other comprehensive income, with expected credit losses recognised on initial recognition based on 12 months expected credit losses, or if there has been a significant increase in the credit risk of the financial asset then the impairment is based on lifetime expected losses.

The Group's financial assets mainly consist of trade receivables without a significant financing element, and the Group has therefore applied an impairment model based on the life time expected losses for such instruments. The increase in the provision recognised in the first nine months of 2018 under this basis is of US$ 0.3 million.

Apart from cash and cash equivalents, the Group's other material financial assets not measured at fair value is the financing extended to d'Amico Mitsubishi Shipping. Under IFRS9, this asset is assessed at each period-end to ascertain whether the credit risk relating to it has increased significantly since initial recognition. If it has, then a provision is made for lifetime expected credit losses on it. If it has not, then only credit losses expected on defaults within 12 months of the period end are recognised. So far, there has been no significant increase in credit risk on this asset and there is no expected future credit loss.

2. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at September 30 2018, the Group's capital commitments amounted to US$ 52.5 million, due over the next 12 months.

US$ Million	As at 30 September2018	As at 31 December 2017
Within one year	52.5	91.9
Between 1 – 3 years	-	52.5
Total	52.5	144.4

Capital commitments relate to the payment for: 2 Hyundai-Mipo dockyard 75,000 dwt Product/chemical tanker newbuilding vessels. All DIS newbuilding vessels are expected to be delivered during Q1 2019.

8 November 2018

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. Carlos Balestra di Mottola, in his capacity as Chief Financial Officer of d'Amico International Shipping SA (the "Company") declares to the best of his knowledge, that the nine months/third quarter 2018 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.

Carlos Balestra di Mottola
Chief Financial Officer