d'Amico International Shipping S.A.

2011 ANNUAL REPORT

2011 Annual Report

Consolidated and Statutory Financial Statements
Year ended 31 December 2011

d'Amico International Shipping S.A.

Registered office at 25C Boulevard Royal, Luxembourg
Share capital US$ 149,949,907 as at 31 December 2011

This document is available on
www.damicointernationalshipping.com

Contents

Letter to Shareholders

2011 was characterized by a tough macro-economic scenario which affected also the Product Tankers industry. The ever changing economic environment characterized this year since it have been defined by natural disasters, geo-political unrest and poor economic news. Oil Product demand for 2011 was continually being revised downward as GDP growth was also been reduced. Exceptionally poor refining margins in the OECD Northern Hemisphere have contributed to increase the list of refineries being sold or even permanently closed. The disruption of supply of petroleum products continued with no real substantial improvement in returns for Product Tankers. Better utilization rates of the Medium Range and Handy size product tankers have led to no large fluctuations in freight rates due to the large modern fleet of tankers in this segment. The slight improvement in Oil demand growth has been supported almost entirely by emerging economies that however registered a small slowdown due to an increase in inflation rates.

DIS spot performance was substantially stable across all 2011 quarters, with the exception of a temporary spike in Q2'11, with slightly better market conditions towards the end of the year. DIS reaffirms its balanced business model as the most efficient way to manage this challenging market conditions with a firm focus on the longer term. The Company maintained a high cover ratio throughout the year, supporting the cash flow generation, and also pursuing the goal of strengthening its historical relationships with the main Oil Majors, a key pillar of our commercial strategy. This strategy allowed DIS to maximize its 2011 results and to generate operating cash flow even in a such complex environment.

During the period the fleet managed was of 37.3 vessels, on average, with three medium range owned tankers delivered to Glenda International Shipping. On the same time a term loan facility of US$ 48 million has been signed with a club deal of major banks to finance the two 52,000 DWT, MR Product Tankers / Chemicals vessels already ordered and currently under construction at Hyundai Mipo Dockyard Co. in South Korea, whose delivery is expected in March and April 2012.

The Company started a new buy-back program in July 2011 as a demonstration of the management firm belief that DIS' current stock price does not reflect in full the Company underlying asset value, its ability to generate positive cash flow and its overall financial strength. During the period going from July and October 2011, we have repurchased nr. 700,000 own shares, representing the 0.46682% of the outstanding share capital of the Company, for a total consideration of Euro 483,253. As at December 31st, 2011, d'Amico International Shipping S.A. holds nr. 5,090,495 own shares, representing the 3.3948 % of the outstanding share capital.

We have a conservative outlook for the beginning of 2012, mainly due to the world macro-economic uncertainties. However the medium and long term view is certainly positive for the Product tanker industry and the MR segment in particular. On the supply side, a limited MR net growth is expected in the years to come. At the same time, the consolidation of refining capacity occurring outside the OECD, will lead to an improved ton mile demand and to better utilization rates.

The strong reputation, the solid financial position and the primary market role allow DIS to always look at external opportunities, such as M&A, selected assets acquisitions or charters at the right time, in order to further increase the value of the company.

I would like to take this opportunity to thank you for your continued support of our company and we will all do our outmost to reward your trust.

Paolo d'Amico | Chairman of the Board of Directors

Board of Directors and Auditors

Board of Directors

Chairman
Paolo d'Amico [1]

Chief Executive Officer
Marco Fiori [1]

Directors
Cesare d'Amico [1]
Massimo Castrogiovanni [2]
Stas Andrzej Jozwiak [3]
Giovanni Battista Nunziante
Heinz Peter Barandun [2]
John Joseph Danilovich [2]

Independent Auditors

Moore Stephens Audit S.àr.l., Luxembourg

[1] Member of the Executive Committee
[2] Independent Director
[3] Lead Independent Director

Key Figures

Financials

US$ Thousand	2011 (*)	2010
Time charter equivalent (TCE) earnings	187,005	199,343
Gross operating profit / EBITDA	31,002	30,441
as % of margin on TCE	16.58%	15.27%
Operating profit (loss) / EBIT	(6,048)	(2,026)
as % of margin on TCE	(3.23)%	(1.02)%
Net profit / (loss)	(21,013)	(20,531)
as % of margin on TCE	(11.24)%	(10.3)%
Earnings / (loss) per share (US$)	(0.140)	(0.137)
Operating cash flow	28,992	2,431
Gross capital expenditure (CapEx)	64,700	56,583
Total assets	670,237	709,518
Net financial indebtedness (**)	239,565	230,960
Shareholders' equity	315,481	333,106

(*) 2011 figures are shown including result on disposal of vessels of US$ 3.3 million
(**) Net indebtedness is defined on page 24

Other Operating Measures

	2011	2010
Daily operating measures - TCE earnings per employment day (US$) [1]	14,265	15,291
Fleet development - Total vessel equivalent	37.3	39.7
- Owned	19.1	17.0
- Chartered	17.4	20.1
- Chartered through pools	0.8	2.6
Off-hire days/ available vessel days[2] (%)	2.0%	2.9%
Fixed rate contract/ available vessel days[3] (coverage %)	48.1%	45.5%

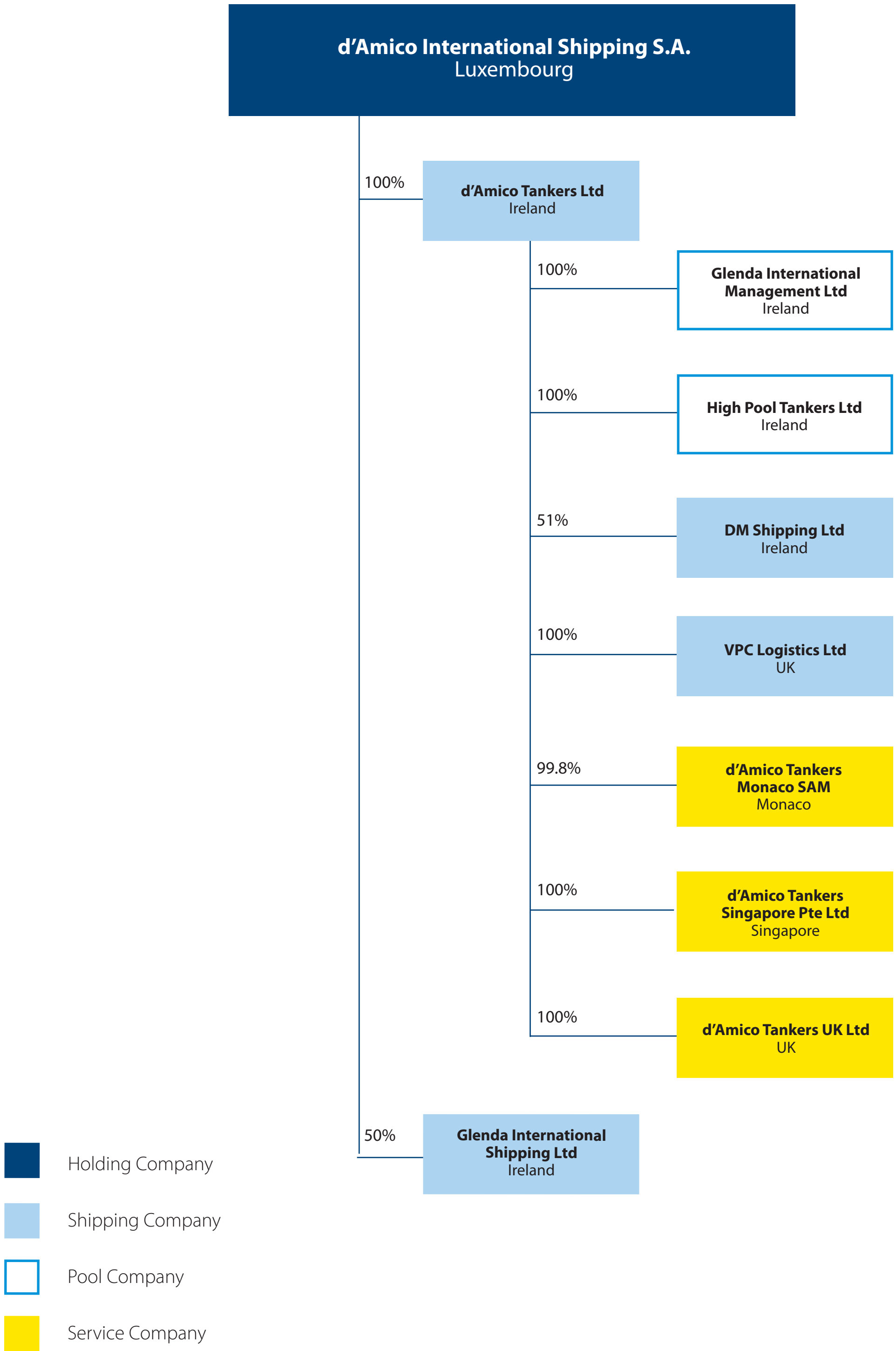
[1] This figure represents time charter ("TC") equivalent earnings for vessels employed on the spot market and time charter contracts net of commissions . Calculations exclude vessels chartered through the pools.

[2] 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.

[3] 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.

Group Structure

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



VPC logistics Ltd. (UK) under liquidation

d'Amico International Shipping Group

d'Amico International Shipping S.A. (DIS, the Group or d'Amico International Shipping) is an international marine transportation company, part of the d'Amico Group that traces its origins to 1936. d'Amico International Shipping operates, mainly through its fully owned subsidiary d'Amico Tankers Limited (Ireland), a fleet with an average age of approximately 5.9 years, compared to an average in the product tankers industry of 9.4 years (source: Clarkson). All DIS vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to major oil companies and trading houses. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), with the requirements of oil-majors and energy-related companies and other relevant international standards. Based on MARPOL/IMO rules, cargoes such as palm oil, vegetable oil and other chemicals can only be transported by vessels that meet certain requirements (IMO Classed). As at 31 December 2011, 71% 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 DIS fleet as at 31 December 2011, which consists of **35 vessels:**

MR fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
OWNED				
GLENDA Melissa[1]	47,203	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDA Meryl[1]	47,251	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDA Melody[1]	47,238	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDA Melanie[1]	47,162	2010	Hyundai Mipo, South Korea	IMO II/III
GLENDA Meredith[1]	46,147	2010	Hyundai Mipo, South Korea	IMO II/III
High Strength[2]	46,800	2009	Nakai Zosen, Japan	-
GLENDA Megan[1]	47,147	2009	Hyundai Mipo, South Korea	IMO II/III
High Efficiency[2]	46,547	2009	Nakai Zosen, Japan	-
High Venture	51,087	2006	STX, South Korea	IMO II/III
High Presence	48,700	2005	Imabari, Japan	-
High Priority	46,847	2005	Nakai Zosen, Japan	-
High Progress	51,303	2005	STX, South Korea	IMO II/III
High Performance	51,303	2005	STX, South Korea	IMO II/III
High Valor	46,975	2005	STX, South Korea	IMO II/III
High Courage	46,975	2005	STX, South Korea	IMO II/III
High Endurance	46,992	2004	STX, South Korea	IMO II/III
High Endeavour	46,992	2004	STX, South Korea	IMO II/III
High Challenge	46,475	1999	STX, South Korea	IMO II/III
High Spirit	46,473	1999	STX, South Korea	IMO II/III
High Wind	46,471	1999	STX, South Korea	IMO II/III
TIME CHARTERED WITH PURCHASE OPTION				
High Enterprise	45,800	2009	Shin Kurushima, Japan	-
High Pearl	48,023	2009	Imabari, Japan	-
High Prosperity	48,711	2006	Imabari, Japan	-
TIME CHARTERED WITHOUT PURCHASE OPTION				
High Force	53,603	2009	Shin Kurushima, Japan	-
High Saturn	51,149	2008	STX, South Korea	IMO II/III
High Mars	51,149	2008	STX, South Korea	IMO II/III
High Mercury	51,149	2008	STX, South Korea	IMO II/III
High Jupiter	51,149	2008	STX, South Korea	IMO II/III
High Glow	46,846	2006	Nakai Zosen, Japan	-
High Energy	46,874	2004	Nakai Zosen, Japan	-
High Power	46,874	2004	Nakai Zosen, Japan	-
High Nefeli	45,976	2003	STX, South Korea	IMO II/III

[1] Vessels owned by GLENDA International Shipping, in which DIS has a 50% interest

[2] Vessels owned by DM Shipping (in which DIS has a 51% interest) and time chartered to d'Amico Tankers Limited

Handysize fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
OWNED				
Cielo di Salerno	36,032	2002	STX, South Korea	IMO II/III
Cielo di Parigi	36,032	2001	STX, South Korea	IMO II/III
Cielo di Londra	35,985	2001	STX, South Korea	IMO II/III
TIME CHARTERED WITH PURCHASE OPTION				
Malbec	38,499	2008	Guangzhou, China	IMO II/III
Marvel	38,435	2008	Guangzhou, China	IMO II/III
TIME CHARTERED WITHOUT PURCHASE OPTION				
Cielo di Guangzhou[1]	38,877	2006	Guangzhou, China	IMO II

Fleet Employment and Partnership

	DIS' No. of Vessels	Total Pool Vessels
Direct employment	20.5	
High Pool (MR vessels)	8.0	11.0
GLENDA Int. Mgmt (MR vessels)	6.5	11.0
TOTAL	**35.0**	

As at 31 December 2011, d'Amico International Shipping directly employed 20.5 Vessels: 8.5 MRs ('Medium Range') and 1 Handysize vessel are fixed on time charter contracts with main oil majors and trading houses, whilst 6 MRs and 5 Handy-size vessels are currently employed on the spot market. The Group employs a significant portion of its controlled vessels through partnership arrangements.

High Pool Tankers Limited – a Pool with Nissho Shipping Co. Limited (Japan) and Mitsubishi Corporation. It operated 11 MR product tankers as at 31 December 2011. d'Amico International Shipping, through d'Amico Tankers Limited, is exclusively responsible for the Pool's commercial management, in particular chartering, vessel operations and administration.

GLENDA International Management Limited – a Pool with Glencore/ST Shipping to trade vessels under a single brand name, 'GLENDA'. Following the pool re-organization which occurred in the second half of 2011 GLENDA International Management Limited operated 11 MR product tankers at the end of the year. A further decrease in the number of operated vessels is expected during 2012.

In addition to the pools, DIS also established two joint venture agreements:

- DM Shipping Limited, with Mitsubishi Group. The Company owns two MR vessels, delivered in 2009;
- GLENDA International Shipping Limited, with the Glencore Group. The Company owns 6 MR vessels, delivered between August 2009 and February 2011.

d'Amico International Shipping is part of the d'Amico Group, one of the world's leading privately-owned marine transportation companies with over 70 years of experience in the shipping business, whose ultimate parent company is d'Amico Società di Navigazione S.p.A. (Italy). Today, the entire d'Amico Group controls 74 owned and chartered-in vessels, of which 35 are vessels part of the DIS fleet, operating in the product tanker market, while the remaining 39 are mainly dry-bulk vessels controlled by d'Amico Dry Limited and d'Amico Shipping Italia S.p.A. d'Amico International Shipping benefits from a strong brand name and a well-established reputation in the international market due to the long operating history of the d'Amico Group. In addition, it benefits from the expertise of the d'Amico Group, which provides support for technical management services, as well as safety, quality and technical products and services to DIS' vessels, including crewing and insurance arrangements.

d'Amico International Shipping has offices in Luxembourg, Dublin, London, Monaco and Singapore. As at 31 December 2011, the group employed 471 seagoing personnel and 45.5 onshore personnel.

[1] Bare-Boat charter contract

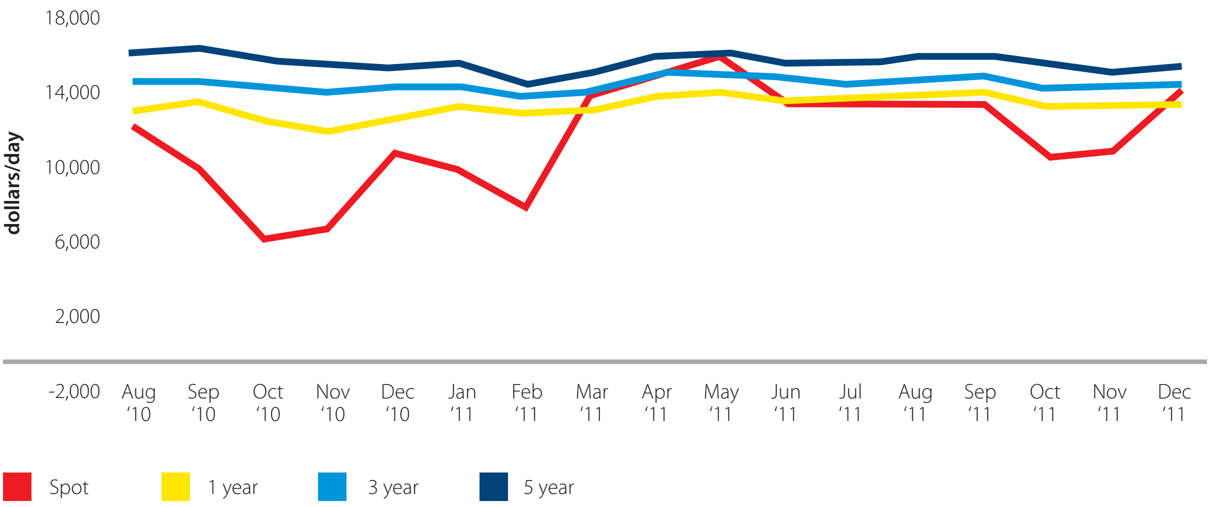
The Product Tankers Industry

Product tankers normally move refined petroleum products, typically gasoline, jet fuel, kerosene, fuel oil, naphtha and other soft chemicals and edible oils. The seaborne movement of refined oil products amongst different world regions addresses demand and supply imbalances, mainly caused by the lack of resources or refining capacity in consuming countries. Additional 'arbitrage' also occurs, taking advantage of differences in price and specific production amongst refining centres.

Within the product tanker industry, d'Amico International Shipping operates in the Medium Range segment, which comprises vessels ranging from 25,000 dwt to 55,000 dwt. This specific vessel size allows the greatest flexibility in terms of trade routes and port access.

Product tanker class (dwt)	Short range (SR) 10,000 – 25,000	Medium range (MR) 25,000 – 55,000	Long range (LR) 55,000 – 120,000
Characteristics	Trades in specialised market regionally Focused primarily on the distribution side	Access to more ports than larger vessels Better economies of scale over medium and longer distances versus small vessels	Better economies of scale over longer haul voyages
Voyages	Only short	Short and long	Only long
Flexibility	Low	High	Low
Arbitrage Voyages	No	Yes	No
% world fleet[1]	21%	40%	39%

Market Overview – Average TC Rates for MR[2] Product Tankers (US$)



[1] Source: Clarksons Research Services Limited, as of 23 January 2012. Percentage of total product tankers (4,524 vessels) excludes vessels with stainless steel tanks.
[2] Source: Clarkson as at Jan.'12

Shareholders Information

Investor Relations

d'Amico International Shipping Investor Relations team ran a structured program aimed at promoting an on-going dialogue with institutional investors, shareholders and the markets to ensure systematic dissemination of exhaustive, complete, and timely information on its activities, in accordance with legal requirements and on the basis of corporate governance standards and recommendations from relevant organizations, with the sole limitation imposed by the confidential nature of certain information.

The financial results were presented on a quarterly basis through public conference calls which can be widely accessed, including through the Investor Relations website. During the year the IR team kept in constant contact with the financial community to discuss company performance and results through meetings, conference calls, presentations at broker conferences and at the relevant events that Borsa Italiana (STAR Segment) organizes. Participation in road-shows with shareholders and investors focused on the major financial markets, and on new potential areas of interest, where investor profiles matched the Group's structural characteristics and strategic outlook.

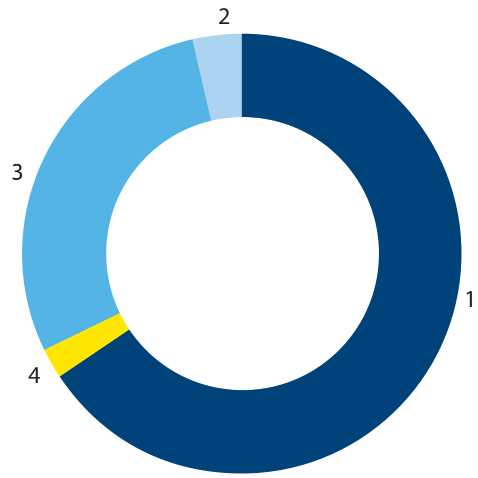
More information is available on the Group's institutional website www.damicointernationalshipping.com. The Investor Relations section provides share information, historical financial data, press releases, institutional presentations, periodic publications and analyst coverage.

d'Amico International Shipping shareholders may also contact: *ir@damicointernationalshipping.com*.

Shareholders

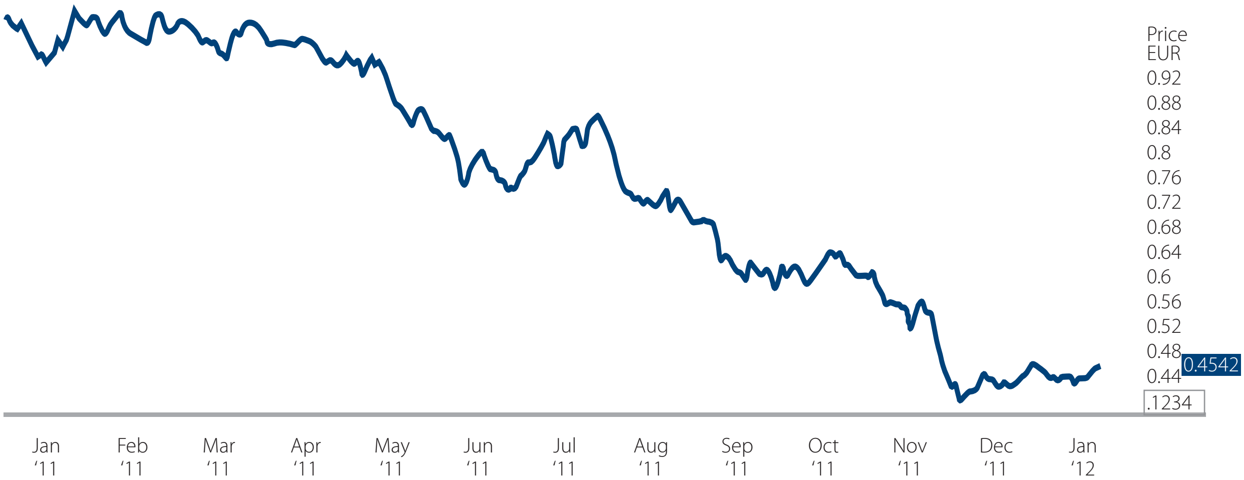
d'Amico International Shipping S.A. share capital consists of 149,949,907 ordinary shares. The shares are issued to bearer and listed on Borsa Italiana SpA in the STAR segment.

Based on the latest shareholdings communicated by investors, in accordance with applicable rules and Art.6 of our Articles of Association, the following individuals and institutions have holdings exceeding 2% of d'Amico International Shipping's total ordinary outstanding shares:



1	d'Amico International S.A.	**65.66 %**
2	d'Amico International Shipping S.A.	**3.39 %**
3	Others	**28.72 %**
4	Kairos Partners SGR S.p.A.	**2.23 %**

Share performance (Price/volumes Trend)



In 2011, DIS' share price fell by -54.53%, ending the year at Euro 0.444, versus Euro 0.976 at the end of 2010. The market capitalization of the Company's shares decreased to Euro 66.6 million at the end of 2011, versus Euro 146.4 million at the end of the previous year. The average daily volume during the year was 83.9 thousand shares.

Buy-back program

In July 2011 the Board of Directors of d'Amico International Shipping S.A. resolved to start the buy-back program pursuant to the authorization issued by the Annual General Meeting of the Shareholders held on 29 March 2011.

During the period going from 6 July and 14 October 2011, d'Amico International Shipping S.A. repurchased, on the regulated market managed by Borsa Italiana S.p.A., nr. 700,000 own shares, representing the 0.46682% of the outstanding share capital of the Company, at the average price of Euro 0.69, for a total consideration of Euro 483,253. As at 31 December 2011, d'Amico International Shipping S.A. holds nr. 5,090,495 own shares, representing the 3.3948 % of the outstanding share capital.

Financial calendar

The 2012 Company's Financial Calendar is the following:

2011 approval of draft Annual Financial Statements
Thursday, 23 February 2012

Annual General Meeting
Wednesday, 04 April 2012

2012 First Interim Management Statements
Thursday, 26 April 2012

2012 Half Yearly Report
Thursday, 26 July 2012

2012 Third Interim Management Statements
Thursday, 25 October 2012

Dividend policy

The dividend policy is based on the current results and estimated future liquidity requirements, taking into account the capital structure and the Group's development strategy, together with the expected future market developments.

Human Resources

As at 31 December 2011, the Group employed 471 seagoing personnel and 45.5 onshore personnel.

Seagoing Personnel

Crewing represents one of the key elements in the safe and efficient use of the fleet. To ensure a high-quality service d'Amico International Shipping has signed an inter-company agreement with the ultimate parent company, d'Amico Società di Navigazione S.p.A., for the assistance in these services. This agreement allows the Group to leverage on d'Amico Società di Navigazione's history, of about 75 years, as a ship-owner and manager.

The Group's crewing policy aims to promote safety on-board and protection for the environment and to maintain an efficient and reliable crew staff. To attain these objectives d'Amico relies on three pillars: a thorough selection process, extensive training and a continuous monitoring and appraisal system.

To establish an effective recruitment program the Group aims to secure access to a large pool of talented employees. In this respect it has developed a long-term recruitment programme, which allows it to fully cover the personnel needs. This programme is based on two parallel activities: (i) d'Amico Società di Navigazione has set up a base in the Indian market through a controlled company, d'Amico Ship Ishima India Pvt. Ltd., headquartered in Mumbai. The Indian market has an established track-record as a provider of quality English-speaking crew. The majority of the crew-members on-board the Group's vessels are Indian; (ii) Secondly, d'Amico Società di Navigazione together with other important Italian institutional partners, has recently instituted the Giovanni Caboto Foundation. The Foundation, being a Superior School of Technology, offers two years training courses for post high school graduates, who would like a career within and around the world of the shipping industry. The training courses, which include a year of study and a year as an intern, will guarantee excellent technical preparation and the appropriate familiarization with the d'Amico organization, policy, expertise and vision for those who aim both a seagoing than ashore carrier, facilitating their inclusion into the d'Amico structure.

Through appropriate training, the Group ensures that all employees meet the high standards of professionalism required to be a crew member on-board d'Amico vessels. In this respect, rigorous training program are in place, both ashore and on-board vessels. In addition, the Group pursues a tight collaboration with local maritime institutes, aiming to increase awareness of issues relating to safety and the environment, key priorities for d'Amico.

Continuous monitoring and feedback allows the Group to identify areas for improvement and to establish tailored programs. In addition, the Group adopts a pro-active approach of evaluations, by focusing not only on errors but also on near-misses. This appraisal system enables the Group to identify in advance areas of concern and to take the appropriate measures.

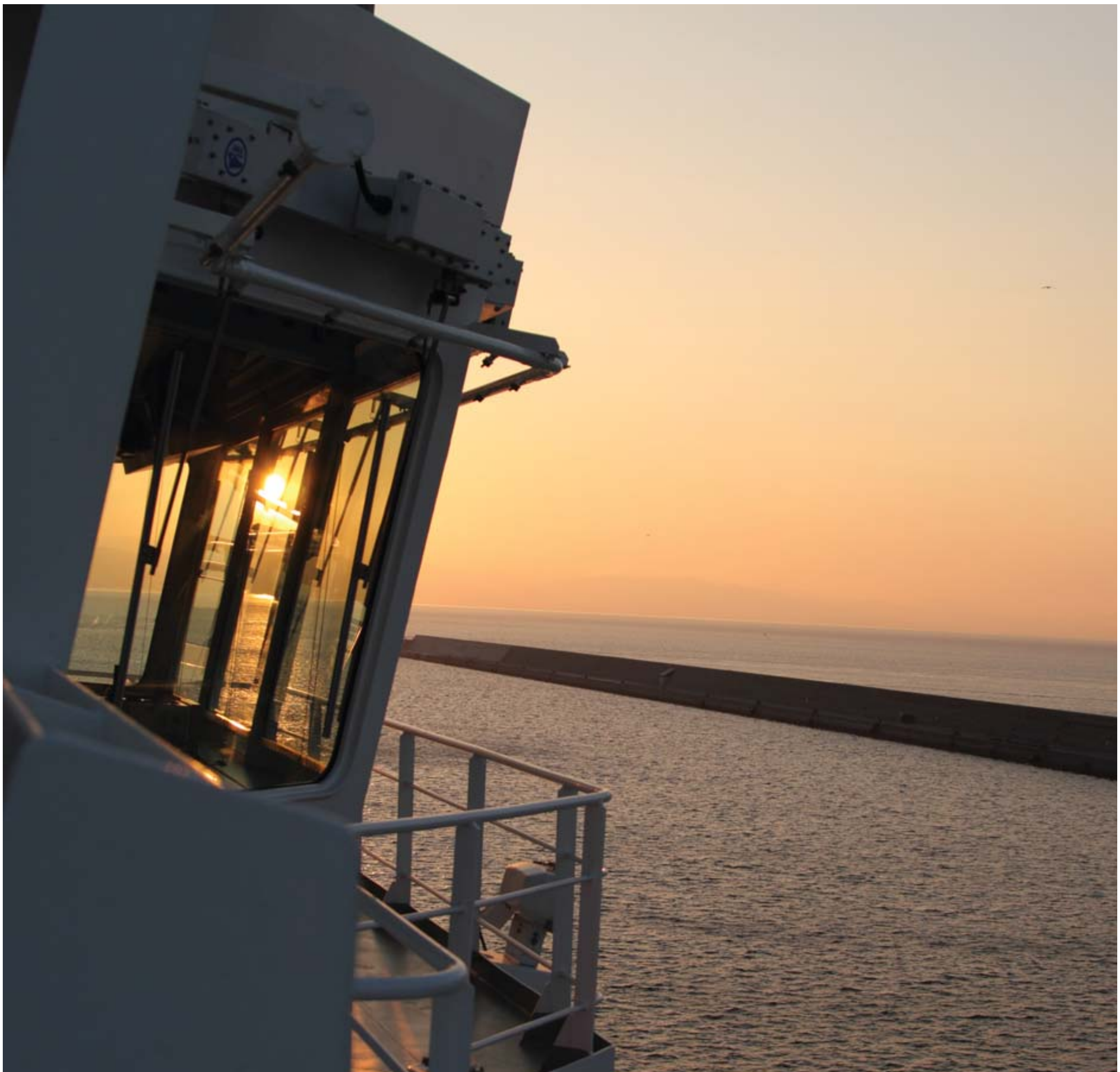
Safety on board and for the environment are overarching priorities for the Group, promoted in addition to the above mentioned policies, by the strict compliance with the procedures set out in the Safety, Quality and Environmental (SQE) manual. The Group believes that employee loyalty is crucial to ensure a high-quality and continuously improving service. In this respect, the Group aims to minimize employment turnover by providing a positive working environment, which respects individuals' development needs.

Ashore

According to the strategy of the Group, focusing on high-quality fleet and people management helps strengthen its competitiveness. In order to ensure, in the medium/long term perspective, the most effective fit between a person's competences and roles/responsibilities, the d'Amico personnel policy assigns a relevant importance to training activities and to the person's career profile definition and development. Structured incentive plans have been introduced, reinforcing the link between the individual objectives and the Group's targets. The compensation policy is focused on providing an overall competitive framework with the labour market, consistently with the objective of career development, always maintaining the general aim to improve the working environment.

According to the strategy set up in the previous years, during 2011, all the HR management activities have been consolidated, through several initiatives aimed at reinforcing a medium/long term perspective of retaining of its personnel as key success factor of the Group.

In these regards, the HR policy of the Group has been strengthened according to a framework whose main objectives are stronger team, development of talents / high potentials, people engagement and motivation. The deployment of this strategy focused on training and development, internal communication, compensation system, addressing any project and initiative according to a renewed and reinforced sharing of the Group values framework.



Ship Management

d'Amico compliance with International Standards

All d'Amico vessels are built in accordance with international industry standards and are continuously monitored in order to ensure their compliance with IMO (International Maritime Organization) regulations, MARPOL (the International Convention for the Prevention of Pollution from Ships) and other international standards. Indeed, every year DIS product tankers are required to pass the following external examinations:

- Inspection and monitoring of compliance with MARPOL's standards by the flag state;
- Port-state controls, which are inspections of foreign ships in national ports to verify that the condition of the ship and its equipment complies with the requirements of international conventions and that the ship is manned and operated in compliance with these rules;
- Flag state controls in the country where a ship is registered;
- 'Vetting inspections' by major oil and energy-related companies.

IMO (International Maritime Organization) is a specialized agency of the United Nations founded in 1958 in the United Kingdom with a specific task: the development and updating of a comprehensive regulatory framework of international conventions and recommendations governing every facet of shipping, such as safety, environmental concerns, legal matters, technical co-operation, maritime security and the efficiency of shipping. Among them there are the MARPOL convention and the STCW convention on standards of training for seafarers. MARPOL 73/78 is an international frame convention for the prevention of pollution from ships ("Marpol" stands for marine pollution and 73/78 short for the years 1973 and 1978), aiming at preserving the marine ecosystem through the complete elimination of pollution by oil and other harmful substances (e.g. gasoline, jet fuel, kerosene, naphtha). It comprises 6 detailed annexes, each concerned with preventing a specific form of marine pollution from ships.

Pursuant to a ship management agreement, d'Amico Società di Navigazione S.p.A., d'Amico Group's ultimate parent company, with the cooperation and under the supervision of d'Amico Tankers Limited (Ireland), is responsible for the technical management of d'Amico International Shipping Group's owned and bareboat chartered vessels.

In addition, d'Amico Società di Navigazione S.p.A. gives its assistance to arrange insurance cover for the fleet and operates the Tanker Management and Self-Assessment programme (TMSA), launched in 2004 by the OCIMF (Oil Companies International Marine Forum), and the Safety Quality and Environment (SQE) Management System. Safety on board and for the environment is an overarching priority of d'Amico International Shipping.

The ship manager's responsibilities include those of performing general vessel maintenance, ensuring compliance with regulatory and classification society's requirement, satisfying oil majors vetting procedures, supervising the maintenance and promoting the efficiency of vessels, arranging and supervising dry-docks and repairs, purchasing supplies and spare parts, and appointing supervisors and technical consultants.

The Group is committed to promoting safety on-board and respect for the environment, aiming to eliminate incidents such as groundings, fires, collisions, and petroleum spills. In this respect, d'Amico International Shipping has adopted the TMSA programme since 2005 and SQE system since 2003.

Although not compulsory, the TMSA programme is recommended by major oil companies as a means of encouraging ship operators to measure, evaluate and improve their safety management systems against key listed performance indicators. In addition, the programme establishes best practices to solve problems and to optimize safety and environmental performance. Electronic tools to control and measure key performance indicators for different areas of technical management system have been implemented and the TMSA review is carried out every six months. The assessment results are the starting point for a continuous improvement plan aimed at achieving and guaranteeing high standards in safety and respect for the environment.

Since before the introduction of the TMSA programme, d'Amico International Shipping has been promoting internal SQE (Safety, Quality and Environmental) management procedures and operating an integrated SQE system on all its vessels, in conformity with the quality and environmental standards ISO 9001:2008 and ISO 14001:2004 established by the International Organisation for Standardization, and was certified by the international classification society RINA S.p.A. (Registro Italiano Navale) in 2003.

In particular, in respect of ISO 14001 and in order to demonstrate its vessels compliance and engagement regarding environmental aspects, d'Amico has developed and adopted a strict environmental analysis consisting of identifying the vessels activities which interact with the environment (water, air and other elements) and analysing, among these interactions, those that might have significant impacts on the environment.

In order to always improve the vessel's management for safety and health on board, d'Amico, during 2011 has extended to all managed vessels the implementation of the OHS (Occupational and Health System) certified by RINA according to the International Standard BS 18001:2007.

Every year, the d'Amico SQE team carries out an internal audit (on-board and ashore) in order to identify and analyse all the factors within the Company's activities (e.g. bunkering operations and transport, oil/chemical products cleaning, products loading / transport / discharging), products or services that have or can have significant impacts on the environment, hence minimizing risk and aiming to reduce CO_2 emissions. The analysis uses numerous data, such as type of fuels, water consumption, acoustic and electro-magnetic pollution measurements, construction data, vessel and plants lay-outs, maintenance procedures and frequencies. The Group considers indirect environmental aspects as well, which are those related to the activities performed by third parties, like the disposal of solid waste discharged and dry dock operations.

Corporate Social Responsibility

d'Amico Group pursues commitment and consolidates the already existing activities/procedures regarding its Corporate Social Responsibility plan.

In the last years the d'Amico Group strategy has included the set-up and subsequent implementation of a Corporate Social Responsibility (CSR) plan, which follows the d'Amico Group full understanding of the importance of the environmental and social aspects and the recognition of the proper responsibility for contributing to a sustainable development.

The d'Amico Group CSR plans consist of principles and policies involving several functions of a company. Some of the milestones of the ship management approach disclosed under the previous section, like the SQE / Security Quality and Environment management system, are an integral part of the corporate social responsibility master plan. The section disclosing the Crew policies shows the importance that d'Amico Group gives to occupation health, employee conditions, safety at sea.

With reference to how the Group intends to approach the environmental principles, d'Amico is developing a 'Ship Energy Efficiency Management Plan' (energy saving programme) providing ship /company- specific measures for the management and improvement of the environmental performance of the fleet. This Management Plan includes a system of procedures and measures ashore-company level and at ship-specific level and it includes following primary aspects, having as one of the key target the reduction of CO_2 emissions:

1. Programme for Measuring and Monitoring Ship Efficiency;
2. Voyage Optimization Programme, involving speed selection optimisation, optimisation of route planning and trim;
3. Propulsion Resistance Management Programme with reference to hull and propeller resistance;
4. Machinery Optimisation Programme focusing on main Engine monitoring and optimisation, together with the optimisation of lubrication as well as other machinery and equipment;
5. Cargo Handling Optimization (cargo temperature control optimization);
6. Energy Conservation Awareness Plan, providing on board and on shore training and familiarisation of company's efficiency programme and an accommodation-specific energy conservation programme.

The energy saving programme is integrated in our Company general ship management operations to ensure all relevant information being gathered is being used and understood by the management team as a whole.

Financial Review of the Group

Summary of the Results in 2011

The ever changing economic environment characterized the year. 2011 was peppered with natural disasters, geo-political unrest and poor economic news. European sovereign debt issues strongly affected 2011, together with the prolonged uncertain geo-political situation in North Africa and the Middle East. Oil Product demand for 2011 was continually being revised downward as GDP growth was also reduced. Exceptionally poor refining margins in OECD Northern Hemisphere have extended the list of refineries being sold or even permanently closed. The disruption of supply of petroleum products continues with no real substantial improvement in returns for Product Tankers. Better utilization rates of the Medium Range and Handy size Product Tankers have led to no large fluctuations in freight rates due to the large modern fleet of tankers in this segment. The slight improvement in Oil demand growth has being supported almost entirely by emerging economies. However said emerging economies registered a certain slowdown mainly due to some inflationary pressure.

DIS 2011 figures reflected the not favourable industry environment, resulting in a net loss of US$ 21.0 million compared to US$ 20.5 million of net loss posted in 2010. This result was driven by the TCE Earnings and mainly by the spot market trend.

Despite the weak 2011 product tanker market, DIS positive operating cash flow confirmed again the strong financial position of the Company. The operating cash flow generated in 2011 was US$ 29.0 million. This certainly represents a very positive achievement, especially after three years of the tankers industry negative cycle. The significant percentage of fixed contract coverage (48.1% on average in 2011) and the competitive market positioning supported the very solid financial position. At the same time a well-balanced business model allows DIS to take full advantage of any market upside.

Operating performance

US$ Thousand	2011	2010
Revenue	291,721	305,592
Voyage costs	(104,716)	(106,249)
TIME CHARTER EQUIVALENT EARNINGS	**187,005**	**199,343**
Time charter hire costs	(89,761)	(102,314)
Other direct operating costs	(53,403)	(53,367)
General and administrative costs	(19,330)	(18,778)
Other operating Income	3,205	5,557
Result from disposal of vessels	3,286	-
GROSS OPERATING PROFIT / EBITDA	**31,002**	**30,441**
Depreciation	(37,050)	(32,467)
OPERATING PROFIT / (LOSS) EBIT	**(6,048)**	**(2,026)**
Net financial income (charges)	(14,329)	(19,018)
PROFIT / (LOSS) BEFORE TAX	**(20,377)**	**(21,044)**
Income taxes	(636)	513
NET PROFIT / (LOSS)	**(21,013)**	**(20,531)**

Revenue in 2011 amounted to US$ 291.7 down from the US$ 305.6 million realized in 2010. The decrease in gross revenues compared to the same period of 2010 was mainly due to the following factors: (i) lower average number of vessels in the period (2011: 37.3 vs. 2010: 39.7), following the redelivery of some chartered vessels; (ii) higher fixed contract coverage percentage (2011: 48.1% vs. 2010: 45.5%) but at a 'naturally' lower average daily TCE rate (2011: US$ 16,607 vs. 2010: US$ 18,034), following the new contracts signed during 2010 and 2011.

The off-hire days percentage in 2011 (2%) was lower than the previous year (2.9%), mainly due to the timing of dry-docks.

Voyage costs reflected the revenue trend and the related vessel employment mix (spot and time charter contracts). These costs, which occur only for the vessel employed on the spot market, amounted to US$ 104.7 million in 2011 vs. US$ 106.2 million in 2010.

Time charter equivalent earnings were US$ 187.0 million in 2011 compared US$ 199.3 million of the previous year. According to its strategy, DIS maintained a high level of 'coverage' (fixed contracts) throughout 2011, securing an average of 48.1% of its revenues. The lower level of the average fixed daily rate in 2011 is simply due to the contracts signed during 2010 and 2011, providing daily rates which reflect the current market conditions. Other than securing revenue and supporting the operating cash flow generation, those contracts pursue the objective of strengthening DIS historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

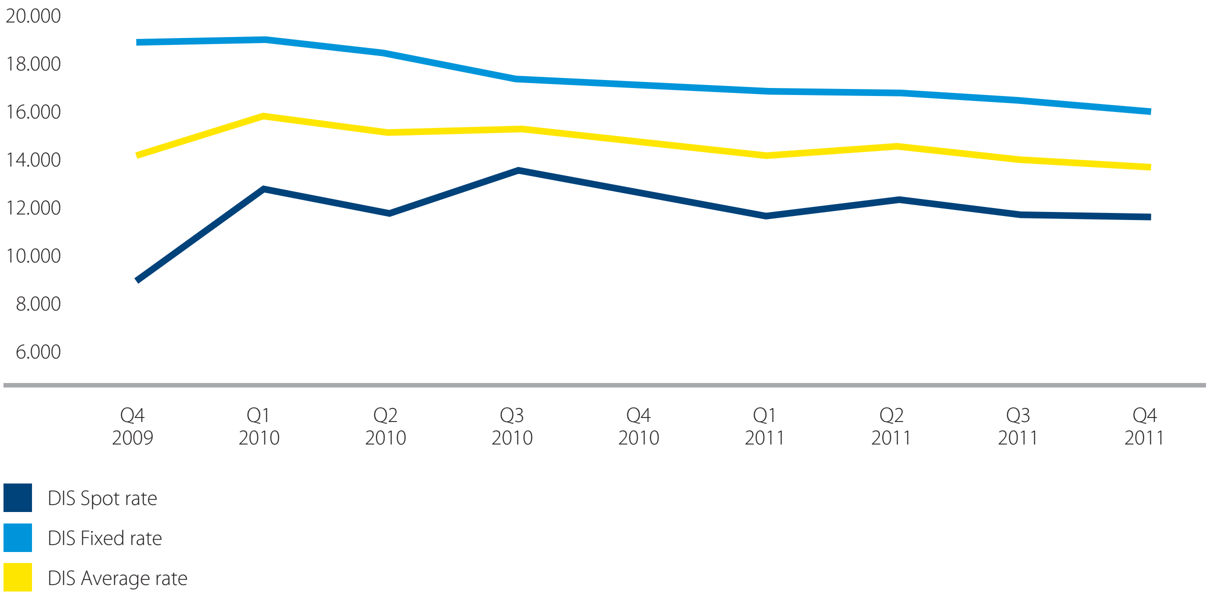
As shown in the table below, the decrease in 2011 daily returns (US$ 14,265) compared to 2010 (US$ 15,291), was mainly due to the aforesaid 'erosion' of the average fixed rate (2011: US$ 16,607 vs. 2010: US$ 18,034). Spot returns were substantially stable across the quarters of the year apart from a peak registered in Q2 (May and June in particular); whilst on a full year basis the daily spot average was around 6% lower than 2010 (US$ 12,022 vs. US$ 12,854).

The table below shows the DIS TC-rates comparable trend in 2010 and 2011:

DIS TCE daily rates

(US Dollars)	2010					2011				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Spot	12,961	11,960	13,690	12,864	12,854	11,871	12,516	11,894	11,819	12,022
Fixed	19,023	18,416	17,464	17,136	18,034	16,932	16,854	16,517	16,082	16,607
Average	15,901	15,260	15,336	14,809	15,291	14,328	14,687	14,164	13,869	14,265

DIS daily rates trends



Time charter hire costs relate to the chartered-in vessels, amounting to US$ 89.8 million in 2011 (US$ 102.3 million in 2010). The average number of chartered-in vessels was 17.4 in 2011, compared to 20.1 in 2010 and the decrease clearly explains the variance in these costs. The daily cost for the chartered-in fleet remained stable.

Other direct operating costs mainly consist of crew, technical, luboil and insurance expenses relating to the operation of owned vessels. These costs were US$ 53.4 million in 2011 fully in line with the previous year, albeit the growth of the owned fleet (19.1 owned vessels on average in 2011 vs. 17 vessels in 2010). The operating costs are constantly monitored and maintained under control, focusing on crew with appropriate skills, SQE (Safety, Quality & Environment) standards and by remaining in compliance with stringent market regulations. The efforts put in place to maintain and managing the 'high quality profile' of the fleet, which always represents a key pillar of the d'Amico vision and strategy, allowed also an improvement in the 2011 daily operating costs.

The ***General and administrative costs*** were US$ 19.3 million in 2011 vs. US$ 18.8 million in the previous year. The variance compared to last year is mainly due to the US Dollar trend against the other currencies, together with the write-down of some previous year insurance claims receivables. Net of said items, G&A are in line with the previous year. These costs mainly relate to on-shore personnel, together with premises costs, consultancies, travel and other.

Other operating income amounted to US$ 3.2 million in 2011 (US$ 5.6 million in 2010). The balance refers to chartering commissions from third parties vessels operated through pools.

Result on disposal of vessels. The gain on disposal of US$ 3.3 million relates to a previously chartered-in MR vessel purchased and then sold later on in 2011.

Gross operating profit (EBITDA) for 2011 amounted to US$ 31.0 million. Excluding the US$ 3.3 million 'capital gain', 2011 EBITDA was US$ 27.7 million vs. US$ 30.4 million in 2010. This result was mainly due to the lower daily average TCE Earnings. This caused the slight reduction of the 2011 EBITDA margin on TCE Earnings: 14.8% in 2011 vs. 15.3% in 2010.

Depreciation charges amounted to US$ 37.1 million in 2011 vs. US$ 32.5 million in 2010. The increase compared to last year was mainly due to the delivery of 'new-building' vessels and the consequent increase of the owned fleet.

The ***Operating result (EBIT)*** for the year was US$ 6.1 million negative vs. the operating loss of US$ 2.0 million booked in the previous year. This variance is mainly a consequence of the lower performance registered at TCE earnings level and of the increase of the depreciation charges.

Net financial charges amounted to US$ 14.3 million in 2011 compared to US$ 19.0 million in 2010. The financial charges are made up of loan interest, whose amount was US$ 11.1 million in 2011, stable compared to the previous year. The additional interests paid in connection with loans on new deliveries have been offset by the positive effects on IRS contracts renegotiation. The overall variance in net financial charges compared to the previous year was due to the lower loss from the US Dollar conversion of the loans denominated in JPY (Unrealized loss of US$ 2.9 million in 2011 vs. US$ 7.8 million in 2010).

The Company's ***Loss before tax*** for 2011 was US$ 20.4 million (loss of US$ 21.0 million in 2010).

Income taxes amounted to US$ 0.6 million in 2011, whilst the balance of 2010 was positive for US$ 0.5 million, due to tonnage tax charges being off-set by the reversal of a provision accounted for last year on certain items and revenue not eligible for tonnage tax.

The ***Net loss*** for 2011 was US$ 21.0 million compared to the net loss of US$ 20.5 million in 2010.

Consolidated Statement of Financial Position

US$ Thousand	As at 31 December 2011	As at 31 December 2010
ASSETS		
Non-current assets	547,634	544,283
Current assets	122,603	165,235
TOTAL ASSETS	**670,237**	**709,518**
SHAREHOLDERS'EQUITY AND LIABILITIES		
Shareholders' equity	315,481	333,106
Non-current liabilities	282,492	284,658
Current liabilities	72,264	91,754
TOTAL SHAREHOLDERS'EQUITY AND LIABILITIES	**670,237**	**709,518**

Non-current assets mainly relate to the DIS owned vessels net book value. According to the valuation report provided by a primary broker, the estimated market value of the DIS owned fleet including the portions relating to the new-buildings under construction is of US$ 486.8 million as at 31 December 2011, compared to a net book value of US$ 544.2 million.

Gross Capital expenditures in 2011 were US$ 64.7 million. This amount comprises of the last instalments paid to the shipyards for the three new-building vessels owned by GLENDA International Shipping Ltd (joint-venture company), of the instalments paid on the two Hyundai-Mipo new-building vessels expected to be delivered to d'Amico Tankers Limited in Q1 2012, of the purchase of High Century, then resold. Dry-dock costs pertaining to owned vessels are also included in capitalized costs.

Current assets as at 31 December 2011 were US$ 122.6 million. Other than the working capital items, inventories and trade receivables amounting to US$ 17.5 million and US$ 39.6 million respectively, current assets include short term financial resources of US$ 65.5 million, of which treasury investments of US$ 14.4 million and cash on hands of US$ 51.1 million. The significant decrease in trade receivables in 2011 compared to the previous year was mainly due to the reduction in the number of vessels operated by GIM pool.

Non-current liabilities (US$ 282.5 million) consist of the long-term portion of debt due to banks, disclosed under the following section (Net Indebtedness).

The balance of ***Current liabilities***, other than the debt due to banks and other lenders (see the following section), includes the working capital items amounting to US$ 49.7 million, essentially relating to trade and other payables, whose lower balance with respect to the previous period, similarly to trade receivables, reflects the decrease in the number of the vessels operated by the pools.

The Shareholders' equity balance as at 31 December 2011 was of US$ 315.5 million (US$ 333.1 million as at 31 December 2010). The variance with the previous year was primarily due to the net loss incurred in the current year.

Net Indebtedness

Net debt as at 31 December 2011 amounted to US$ 239.6 million vs. US$ 231.0 million at the end of the previous year. The slight increase compared to the end of 2010 was mainly due to the loan and instalments in connection with the vessel under construction. The ratio of net debt to shareholders equity was of 0.76 (2010: 0.69).

US$ Thousand	As at 31 December 2011	As at 31 December 2010
LIQUIDITY		
Cash and cash equivalents	**51,068**	**68,266**
CURRENT FINANCIAL ASSETS	**14,396**	**8,250**
TOTAL CURRENT FINANCIAL ASSETS	**65,464**	**76,516**
BANK LOANS – CURRENT	**14,864**	**11,065**
OTHER CURRENT FINANCIAL LIABILITIES		
Due to third parties	**7,673**	**11,753**
TOTAL CURRENT FINANCIAL DEBT	**22,537**	**22,818**
NET CURRENT FINANCIAL DEBT	**(42,927)**	**(53,698)**
BANK LOANS NON-CURRENT	**282,492**	**284,658**
TOTAL NON-CURRENT FINANCIAL DEBT	**282,492**	**284,658**
NET FINANCIAL INDEBTEDNESS	**239,565**	**230,960**

The short term financial resources balance (*Cash and cash equivalents* together with the treasury investments shown under *Current financial assets*) is US$ 65.5 million. These financial resources allow DIS to appropriately manage the current market environment, having already funded the equity portion of the capital expenditure committed to its remaining new building plan.

The total outstanding bank debt (Bank loans) as at 31 December 2011 amounted to US$ 297.5 million, of which only US$ 14.9 million is due within one year. DIS debt structure is based on the three facilities granted to d'Amico Tankers Limited (Ireland), the key operating company of the Group: (i) Crédit Agricole 10 years revolving facility (syndicated by other banking institutions) of US$ 149.5 million; (ii) Mizuho syndicated loan facility of US$ 28.4 million; (iii) Crédit Agricole and DnB NOR Bank seven years term loan facility to finance the two MR vessels under construction whose delivery is expected in March and April 2012 respectively. The amount drawn-down so far is US$ 10.6 million. DIS debt also comprises of the share of the loans existing at the two joint ventures level, GLENDA International Shipping Ltd and DM Shipping Ltd: (i) Commerzbank AG Global Shipping and Credit Suisse loans of US$ 80 million for the Glenda International Shipping Ltd Hyundai-Mipo vessels, all of which have been already delivered (ii) Mitsubishi UFJ Lease loan of US$ 29 million in connection with the financing of the DM Shipping Ltd two vessels delivered in 2009; these loans are proportionally consolidated in DIS accounts.

Net debt also includes, under Other Current financial liabilities, US$ 7.7 million of negative valuation of derivatives hedging instruments (essentially interest rate swap agreements – IRS).

Cash Flow

The net cash flow for the year ended at 31 December 2011 was US$ 17.3 million negative. Net of the amount of US$ 6.6 million relating to the short term financing investments, the net outflow was limited to US$ 10.6 million. The 2011 cash flow was positively influenced also by the cash-in of the proceeds arising from the already disclosed sale of one previously chartered-in vessel.

US$ Thousand	2011	2010
Cash flow from operating activities	28,992	2,431
Cash flow from investing activities	(37,305)	(54,062)
Cash flow from financing activities	(8,998)	27,548
CHANGE IN CASH BALANCE	**(17,311)**	**(24,083)**

NET DECREASE IN CASH AND CASH EQUIVALENTS	**(17,311)**	**(24,083)**
Cash and cash equivalents at the beginning of the period	68,266	92,243
Exchange gain/(loss) on cash and cash equivalents	113	106
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**51,068**	**68,266**

Cash flow from operating activities for the year was of US$ 29.0 million (cash flow of US$ 2.4 million in 2010). This favourable result was supported by the positive working capital trend, including the amount of U$ 5.0 million received in connection with the contract renegotiation carried out with the new owners of four DIS chartered-in vessels.

	Q1	Q2	Q3	Q4	FY
(US Dollars)					
Operating cash flow	16,948	1,475	12,329	(1,760)	28,992

The net ***Cash flow from investing activities*** of US$ 37.3 million (outflow) was made up of gross capital expenditures in connection with the instalments paid for the new building plan, the purchase and resale of *M/T High Century*, as well as dry-dock expenses.

Cash flow from financing activities was negative for US$ 9.0 million in 2011, following the planned bank loan repayments and drawdowns, together with US$ 6.6 million short term financial investments.

Quarterly Results

Fourth Quarter results

The fourth quarter 2011 and 2010 full income statements are shown below:

US$ Thousand	Q4 2011	Q4 2010
Revenue	75,357	81,664
Voyage costs	(30,175)	(32,746)
TIME CHARTER EQUIVALENT EARNINGS	**45,182**	**48,918**
Time charter hire costs	(20,845)	(26,288)
Other direct operating costs	(13,287)	(14,499)
General and administrative costs	(4,542)	(5,528)
Other operating income	524	1,580
Result from disposal of vessels	3,286	-
GROSS OPERATING PROFIT / EBITDA	**10,318**	**4,183**
Depreciation	(9,277)	(8,147)
OPERATING PROFIT / (LOSS) EBIT	**1,041**	**(3,964)**
Net financial income (charges)	(2,046)	(4,377)
PROFIT / (LOSS) BEFORE TAX	**(1,005)**	**(8,341)**
Income taxes	(220)	1,851
NET PROFIT / (LOSS)	**(1,225)**	**(6,490)**

Market and key operating measures review by Quarter

	Q1	Q2	Q3	Q4	FY
TOTAL VESSEL EQUIVALENT					
2011	**38.6**	**38.2**	**37.1**	**35.3**	**37.3**
2010	41.5	39.1	39.5	38.6	39.7
OFF-HIRE DAYS/AVAILABLE VESSEL DAYS (%)					
2011	**1.0%**	**3.4%**	**2.0%**	**1.8%**	**2.0%**
2010	2.4%	2.3%	3.0%	3.76%	2.9%
TCE EARNINGS PER EMPLOYMENT DAY (US$)					
2011	**14,238**	**14,687**	**14,164**	**13,869**	**14,265**
2010	15,901	15,260	15,336	14,809	15,291

Financials by Quarter

The 2011 quarterly financials substantially reflect the trend in freight markets.

US$ Thousand	Q1	Q2	Q3	Q4	FY
Revenue	68,080	74,509	73,775	75,357	291,721
Voyage costs	(20,198)	(26,182)	(28,161)	(30,175)	(104,716)
TIME CHARTER EQUIVALENT EARNINGS	**47,882**	**48,327**	**45,614**	**45,182**	**187,005**
Time charter hire costs	(24,446)	(23,104)	(21,366)	(20,845)	(89,761)
Other direct operating costs	(13,441)	(13,209)	(13,466)	(13,287)	(53,403)
General and administrative costs	(5,465)	(4,532)	(4,791)	(4,542)	(19,330)
Other operating Income	1,050	823	808	524	3,205
Result from disposal of vessels	-	-	-	3,286	3,286
GROSS OPERATING PROFIT / EBITDA	**5,580**	**8,305**	**6,799**	**10,318**	**31,002**
Depreciation	(8,658)	(9,252)	(9,863)	(9,277)	(37,050)
OPERATING PROFIT / (LOSS) EBIT	**(3,078)**	**(947)**	**(3,064)**	**1,041**	**(6,048)**
Net financial income (charges)	(1,538)	(4,378)	(6,367)	(2,046)	(14,329)
PROFIT / (LOSS) BEFORE TAX	**(4,616)**	**(5,325)**	**(9,431)**	**(1,005)**	**(20,377)**
Income taxes	(142)	(140)	(134)	(220)	(636)
NET PROFIT / (LOSS)	**(4,758)**	**(5,465)**	**(9,565)**	**(1,225)**	**(21,013)**

The following table shows the Net Debt at the end of the fourth quarter 2011 compared with the figures at end of the third quarter of the same year:

US$ Thousand	As at 31 December 2011	As at 30 September 2011
Cash and cash equivalents	(51,068)	(55,452)
Current financial assets	(14,396)	(15,389)
Current financial debt	14,864	34,065
Current financial liabilities	7,673	8,462
Non-current financial debt	282,492	275,955
NET FINANCIAL INDEBTEDNESS	**239,565**	**247,641**

Significant Events of the Year

Controlled fleet – d'Amico Tankers Limited

The following changes occurred in the Fleet controlled by d'Amico Tankers Limited in 2011:

- At the beginning of the year, d'Amico Tankers Limited renewed for two more years, plus option to extend for one additional year, three time charter-out contracts with a main oil-major. At the same time d'Amico Tankers concluded a further one year time charter-out contract with another oil-major;
- During the year the following chartered-in vessels were redelivered back to their Owners: *M/T Cielo di Napoli* (February), *M/T High Glory* (April), *M/T Uzava* (July), *M/T Handytankers Liberty* (October).

Controlled fleet – GLENDA International Shipping Limited

- January 2011 – *M/T GLENDA Melody,* a medium range owned vessel, was delivered to GLENDA International Shipping Limited;
- February 2011 – *M/T GLENDA Meryl* and *M/T GLENDA Melissa*, two medium range owned vessels, were delivered to GLENDA International Shipping Limited, completing the JV new-building plan.

Acquisition and subsequent sale of the Medium Range Product Tanker Vessel M/T High Century

In June 2011 d'Amico Tankers Limited, the fully owned operating subsidiary of d'Amico International Shipping S.A., agreed the purchase of the Medium Range (MR) double hulled Product Tanker vessel *M/T High Century* (48,676 dwt.), built in 2006 by Imabari Shipbuilding Co. Ltd, Japan, at the price of US$ 23.8 million. d'Amico Tankers Limited negotiated the Vessel acquisition for a lower price compared to its current market value. The Vessel had been chartered in by d'Amico Tankers since 2006. The time charter-in contract included a purchase option, which was not exercised earlier this year as it was not 'in the money'. The Vessel was delivered to d'Amico Tankers early in July 2011. In September 2011 d'Amico Tankers Limited agreed to resell the Vessel, at the price of US$ 28 million. The net gain on disposal was about US$ 3.3 million. The Vessel was delivered to the new owners at the end of October 2011.

Acquisition agreement on the second-hand Handy-Size product tanker vessel M/T Fabrizia D'Amato

d'Amico Tankers Limited resolved to purchase the handy-size *M/T Fabrizia D'Amato*, a 40,081 dwt. double-hull product chemical tanker vessel, owned by D'Amato Shipping S.r.l. Italy, built in 2004 by Shin-A Shipbuilding Co. Ltd, South Korea, subject to the Tribunal's final decision ('provvedimento definitivo') within a time limit. The agreed purchase price for this vessel was US$ 24.5 million. As a result of excessive delays occurred in the expected Vessel's delivery and following the other postponements announced respectively on 11 July and 2 August 2011, on 4 October 2011 d'Amico Tankers Limited did not agree to postpone further the purchase of the Vessel, despite the request of the owner. Therefore in accordance with the relevant Memorandum of Agreement ('MOA') and availing itself of the rights arising from it, d'Amico Tankers decided appealing to the ineffectiveness of the MOA and of the sale of the Vessel therein contemplated.

New US$ 48 million loan facility

In July 2011 d'Amico Tankers Limited, the operating subsidiary of d'Amico International Shipping S.A., signed a term loan facility of US$ 48.0 million with a club deal between Crédit Agricole Corporate and Investment Bank and DnB NOR Bank ASA. The facility will be used to finance the two 52,000 DWT, MR Product Tankers / Chemicals vessels, bearing hull n. 2307 and n. 2308, already ordered and currently under construction at Hyundai Mipo Dockyard Co. Ltd - South Korea, whose delivery is expected in March and April 2012 respectively. The loan amount largely covers the remaining instalments to be paid to the Shipyard for the two New-buildings whose aggregate amount is of US$ 56.0 million.

The loan agreement provides a maturity of seven years from the New-buildings delivery and a highly competitive interest rate.

Buy-Back programme

In July 2011 the Board of Directors of d'Amico International Shipping S.A. resolved to start the buy-back program pursuant to the authorization issued by the Annual General Meeting of shareholders held on 29 March 2011.

As per Board of Directors resolution, the program is aimed at purchasing DIS ordinary own shares to be assigned to the constitution of 'treasury stock' available eventually as a means of payment, sale, exchange, transfer, contribution, pledge, assignment or other action of disposal within the framework of transactions linked to the Company's and its subsidiaries' operation and of any projects constituting an effective opportunity of investment in line with the polices of the Company such as agreements with strategic partners, acquisition of shareholdings or shares' packages or other transactions of extraordinary finance that imply the allocation or assignment of Own Shares (like merger, demerger, issuance of convertible debentures or warrant, etc.) and more widely for any purpose as may be permitted under applicable laws and regulations in force. The buy-back program shall be carried out using the available reserves and/or distributable earnings within a minimum price of Euro 0.50 per share and a maximum price of Euro 3.50 per share for a total consideration in the range comprised within Euro 7.5 million and Euro 52.0 million.

During the period going from 6th July and 14th October 2011, d'Amico International Shipping S.A. repurchased, on the regulated market managed by Borsa Italiana S.p.A., nr. 700,000 own shares, representing the 0.46682% of the outstanding share capital of the Company, at the average price of Euro 0.69, for a total consideration of Euro 483,253. As at 31st December 2011, d'Amico International Shipping S.A. holds nr. 5,090,495 own shares, representing the 3.3948 % of the outstanding share capital.

Significant Events Since the End of the Year and Business Outlook

Controlled Fleet

In January 2012, M/T Freja Hafnia, a medium range vessel built in 2006, was delivered to d'Amico Tankers Limited for a 1 year time charter period.

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

	As at 31 December 2011			As at 23 February 2012		
	MR	Handysize	Total	MR	Handysize	Total
Owned	16.0	3.0	19.0	16.0	3.0	19.0
Time chartered	13.0	3.0	16.0	14.0	3.0	17.0
Chartered through pools	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**29.0**	**6.0**	**35.0**	**30.0**	**6.0**	**36.0**

Business Outlook

Going into 2012 refinery closures would appear to be fundamentally changing the perceived demand for Product Tankers in the future. Extremely poor margins and returns have led to refinery closures primarily in the OECD countries in North America and Europe. Should the largest refiner within Europe not find a buyer for its five refineries, same might be permanently closed removing around 600,000 barrels per day of refining capacity. However the newer more economical refineries are situated in the emerging economies and they should be very well placed to meet demand as and when it increases. This would lead to better tanker utilization rates and to an improved tonne mile demand in the short but more importantly in the longer term. The International Monetary Fund (IMF) revised global growth figures are negative for shipping. In an update of its 'World Economic Outlook', the IMF sharply cut its forecast for global growth in 2012 and further trimmed 2013 projections on the back of stalling global recovery and Euro area debt crisis. The IMF expectations of GDP growth for 2012 is now seen at 3.3% vs. the 4% rate projected in its September Outlook. In addition, the International Energy Agency (IEA) has reduced its estimated increase of 'oil product demand' for 2012 down to 1.1 million barrels per day (a reduction of 200,000 barrels per day). The IEA estimated 'global oil demand' is revised down with lower than expected 4Q11 readings in the non-OECD and a downward adjustment to global GDP growth assumptions. Oil stocks are below the five year average because of supply disruption, however this has had no real effect on charter rates as even demand improve was not significant in 2011. Demand / Supply balance is fragile and any slight change either way can have a marked effect.

The short term view is fairly bearish under the current economic conditions. Concerns over the actual European sovereign debt issues and a short term slowdown of the emerging economies prevail. The longer term view is still positive thanks to estimated better utilization rates, albeit expectations for substantial demand improvement are still fragile. Also, high prices of oil and commodities could moderate growth. Therefore d'Amico International Shipping is necessarily maintaining a fairly prudent approach going into the following quarters.

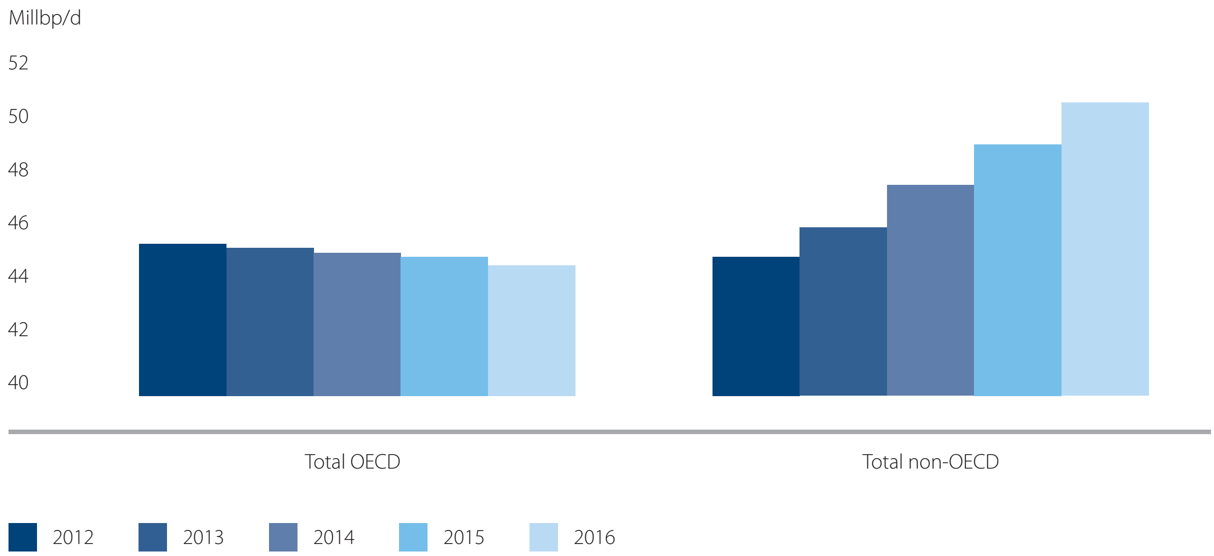
The key drivers that should affect the product tanker freight markets and d'Amico International Shipping performances are (i) Global oil demand and worldwide GDP growth and (ii) the large modern fleet delivered in recent years.

The factors that could mitigate and partially off-set the current scenario for the Product Tanker demand and supply in the longer term are disclosed below in more details:

Product Tanker Demand

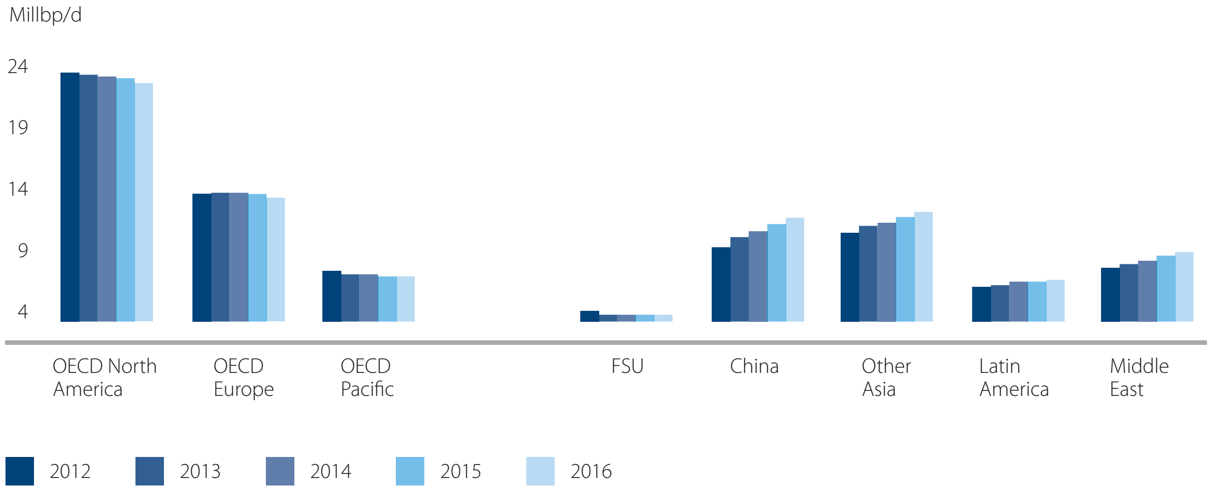
- Oil Product demand growth is and will be dominated by Non-OECD countries despite a minor downgrading in GDP growth;
- Refining capacity of about 700,000 barrels per day in OECD is earmarked to be removed in 2012 and in the actual climate 3.8 million barrels per day of current refining capacity have been identified as possibly being eliminated from 2012 to 2016;
- This closure of refineries predominately in the West and new refineries being built mainly in Asia and the Middle East will have an effect on crude tanker demand due to the reduction in sailings time. The effect for product carriers is likely to be the opposite as the excess refinery capacity in Asia will lead to increased long-haul exports in the longer term;
- Tonne mile demand is expected to increase by just below 5% from 2011 to 2015 which should exceed the net growth in the MR Product tanker fleet (25-55,000 deadweight segment);
- United States currently exports on average 2.75 million barrels per day of petroleum products which is almost triple what they were exporting ten years ago. Mexico is currently the largest importer with about 500,000 Barrels per day;
- Despite strong domestic demand growth (6.7% year on year), India refining base is expected to increase to 4.6 million barrels per day by 2015 from the current 3.7 million barrels per day. This excess refining capacity will boost exports of oil products. Their export of petroleum product is currently 5 million tonnes per year.

Global Oil Demand Growth[1] 2012 - 2016



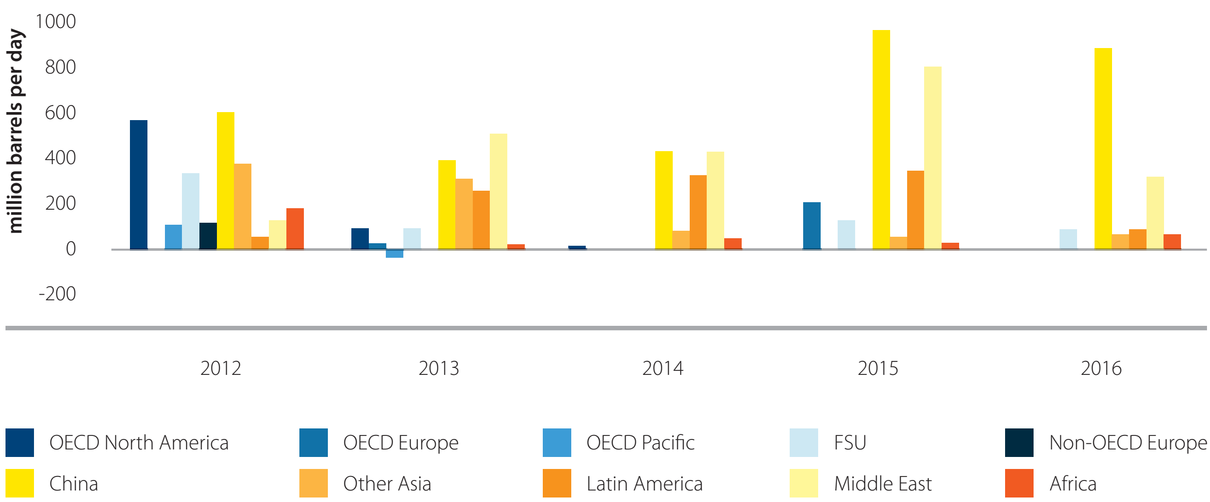
[1] Source: International Energy Agency Medium-Term Oil Market Report, Jan. '12

Global Oil Demand[1] 2012 – 2016



Crude distillation additions and expansion[1]

Millbp/d



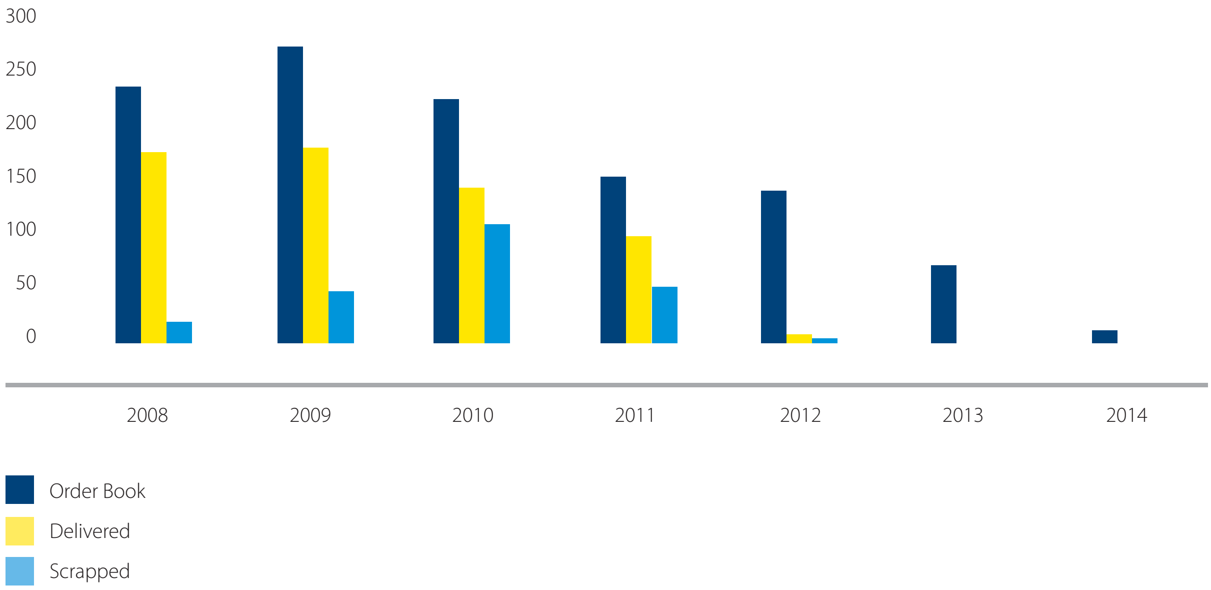
[1] Source: International Energy Agency Medium-Term Oil Market Report, Jan. '12

Product Tanker Supply

- The large delivery years for product tankers are fundamentally behind us. No significant levels of new orders together with scrapping, have resulted in a reduction of the 'net-increase' trend from its peak of 2008;
- There is still a certain amount of speculation that financing may not be fully in place for the ships that are still to be delivered;
- This reduction in expected deliveries in recent years has been helped by cancellations, conversions and slippage in 2009/2010 ran at 25-30% and an estimated 36% in 2011;
- Scrapping is removing single hull ships and older ships, about 1.9 million tonnes deadweight have been permanently removed from the fleet within the 25-55,000 deadweight segments in 2011. This will continue in the next few years as about 1.6 million tonnes still has to be removed by 2015 under the IMO Marpol Phase out;
- A gradual increase in utilization rates, slow steaming and port congestion is having a positive effect on supply. As demand improves we would expect utilization rates to exceed 80% on average between 2013 and 2015 up from the low of 75% in 2008;
- Longer haul product exports from emerging markets are effectively reducing the available supply of tonnage and they are expected to increase;
- The Oil price traded between US dollar 100.00 to its peak of US dollar 125.00 after the events in the first half of the year which has maintained bunker prices at their historic highs which has resulted in the continued practice of Owners choosing to slow steam their Ships and use weather routing to manage these additional costs.

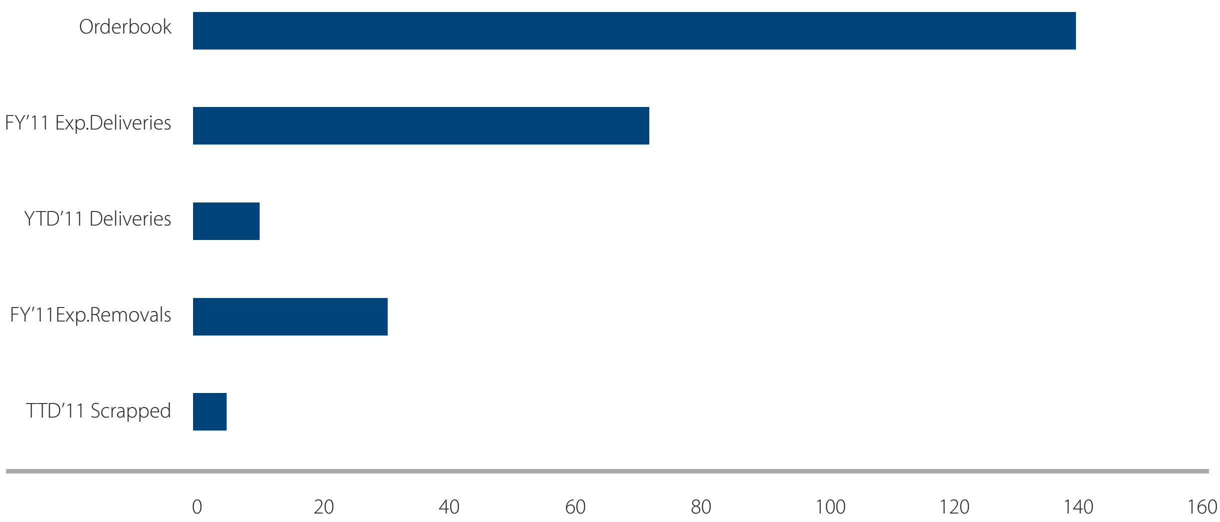
Medium Range Product Tankers deliveries / scrapping

Net MR[1] fleet growth 2008 - 2014



[1] MR product tankers ranging from 25,000 to 55,000 dwt.
Source: Clarkson, ICAP, SSY and Gibson search

Orderbook vs. deliveries – MR[1] Tankers



[1] MR product tankers ranging from 25,000 to 55,000 dwt.
Source: Clarkson, ICAP, SSY and Gibson search

Corporate Governance and Ownership Structure

The Company is organized in compliance with the applicable Luxembourg laws and regulations on companies and, as per resolution of its Board of Directors of 23 February 2007, resolved to adopt and still adopts the Borsa Italiana Code (available at the Borsa Italiana S.p.A. website being www.borsaitaliana.it and also at the Company's website) not being obliged to comply with the corporate governance regime of the Luxembourg Stock Exchange. The Company is further subject to the disclosure obligations related to corporate actions and periodic information established by the Transparency Law and, where applicable due to its listing on the Italian market, also to those established by the Italians laws and regulations.

In accordance with article 123-bis of Legislative Decree No. 58/98, the Company provides complete disclosure on the Corporate Governance system adopted, at February 23rd, 2012, in line with the recommendations of the Borsa Italiana Code, in the Corporate Governance and ownership structure Report available on the website of the Company www.damicointernationalshipping.com in the Investor Relation/ Governance/ Information Document section, which also contains other documents regarding the Company's Corporate Governance system. The report is filed with Borsa Italiana, Commission de Surveillance du Secteur Financier (CSSF) and Société de la Bourse de Luxembourg S.A. in its quality of Official Appointed Mechanism for the central storage of regulated information (hereinafter, the "OAM"), then made available at the registered office of the Company.

Provision of Articles 36 & 39 of the Italian Market Regulations

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

d'Amico International Shipping Group

Consolidated Financial Statements
Year Ended 31 December 2011

d'Amico International Shipping Group

Consolidated Income Statement

US$ Thousand	Note	2011	2010
Revenue	(4)	291,721	305,592
Voyage costs	(5)	(104,716)	(106,249)
TIME CHARTER EQUIVALENT EARNINGS	**(6)**	**187,005**	**199,343**
Time charter hire costs	(7)	(89,761)	(102,314)
Other direct operating costs	(8)	(53,403)	(53,367)
General and administrative costs	(9)	(19,330)	(18,778)
Other operating income	(10)	3,205	5,557
Result from disposal of vessels	(11)	3,286	-
GROSS OPERATING PROFIT		**31,002**	**30,441**
Depreciation		(37,050)	(32,467)
OPERATING PROFIT / (LOSS)		**(6,048)**	**(2,026)**
Net financial income (charges)	(12)	(14,329)	(19,018)
PROFIT/ (LOSS) BEFORE TAX		**(20,377)**	**(21,044)**
Income taxes	(13)	(636)	513
NET PROFIT / (LOSS)		**(21,013)**	**(20,531)**

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

EARNINGS PER SHARE (1)	**(0.140)**	**(0.137)**

Consolidated Statement of Comprehensive Income

US$ Thousand	2011	2010
Profit / (loss) for the period	(21,013)	(20,531)
Cash flow hedges	4,136	437
Total comprehensive result for the period	(16,877)	(20,094)
Earnings / (loss) per share(1)	(0.113)	(0.134)

The total comprehensive income is entirely attributable to the equity holders of the Company

[1] There are no dilutive instruments, thus no diluted earnings per share has been presented. The figures are presented in US$.

Consolidated Statement of Financial Position

US$ Thousand	Note	As at 31 December 2011	As at 31 December 2010
ASSETS			
Non-current assets			
Tangible assets	(14)	547,634	544,283
TOTAL NON-CURRENT ASSETS		**547,634**	**544,283**
Current assets			
Inventories	(15)	17,522	21,172
Receivables and other current assets	(16)	39,617	67,547
Current financial assets	(17)	14,396	8,250
Cash and cash equivalents	(18)	51,068	68,266
TOTAL CURRENT ASSETS		**122,603**	**165,235**
TOTAL ASSETS		**670,237**	**709,518**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		149,950	149,950
Retained earnings		118,433	139,446
Other reserves		47,098	43,710
TOTAL SHAREHOLDERS' EQUITY	**(19)**	**315,481**	**333,106**
Non-current liabilities			
Banks and other lenders	(20)	282,492	284,658
TOTAL NON-CURRENT LIABILITIES		**282,492**	**284,658**
Current liabilities			
Banks and other lenders	(20)	14,864	11,065
Payables and other current liabilities	(21)	49,678	68,855
Other current financial liabilities	(22)	7,673	11,754
Current taxes payable	(23)	49	80
TOTAL CURRENT LIABILITIES		**72,264**	**91,754**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**670,237**	**709,518**

The financial statements on pages 40 to 71 were authorized for issue by the Board of Directors on its behalf on 23 February 2012

Paolo d'Amico, Chairman

Marco Fiori, Chief Executive Officer

Consolidated Statement of Cash Flows

US$ Thousand	2011	2010
PROFIT / (LOSS) FOR THE PERIOD	**(21,013)**	**(20,531)**
Depreciation and amortisation	37,050	32,467
Current and deferred income tax	636	(513)
Financial charges	10,878	11,195
Fair value gains on foreign currency retranslation	2,865	7,823
Profit on disposal of vessels	(3,286)	-
Other non-cash items	641	29
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	**27,771**	**30,470**
Movement in inventories	3,650	(6,054)
Movement in amounts receivable	27,930	(28,817)
Movement in amounts payable	(19,177)	18,684
Taxes paid	(656)	(1,077)
Interest paid	(10,526)	(10,775)
NET CASH FLOW FROM OPERATING ACTIVITIES	**28,992**	**2,431**
Acquisition of fixed assets	(64,700)	(56,583)
Disposal/cancellation of fixed assets	27,395	2,521
NET CASH FLOW FROM INVESTING ACTIVITIES	**(37,305)**	**(54,062)**
Other changes in shareholders' equity	-	(300)
Treasury shares	(676)	-
Movement in other financial receivable	(20)	56,332
Movement in other financial payable	-	(12,324)
Movement in other financial assets	(6,600)	(8,250)
Bank loan repayments	(54,875)	(48,480)
Bank loan draw-downs	53,173	40,570
NET CASH FLOW FROM FINANCING ACTIVITIES	**(8,998)**	**27,548**
CHANGE IN CASH BALANCE	**(17,311)**	**(24,083)**
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	**(17,311)**	**(24,083)**
Cash and cash equivalents at the beginning of the year	68,266	92,243
Exchange gain (loss) on cash and cash equivalents	113	106
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**51,068**	**68,266**

Consolidated Statement of Changes in Shareholders' Equity

US$ Thousand	Share capital	Retained earnings	Other Reserves Other	Other Reserves Cash-Flow hedge	Total
BALANCE AS AT 1 JANUARY 2011	**149,950**	**139,446**	**55,463**	**(11,753)**	**333,106**
Other changes (consolidation reserve)	-	-	(72)	-	(72)
Treasury shares	-	-	(676)	-	(676)
Total comprehensive income	-	(21,013)	-	4,136	(16,877)
BALANCE AS AT 31 DECEMBER 2011	**149,950**	**118 ,433**	**54,715**	**(7,617)**	**315,481**

US$ Thousand	Share capital	Retained earnings	Other Reserves Other	Other Reserves Cash-Flow hedge	Total
BALANCE AS AT 1 JANUARY 2010	**149,950**	**155,589**	**60,150**	**(12,190)**	**353,499**
Other changes	-	4,388	(4,687)	-	(299)
Total comprehensive income	-	(20,531)	-	437	(20,094)
BALANCE AS AT 31 DECEMBER 2010	**149,950**	**139,446**	**55,463**	**(11,753)**	**333,106**

Notes

The financial statements have been prepared in accordance with provisions of Art. 3 of the Luxembourg Law dated 11 January 2008, which transposed Directive 2004/109/EC of the European Parliament and of Council of 15 December 2004 in the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

The d'Amico International Shipping Group has adopted International Financial Reporting Standards (IFRS – International Financial Reporting Standards and IAS – International Accounting Standards) as issued by the 'IASB' (International Accounting Standards Board) and adopted by the European Union. The designation 'IFRS' also includes all 'IAS', as well as all interpretations of the International Financial Reporting Interpretations Committee 'IFRIC', formerly the Standing Interpretations Committee SIC as adopted by the European Union.

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

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

1. Accounting Policies

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

Basis of Consolidation

The financial statements present the consolidated results of the parent company, d'Amico International Shipping S.A., and its subsidiaries for the year ended 31 December 2011.

Subsidiaries

Subsidiaries are enterprises controlled by the Group, as defined in IAS 27 – Consolidated and Separate Financial Statements. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The assets and liabilities of the parent and subsidiary companies are consolidated on a line-by-line basis and the carrying value of the investments held by the parent company and other consolidated subsidiaries is eliminated against shareholders' equity. Intra-group balances and transactions, and gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements, as well as unrealized gains and losses from intra-group operations. Non-controlling interests and net profit attributable to minorities, if any, are listed separately from the Group's equity, on the basis of the percentage of net Group assets they possess.

Jointly Controlled Entities

Jointly controlled entities are enterprises over whose activities the Group has joint control, as defined in IAS 31 – Interests in Joint Ventures. The consolidated financial statements include the assets and liabilities, revenue and costs of jointly controlled on a proportional basis, based on the Group's share.

Foreign Currencies

Most of the Group's revenues and costs are denominated in U.S. Dollars, which is the functional currency of the Company. Transactions during the year in currencies other than U.S. Dollars have been translated at the appropriate rate ruling at the time of the transactions. Assets and liabilities denominated in currencies other than the U.S. Dollar have been translated into U.S. Dollars at the rate ruling at the financial position date. All exchange differences have been accounted for in the income statement.

In the consolidated financial statements, the income statements of subsidiaries, which do not report in U.S. Dollars, are translated at the average exchange rate for the period, whereas statement of financial position items are translated at the exchange rates at the financial position date. Exchange differences arising on the translation of financial statements into U.S. Dollars are recognized directly in the statement of comprehensive income.

Revenue Recognition

All freight revenues from vessels are recognized on a percentage of completion bases. The discharge to discharge basis is used in determining percentage of completion for all spot voyages and voyages servicing contracts of affreightment (COAs). Under this method, the freight revenue is recognized over the period from the departure of a vessel from its original discharge port to departure from the next discharge port. The departure date is defined as the date of the most recent discharge, and the voyage ends at the date of the next discharge ('discharge to discharge').

For voyages in progress at the end of a reporting period the Group recognizes a percentage of the estimated revenue for the voyage equal to the percentage of the estimated duration of the voyage completed at the financial position date. The estimate of revenue is based on the expected duration and destination of the voyage. Revenues from time charter contracts are recognized at pro-rata tempora basis over the rental periods of such charters, as service is performed.

Participation in Pools

d'Amico International Shipping generates a significant portion of its revenue through pools. The total pool revenue is generated from vessels contributed to pools in which the Group participates, deriving from spot voyages, COAs and time charter contracts.

The pool companies are considered as jointly controlled operations and the Group's share of the income statement and statement of financial position in the respective pools is accounted for by recognizing the related interests share, based on participation in the pool. The Group's share of the revenues in the pools is dependent on the number of days the Group's vessels have been available for the pools in relation to the total available pool earning days during the period, as adjusted by share of pool points, where applicable. The pool legal entities that are fully controlled are consolidated on a line by line basis.

Demurrage Revenues

Freight contracts contain conditions regarding the amount of time available for loading and discharging of the vessel. Demurrage revenues, recognized upon delivery of service in accordance with the terms and conditions of the charter parties, represent the compensation estimated for the additional time incurred for discharging a vessel. Revenue received from demurrage is recognized at the completion of the voyage. These revenues are accounted for net of any provision made in respect of demurrage claims where full recovery is not anticipated.

Voyage Costs and Other Direct Operating Costs

Voyage costs (Port expenses, bunker fuel consumption and commissions) are incurred in connection with the employment of the fleet on the spot market and under COAs (contracts of affreightment). Voyage expenses are recognized as incurred.

Time Charter hire rates paid for chartering in vessels are charged to the income statement on an accruals basis. Vessel operating costs such as crew, repairs, spares, stores, insurance, commercial fees and technical fees are charged to the income statement as incurred. The cost of lubricants is based on the consumption in the period.

General and Administrative Costs

Administrative expenses, which comprise administrative staff costs, management costs, office expenses and other expenses relating to administration, are expensed as incurred.

Financial Income and Charges

Financial income and charges include interest, realized and unrealized exchange rate differences relating to transactions in currencies other than the functional currency, and other financial income and charges, including value adjustments of certain financial instruments not accounted for as hedging instruments. Interest is recognized in accordance with the accrual basis of accounting using the effective interest method.

Taxation

The current taxation of the holding company d'Amico International Shipping S.A. and certain subsidiaries (service companies) is based on taxable income for the year using local tax rates that have been enacted at the financial position date. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not subject to tax or are not deductible.

The key operating company of the Group, d'Amico Tankers Limited (Ireland) as well as DM Shipping Limited (Ireland) and Glenda International Shipping (Ireland) are taxed under the Irish Tonnage Tax regime in respect of all eligible activities.

Under the tonnage tax regime, the tax liability is not calculated on the basis of income and expenses as under the normal corporate taxation, but is based on the controlled fleet's notional shipping income, which in turn depends on the total net tonnage of the controlled fleet. The tonnage tax charge is included within the income tax charge in the Consolidated Income Statement. For all of the Irish activities, which fall outside tonnage tax, income tax expense represents the tax charge based on the result for the year adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates enacted or substantially enacted at the financial position date. Certain minor activities will not fall within the tonnage tax regime and are subject to standard rates of local corporation tax (currently 12.5% on trading income, and 25% on passive income, with non-tonnage tax capital gains being taxable at the rate of 22%). These activities will also give rise to deferred tax assets and liabilities. Items of other comprehensive income are taxed depending on the tax regime they fall within; as far as cash-flow hedge in 2011, it is falling within the provisions of the Tonnage Tax.

Deferred tax, if any, represents tax the group is expecting to pay or recover on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable profit. It is accounted for using the financial position liability method. Liabilities relating to deferred tax are generally recognized for all taxable temporary differences. Assets relating to deferred tax are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. The carrying amounts of deferred tax assets are reviewed at each financial position date and reduced in the event that it is not considered probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is calculated at the applicable tax rates during the period when liability is settled or the asset realized. It is charged or credited in the income statement, unless it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also accounted for in other comprehensive income.

Fixed Assets (Fleet)

Vessels

The owned vessels are shown in the statement of financial position at cost less accumulated depreciation and any impairment loss. Cost includes the acquisition cost of the vessels as well as other costs which are directly attributable to the acquisition or construction of the vessel, including interest expenses incurred during the period of construction based on the loans obtained for the vessels.

Depreciation is calculated on a straight-line basis to the estimated residual value over the estimated useful life of the major components of the vessels. The new vessels contracted by the group are estimated to have a useful economic life normally of 20 years, depending on the specifications and expected kind of employment. Residual value is estimated as the lightweight tonnage of each vessel multiplied by the current market scrap value per ton, which is reassessed every year. The vessel tank coatings are depreciated over ten years and the dry dock element is depreciated over the period to the expected next dry dock. The remaining useful economic life is estimated at the date of acquisition or delivery from the shipyard and is periodically reassessed.

Vessels in the course of construction (new buildings) are shown at cost less any identified impairment losses. Costs relating to new buildings include instalment payments made to date, and other vessel costs incurred during the construction period including capitalized interest. Depreciation commences upon vessel delivery.

The gains or losses incurred on the disposal of vessels are recognized when the significant risks and rewards of ownership of the vessel have been transferred to the buyer, and these are measured as the sale price net of costs relating to the disposal and the carrying amount of the vessel.

Dry-docking costs

To comply with industry certification or governmental requirements, the vessels are required to undergo planned major inspections or classification (dry-docking) for major repairs and maintenance, which cannot be carried out while the vessels are operating. The vessels' dry-dock takes place approximately every 30 months, depending on the nature of work and external requirements. The costs of dry-docking, which may include some related costs, are capitalized and depreciated on a straight-line basis over the period to the next dry-docking. If the next dry-docking of a vessel is performed in less than 30 months from the last dry-docking date, the balance on the original dry-dock is written off.

For new buildings and other vessels acquired, the initial dry-docking asset is segregated and capitalized separately. The cost of such assets is estimated based on the expected costs related to the first dry-docking.

Impairment of assets

The values of the vessels are periodically reviewed considering market conditions. The carrying amount of the vessels is tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Recoverable amount is normally defined as the higher of an asset's fair value less costs to sell and its value in use, that is, the net present value of the cash flow from its remaining useful life. In assessing value in use the estimated future cash flow from its remaining useful life are discounted to their present value. Write down is made for any impairment of vessels. An impairment loss recognized in prior years is reversed if the current estimated value in use is higher than at the time the impairment loss was recognized.

Management judgment is critical in assessing whether events have occurred that may impact the carrying value of the Group's vessels and in developing estimates of the future cash flow, future charter rates, ship-operating expenses, and the estimated remaining useful lives and residual values of those vessels. These estimates are based on historical trends as well as future expectations.

Operating Leases (Charter Agreements)

The charter-in and charter-out agreements relating to the vessels, where substantially all the risks and rewards of ownership are not transferred to the lessee, are treated as operating leases, and lease payments and income are recognized to the income statement on a straight-line basis over the lease term. The obligation for the remaining lease period relating to the charter-in contracts is disclosed as a commitment in the notes to the financial statements.

Inventories

Inventories relate to Intermediate Fuel Oil (IFO), Marine Diesel Oil (MDO) and Luboil on board vessels. IFO and MDO inventories of fuel and luboils on board the vessels are shown at cost calculated using the first in first out method.

Financial Instruments

Financial instruments, i.e. contracts giving rise to financial assets and financial liabilities or equity instruments of another entity, as defined in IAS 32 (Financial Instruments: Presentation), are recognized at their fair value when the Group becomes party to the contractual provisions of the instrument (trade date). Liabilities are classified in accordance with the substance of the contractual arrangement from which they arise and the relevant definitions of a financial liability. For contracts negotiated at market price, the fair value of the instrument is equivalent to the purchase cost (nominal value of the transaction). The external costs and income from transactions directly attributable to the negotiation, such as intermediation costs, are included during initial recognition of the instrument, unless measured at fair value. The measurement of financial assets is performed, depending on the characteristics of the instrument, at fair value or on the basis of amortized cost. Financial liabilities are measured on the basis of amortized cost. The measurement at fair value is applied only to any financial liabilities held for trading and to the derivative financial instruments. The 'fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The measurement on the basis of amortized cost involves the recognition of the asset or liability at the value initially measured, deducting any redemption of equity, increased or decreased by overall depreciation, applying the effective interest method, on any difference between the initial value and that at maturity. These amounts shall in any case be adjusted following a decrease of value or an irrecoverable condition. The effective interest rate is the rate that reduces at source the future contractual cash flows to the net amount of the financial asset or liability. The calculation also includes the external expenses and income directly assigned during initial recognition of the financial instrument.

The accounting policies adopted for specific assets and liabilities are disclosed below.

Trade and other receivables

Receivables arising from outstanding freight are initially measured at their nominal value (representative of the 'fair value' of the transaction) and are subsequently measured at amortized cost, net of write-downs for impairment and allowance for credit losses. Impairment is recognized in the income statement when there is objective evidence that the asset is impaired. Such write-downs are calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the asset original effective interest rate. Particularly with regard to short-term trade receivables, considering the short period of time, the measurement at amortized cost is equivalent to the nominal value, less write-downs for impairment.

Allowances for credit losses are made when management considers the full recovery of a receivable to be in doubt. If management considers the amounts non-recoverable then they are written off to the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in-hand, current accounts and deposits held on demand with banks, and other short-term highly-liquid investments readily convertible to a known amount of cash within six months from inception and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at fair value, corresponding to their nominal value, or at cost plus interest charges, if any.

Banks and other lenders

Interest-bearing bank loans relating to the financing of the vessels and overdrafts are recorded on the basis of the amounts received net of transaction costs and are subsequently measured at amortized cost, using the effective interest rate method, with the difference between the loan proceeds and the nominal value being recognized in the income statement over the term of the loan.

Trade and other payables

Trade and other payables are measured at amortized cost which, considering the characteristics and maturity of such payables, is generally equivalent to the nominal value.

Derivative instruments

Derivative financial instruments are primarily used to hedge the exposure to interest rate risks (interest rate swap) and currency fluctuations. Forward currency contracts used to partially hedge exposure on the vessel purchase options (denominated in Japanese yen), in accordance with IAS 39 (derivative financial instruments) qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which the hedge is designated. All derivative financial instruments are measured in accordance with IAS 39 at fair value. They are initially recognized at cost and subsequently stated at fair value as other receivables or other liabilities respectively. When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:

Cash flow hedge - These are derivatives to hedge exposure to fluctuations in future cash flows arising in particular from risks relating to changing interest rates on loans or currency risks relating to Yen loans and commitments. Changes in the fair value of the 'effective' portion of the hedge are recognized to other comprehensive income while the ineffective portion is recognized in the income statement. Hedge effectiveness, i.e. its ability to adequately offset fluctuations caused by the hedged risk, is periodically tested, in particular analysing correlation between the 'fair value' or the cash flows of the hedged item and those of the hedging instrument.

Fair value hedge - Hedging instruments fall within this classification when used to hedge changes in the fair value of an asset or liability that are attributable to a specific risk. Changes of value related both to the hedged item, in relation to changes caused by the underlying risk, and to the hedging instrument are recognized to the income statement. Any difference, representing the partial ineffectiveness of the hedge, therefore corresponds to the net financial effect.

With regard to financial instruments that do not qualify for hedge accounting, changes arising from the fair value assessment of the derivative are recognized in the income statement.

Provisions for Risks and Charges

Provisions for risks and charges are recognized when the Group has a present obligation as a result of a past event and it is likely that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the financial position date and are discounted to present values where the effect is material.

Treasury Shares

Treasury shares, following the buy-back program, are recognized at cost and are presented as a deduction from equity (under separate item of equity). The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

Dividends

Dividends payable are reported as a movement in equity in the period in which they are approved by shareholders' meeting.

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 realization of future events, considered reasonable under the circumstances. Critical accounting estimates and judgments are exercised in all areas of the business. The key areas where this applies are listed in the following paragraphs.

Vessel carrying values. The carrying value of vessels may significantly differ from their market value. It is affected by the Management's assessment of the remaining useful lives of the vessels, their residual value and indicators of impairment. If the carrying value of vessels exceeds the recoverable amount then an impairment charge is recognized.

Tax liabilities. The tax liabilities are calculated based on our tax situation as affected by the regulatory frameworks of the jurisdiction in which we operate. The liability for tax may be affected by changes in the treatment or assessment of trading income, freight tax, tonnage tax and value added tax.

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. As a result, no geographical segment information is necessary.

New Accounting Principles

Accounting principles adopted from 1st of January 2011

There are no new International Financial Reporting Standards or IFRICs applicable with respect to those applied for 31 December 2010 year end.

Accounting principles, amendments and interpretations not yet effective

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

IFRS 7 "Disclosures – Transfers of Financial Assets" is concerned with increased disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

IFRS 9 "Financial Instruments" is concerned with the classification and measurement of financial assets when determining whether financial assets should be recorded at amortised cost or at fair value, and the associated accounting treatment of embedded derivatives within financial assets. The standard is applicable for accounting periods beginning on or after 1 January 2015 but early adoption is allowed.

IFRS 13 "Fair Value Measurement" provides guidance on how to measure fair value when it is required or permitted by other IFRS's and contains extensive disclosure requirements to enable users of financial statements to assess the methods used by entities when developing fair value measurements and the effects of such measurements on financial results. The standard is applicable for accounting periods beginning on or after January 1, 2013 but early adoption is allowed.

The directors do not anticipate that the adoption of Standards and Interpretations in issue but not yet effective will have a material impact on the financial statements.

2. Risk Management

The d'Amico International Shipping S.A. (DIS or the Group) activities expose it to a variety of financial risks and the risk management is part of the d'Amico International Shipping strategy. The shipping industry is highly sensitive to market fluctuations, which can determine significant fluctuations in freight rates and tonnage prices. The overall risk management aim is to reduce the DIS's earnings exposure to cyclical fluctuations.

Market Risk

DIS and its subsidiaries are exposed to market risk principally in respect of vessels trading on the spot market earning market rates. In particular, when chartering-in vessels hire rates may be too high to turn out profitable and, conversely, when chartering-out vessels the hire rates may be too low to ensure an adequate return. The following risk management strategies are applied: (i)The Group aims to have a fixed contract coverage between 40-60%, thus ensuring the exposure to the spot market does not exceed 60%, depending on the market conditions, the trend of rates and expectations; (ii) The vessel trade partially in Pools to reduce the impact of specific risk affecting an individual vessel; (iii) The vessel trade on a worldwide basis to reduce the effect of different market conditions and rates of different routes between the Eastern and Western hemisphere; (iv) The Group directly or via its pools enters into contracts of affreightment (COA) at fixed rates, which involve the shipment of an agreed number of future cargoes at fixed rates. DIS/DTL do not normally use derivative financial instruments to manage their exposure to vessel spot market rates.

Technical and Operational Risks

The Group is exposed to operating costs risk arising from the variable costs of vessel operations. The key areas of operating cost risk are Crew Costs, Bunkers, Dry dock and repair costs and Insurance. The Risk management includes the following strategies: (i) The *crew policy* is coordinated through the support of d'Amico Group, to have synergies and economies of scale, making reference to the d'Amico expertise in crewing (training school, company specialised in this kind of service), looking on the opportunities available in different area to keep the high crew quality, but controlling the costs; the Safety & Quality Department (SQE), whose focus is to ensure that the vessels and its staff comply fully with external requirements such as regulatory requirements and certifications, etc; (ii) *Bunker prices* - DTL review their exposure to the cost of bunkers on fixed rate contracts of affreightment. Where appropriate, management use fuel oil swap contracts to hedge the future movements in bunker prices; (iii) *Dry dock contracts* – The technical management, which also includes dry-dock, is also coordinated through the support of d'Amico Group, allowing economies of scale when dry docks have to be arranged and related level of cost/quality have to be measured. Similarly happens for repair costs. The policy to keep a young fleet also helps to minimize the risk; (iv) *Fleet insurance* - Various casualties, accidents and other incidents may occur in the course of the vessels operation, which may result in financial losses taking also into consideration the number of national and international rules, regulations and conventions. In order to reduce or eliminate any financial loss and/or other liability that it might incur in such a situation, the fleet is insured against various types of risk. The total insurance program provides a large cover of risk in relation to the operation of vessels and transportation of cargos, including personal injury, environmental damage and pollution, third-party casualty and liability, hull and engine damage, total loss and war; (v) *Piracy risks* – As a result of the increase in the number of armed attacks in water off the coast of Somalia, particularly in the Gulf of Aden it has been established a double set of countermeasures in order to: (a) Minimize the risk during the transit in the Aden area and make the navigation safer; (b) Check the suitability of the insurance structure currently in force as to ensure that the events arising out from the particular situation are duly covered. Some precautions to be applied by the vessels as well as some external contacts/assistance to be managed from the office have been implemented. A detailed analysis of the situation has allowed DIS/DTL, together with the d'Amico Group, to prepare guidelines to be followed by any vessel while in the risk zone. Moreover, in order to get as much information as possible and be kept updated on the issue, the monitoring of the websites dedicated to the piracy problem is done. On the potential insurance issue, DIS/DTL ascertained that the main risks inherent to piracy, are included into its covers, as follows: (a) Loss of or damage to the vessel due to piracy attacks - This risk is covered under the Hull & Machinery policy , according to what provided at clause 6.5 "Perils" of the Institute Time Clauses Hulls, 1/10/83, where piracy is one of the named perils; (b) Ransom - Ransom payments tend to be treated as sue and labour expenses when only Hull Insurers are involved or as a general average, thus involving also cargo interests, when vessels are laden; (c) Loss of hire - Piracy is included among the covered risks, irrespective of whether the vessel has suffered damage or not due to the pirates' attack; (d) Third parties liabilities - Our P&I cover protects from unjustified third-party claims and indemnifies legitimate claims.

Foreign Exchange Risk

The Group is exposed to currency risk in respect of transactions denominated in currencies other than U.S. Dollars – being the company functional currency - principally Euros and Yen. In particular, DIS (through its operating subsidiary d'Amico Tankers Ltd – Ireland) has JPY denominated borrowings, for vessels under construction to be paid in JPY and a number of vessel purchase options denominated in Yen that are potentially exercisable over the next few years. The following risk management strategies are applied: (i) Policy to hedge the JPY loan exposure, depending on the foreign exchange market conditions and expectations; (ii) Based on the due dates relating to the instalments for the vessels under constructions to be paid in JPY and if current exchange rates are considered favourable, then a forward currency contract may be used to hedge the expected JPY price for the period to the expected due date; (iii) When the exercise of a purchase option is considered to be likely (based on the remaining time to exercise and the exercise price) and if current exchange rates are considered favourable then a forward currency contract is used to hedge the expected Yen price for the period to the expected delivery date; (iv) Where possible the group transacts in US Dollars; (v) In the case that dividends are declared and paid in Euro, the amount payable is hedged by the holding of a specific Euro balance.

Interest Rates

The Group is exposed to interest rate risk arising from the fact that the credit facilities and bank deposit earn interest at a variable rate. The risk management strategies provide that: (i) A portion of the DIS/DTL facilities is fixed using Interest rate swap (IRS) agreements. The agreements are classified as a hedge for accounting purposes (IAS39) and the effective portion of the gain or loss on the hedging instrument will be recognised under comprehensive income. Management consider that by fixing a proportion of the loan interest this will improve the visibility of future interest costs, at a level considered appropriate for the business and allowing DIS/DTL to reduce the risk of significant fluctuations in interest rates. To comply with the on-going requirements of hedge accounting the effectiveness of the hedge is reviewed and confirmed on a quarterly basis; (ii) Management continuously review interest rates available in the market to ensure the facilities are competitive.

Liquidity Risk

The Group is exposed to liquidity risk from the possible mismatch between cash requirements, principally for vessel purchase and credit facility repayments and group cash flows. To minimise this risk, DIS Group maintains adequate facilities and standby credit lines to meet forecast expenditure. Management regularly reviews group facilities and cash requirements.

Credit Risk

The Group is exposed to credit risk resulting from the possible non-performance of any of its counterparties, primarily customers, agents and joint venture partners. To minimise the risk DIS/DTL have the following risk management strategies: (i) The customer's portfolio is essentially made up of a large base of oil majors, chemical multinational companies, with lower risk. The outstanding receivables are reviewed on a timely basis. The recovery of demurrage claims and charter expenses is followed by a dedicated team. Historically DIS has not experienced significant losses on trade receivables; (ii) Suppliers: as far as services received are concerned (e.g. crew availability/management, technical services) and bunker, the payments are scheduled to minimise credit risk. For yards delivering the ships under construction, advance payments are covered by appropriate bank guarantee for the success of the deal; (iii) Relationships with agents are managed through an in-house team with significant experience. Commencing in 2007, the Group also refers, for the payments to be made to the port agents, to DA Desk, a professional and external organisation specialised in managing the tasks; (iv) Pool partners: for High Pool and Glenda Pool, responsibility for management of credit risks remains with the Group; (v) Banks: the policy of the Company is to have relationships only with large banks with strong credit ratings, specialised in shipping and with first class reputation; (vi) Group reviews total exposure under agreements.

Fraud Risk

The Group is exposed to fraud risk resulting from the significant volume and value of transactions processed. To minimise the risk the DIS/DTL have the following risk management strategies: (i) Limits of powers and authority set for all individuals (e.g. power of attorneys restricted in object, limit amount for transactions); (ii) Controls over bank signatories (e.g. four eyes principle for specific transactions); (iii) Controls over tendering process; (iv) The Internal Audit function is operating, together with the Audit Committee; (v) The Company, due to Stock market in Star segment rules of Borsa Italiana, on 3rd May 2007, had to apply the Italian D.Lgs. 8 June 2001, n.231, which has introduced the administrative liability of the company and of other bodies for specific types of Crime committed by its directors or employees. Legislative Decree 231/2001 provides that companies are liable for those crimes committed in the interests or for the benefit of the same by subjects holding a so called "top level" role. The Decree provides for the implementation of a compliance program that aims to develop an organic and structured system of procedures, rules and controls to be implemented both preventively (ex-ante) and subsequently (ex post), in order to reduce and prevent in a material way the risk of commission of the different types of Crimes. DIS, on 12 March 2008, has formally adopted this Model of Organization and now is implementing specific operating procedures in order to prevent the commission of crime.

3. Capital Disclosure

The d'Amico International Shipping Group ('DIS') objectives in managing capital are:

- To safeguard the Group's ability to continue as a going concern, so it can continue to provide returns for shareholders and benefits for other stakeholders, and
- To provide an adequate return to shareholders by operating the vessel in the spot/time charter contracts market balancing the level of the commercial risk.

The capital of the Group was established at the beginning of 2007 as part of the IPO process, taking into consideration the risks affecting d'Amico International Shipping and the industry where the Group operates.

In addition to the equity, the Group capital structure includes various bank facilities and credit lines (cfr. Note 20).

The capital structure, other than the Equity principally consists of the banks facilities in place at d'Amico Tankers Limited, GLENDA International Shipping Limited and DM Shipping Limited levels.

The capital structure is reviewed during the year and - if needed - adjusted depending on the Group capital requirements, changes in the general economic conditions and industry risk characteristics. The Group monitors its capital on the basis of the 'assets cover ratio' being the drawdown amounts on its facilities over the fair market value of the vessels owned.

4. Revenue

US$ Thousand	2011	2010
Revenue	291,721	305,592

Revenue represents vessel income comprising time charter hire, freight, demurrage and income from participation in vessel pools. Only one customer is generating more than 10% of the Group revenues, reaching US$ 63.2 million in 2011; in 2010 the same customer totalled US$ 52.5 million.

5. Voyage Costs

US$ Thousand	2011	2010
Bunkers (fuel)	76,788	69,408
Commissions payable	4,981	5,329
Port charges	20,288	24,595
Other	2,659	6,917
TOTAL	**104,716**	**106,249**

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

6. Time Charter Equivalent Earnings

US$ Thousand	2011	2010
Time charter equivalent earnings	187,005	199,343

Time charter equivalent earnings represent revenue less voyage costs. In 2011 about 48.1% of the Time Charter Equivalent earnings came from fixed contracts longer than 12 months (46% in 2010).

7. Time Charter Hire Costs

US$ Thousand	2011	2010
Time charter hire costs	89,761	102,314

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

8. Other Direct Operating Costs

US$ Thousand	2011	2010
Crew costs	26,388	23,736
Technical expenses	14,184	14,008
Luboil	2,746	2,439
Technical and quality management	4,101	3,783
Other direct operating costs	5,984	9,401
TOTAL	**53,403**	**53,367**

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

Personnel

As at 31 December 2011, d'Amico International Shipping S.A. and its subsidiaries employed 471 seagoing personnel and 45.5 onshore personnel. The average number of employees was of 502 (2010: 410). Onshore personnel costs are included under general and administrative costs. The Group has no relevant liabilities with regard to pensions and other post-retirement benefits.

9. General and Administrative Costs

US$ Thousand	2011	2010
Personnel	11,636	11,140
Other general and administrative costs	7,694	7,638
TOTAL	**19,330**	**18,778**

Personnel costs relate to on-shore personnel salaries.

Personnel costs also comprises the amount of US$ 1.4 million (2010: US$ 1.7 million) relating to directors fees and an amount of US$ 2.0 million for senior managers including the CEO and other managers with strategic responsibilities.

The other general and administrative costs comprise consultancy, office rental fees, and other sundry expenses originating from the operation of the Group companies. They include infra-group management fees on brand and trademark, IT, Legal and Internal Audit services for US$ 1.2 million.

10. Other Operating Income

US$ Thousand	2011	2010
Other operating income	3,205	5,557

Other operating income represents chartering commissions earned for services provided by Group personnel to non-related external clients.

11. Result from Disposal of Vessels

US$ Thousand	2011	2010
Profit on disposal of vessel	3,286	-

The profit concerns the sale of *High Century*, sold in October.

12. Net financial income (charges)

US$ Thousand	2011	2010
LOANS AND RECEIVABLES:		
Interest Income - Banks	372	677
Realised on financial activities	524	-
AT FAIR VALUE THROUGH INCOME STATEMENT:		
Forward contracts	50	21
Other financial income	-	1,247
TOTAL FINANCIAL INCOME	**946**	**1,945**
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Interest expense	(11,468)	(10,520)
AT FAIR VALUE THROUGH INCOME STATEMENT:		
Other financial charges	(3,807)	(10,443)
TOTAL FINANCIAL CHARGES	**(15,275)**	**(20,963)**
NET FINANCIAL CHARGES	**(14,329)**	**(19,018)**

Financial income comprises interest income on bank accounts and realized profits on financial activity (portfolio investment and forward currency contracts). No foreign exchange gain was realized in commercial transactions and balances in currencies different from US$ (2010: US$ 1.2 million).

Financial charges comprise interest expense on bank loans and expenses relating to swap arrangements amounting to US$ 11.5 million (2010: US$ 11.2 million) and fees paid to banks relating to bank loans. Other financial charges of US$ 3.7 million (2010: US$ 10.4 million) include all foreign exchange differences, of which US$ 2.9 million arising from the conversion into US Dollar of the Japanese Yen denominated loans.

13. Income Taxes

US$ Thousand	2011	2010
Current income taxes	(636)	513
Deferred taxes	-	-
Other taxes	-	-
TOTAL	**(636)**	**513**

Effective from 1 January 2007, d'Amico Tankers Limited qualified to be taxed under the Tonnage Tax regime in

Ireland; DM Shipping Limited obtained the ruling commencing 1 January 2009 and Glenda International Shipping in 2010.

The tax liability under the tonnage tax regime is based on the controlled fleet's notional shipping income, which in turn depends on the total net tonnage of the controlled fleet. The 2011 tonnage tax provision for d'Amico Tankers Limited, DM Shipping and Glenda International Shipping amounted to US$ 0.2 million. The income tax charges relate to activities, which are not eligible for tonnage tax and are taxed at 25%.

The holding company, d'Amico International Shipping S.A. had, at the end of 2011, accumulated tax losses to be carried forward of approximately Euro 30.5 million (US$ 39.4 million). The Luxembourg corporate income theoretical tax rate is of 30%. No deferred tax asset has been accounted for as the Company has no trading activity. The holding company is subject to the Luxembourg Net Wealth Tax regime; for 2011 the calculated net assets did not generated a tax charge.

14. Tangible Assets

US$ Thousand	Fleet	Dry-dock	Other assets	Total
COST				
At 1 January 2011	692,996	12,122	2,537	707,655
Additions	59,783	4,889	28	64,700
Disposal	(24,000)	(7,212)	(32)	(31,244)
Exchange Differences	-	-	(2)	(2)
At 31 December 2011	728,779	9,799	2,531	741,109
DEPRECIATION				
At 1 January 2011	155,849	6,315	1,208	163,372
Charge for the period	32,069	4,703	278	37,050
Disposal	(422)	(6,490)	(32)	(6,944)
Exchange Differences	-	-	(3)	(3)
At 31 December 2011	187,496	4,528	1,451	193,475
NET BOOK VALUE				
At 31 December 2011	541,283	5,271	1,080	547,634

The table below shows, for comparison purposes, the changes in the fixed assets in 2010.

US$ Thousand	Fleet	Dry-dock	Other assets	Total
COST				
At 1 January 2010	643,899	11,640	2,336	657,875
Additions	77,185	4,728	204	82,117
Disposal	(28,088)	(4,246)	(5)	(32,339)
Exchange Differences	-	-	2	2
At 31 December 2010	692,996	12,122	2,537	707,655
DEPRECIATION				
At 1 January 2010	128,189	6,116	853	135,158
Charge for the period	27,660	4,444	363	32,467
Disposal	-	(4,245)	(6)	(4,251)
Exchange Differences	-	-	(2)	(2)
At 31 December 2010	155,849	6,315	1,208	163,372
NET BOOK VALUE				
At 31 December 2010	537,147	5,807	1,329	544,283

Tangible fixed assets are comprised of the following:

Fleet

Fleet includes the purchase costs for owned vessels, and payments to yards for vessels under construction. Additions in 2011 relate to the instalments paid on new-buildings and to the purchase of the *M/T High Century*, then sold during the month of October; capitalized instalments at Group level for 2011 is US$ 35.7 million (2010: US$ 56.6 million) and capitalized interest is US$ 0.1 million (2010: US$ 1.0 million). The carrying value of the vessels under construction is of US$ 45.3 million (2010: US$ 93.3 million). Mortgages are secured on all the vessels owned by the Group - for further details see note 20.

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

For impairment test purposes, the management estimates take into consideration the market information available, including reported sales of similar vessels, as well as future expectations, and have been based on the following key assumptions: (i) Earnings: under contracts recently concluded and the estimate of future rates; (ii) Useful economic life of 20 years; (iii) Estimated economic value at end of life based on current rates (iv) Costs reflect the current d'Amico structure; (v) The figures have been discounted based at a rate of 6.0%, which represents the current and expected profile of the company's required weighted average cost of capital based on the current cost of financing and required of return on equity. No impairment loss was recognized as the values in use are significantly higher than the carrying amount of the vessels. Management note that the calculations are particularly sensitive to changes in the key assumptions of future hire rates and discount rate. The total market value of the Group fleet, according to a valuation report provided by a primary shipping broker at the end of December 2011, is of US$ 486.8 million.

Dry-dock

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

Other Assets

Other assets mainly include fixtures, fittings, office equipment.

15. Inventories

US$ Thousand	As at 31 Dec 2011	As at 31 Dec 2010
Inventories	17,522	21,172

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

16. Receivables and Other Current Assets

US$ Thousand	As at 31 Dec 2011	As at 31 Dec 2010
Trade receivables	23,208	40,983
Other debtors	279	5,214
Prepayments and accrued income	16,130	21,350
TOTAL	**39,617**	**67,547**

Receivables, as at 31 December 2011, include trade receivables amounting to US$ 23.2 million, net of the write down provision of US$ 0.8 million. Other current assets principally consist of prepayments and accrued income amounting to US$ 16.1 million. Trade receivables do not contain significant balances past due by more than 90 days.

17. Current Financial Assets

US$ Thousand	As at 31 Dec 2011	As at 31 Dec 2010
Current financial assets	14,396	8,250

The amount of US$ 14.4 million represents the fair value of the amounts invested during the year in highly rated bonds acquired. The fixed income securities are listed on recognized stock exchanges, are redeemable within three to five years and have an effective yield of 3.55%.

18. Cash and Cash Equivalents

US$ Thousand	As at 31 Dec 2011	As at 31 Dec 2010
Cash and cash equivalents	51,068	68,266

Cash and cash equivalents is mostly represented by short term deposits and includes approximately US$ 5.8 million of cash held by Pool companies (High Pool Tankers Ltd and Glenda International Management Ltd) which were distributed to other pool participants in January 2012. The balance include also US$ 2.5 million secured in connection with the Mizuho facility, US$ 10.0 million on deposit with ABN Amro/Mees Pierson and US$ 10.0 million on deposit with Crédit Agricole CIB.

19. Shareholders'Equity

US$ Thousand	As at 31 Dec 2011	As at 31 Dec 2010
Share capital	149,950	149,950
Retained earnings	118,433	139,446
Other reserves	47,098	43,710
TOTAL	**315,481**	**333,106**

Share Capital

The authorized capital of the Company amounts to US$200,000,000 represented by 200,000,000.00 shares without nominal value. All shares pertain to the category of ordinary shares. The subscribed and fully paid-up capital of US$ 149,949,907.00 (corresponding to € 114,465,577.86 at the current exchange rate) is represented by 149,949,907 shares without nominal value. The shares have equal voting and dividends rights, rank equally with regard to the Company's residual assets and in general have those rights and obligations provided by the Company's Articles of Association and by the applicable Luxembourg laws.

Retained Earnings

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

Other Reserves

The other reserves include the following items:

US$ Thousand	As at 31 Dec 2011	As at 31 Dec 2010
Share premium reserve	71,389	71,389
Treasury shares	(16,356)	(15,680)
Fair value reserve	(7,617)	(11,754)
Other	(318)	(245)
TOTAL	**47,098**	**43,710**

Share premium reserve

The share premium reserve arose as a result of the Group's IPO and related increase of share capital, which occurred at the beginning of May 2007. Certain costs and charges connected with the share capital increase and the listing process (mainly bank commissions and related advisory fees and charges) have been offset at that time.

Treasury shares

Treasury shares at the end of 2011 consist of 5,090,495 ordinary shares (2010: 4,390,495) for an amount of US$ 16.4 million (2010: US$15.7 million), corresponding to 3.39% of the outstanding share capital at the financial position date (2010: 2.93%). These shares were acquired in 2007 and 2008 and during the second half of 2011, following the approval of the Buy-back program.

Fair value reserve

The fair value reserve arose as a result of the valuation of the Interest Rate Swap agreements connected to the Crédit Agricole facility to their fair value of US$ 7.6 million (liability). Details of the fair value of the derivative financial instruments are set out in note 24.

20. Banks and Other Lenders

US$ Thousand	As at 31 December 2011	As at 31 December 2010
NON-CURRENT LIABILITIES		
Banks and other lenders	282,492	284,658
CURRENT LIABILITIES		
Banks and other lenders	14,864	11,065
TOTAL	**297,356**	**295,723**

The balance comprises the following debts:

US$ Thousand	As at 31 December 2011			31 December 2010		
	Non-current	Current	Total	Non-current	Current	Total
Crédit Agricole	149,460	-	149,460	149,258	-	149,258
Mizuho	23,407	4,967	28,374	26,858	4,730	31,588
Crédit Agricole – DNB	10,565	-	10,565	-	-	-
Commerzbank-Crédit Suisse	73,382	6,578	79,960	80,926	3,174	84,100
Mitsubishi UFJ Lease	25,678	3,319	28,997	27,616	3,161	30,777
TOTAL	**282,492**	**14,864**	**297,356**	**284,658**	**11,065**	**295,723**

Current debt refers to amounts payable within one year; the balance repayable in 2013 is approximately equivalent to this amount.

Crédit Agricole Corporate & Investment Bank (former Calyon) facility

The debt due to banks and other lenders as at 31 December 2011 relates, for an outstanding amount of US$ 150.5 million (US$ 149.5 million net of the unamortized portion of the arrangement fees paid at draw-down, amounting to US$ 1.0 million), to the originally US$ 350.0 million revolving loan facility (of which US$ 181.7 million is available for draw-down as at 31 December 2011) negotiated by d'Amico Tanker Limited with Crédit Agricole CIB and other banks (Intesa Sanpaolo S.p.A., Fortis Bank, Nederland, N.V., The Governor and the Company of the Bank of Ireland, Norddeutsche Landesbank Girozentrale, and Scotiabank Ireland Limited).

The key terms and conditions of the facility are the following: the principal amount available through the ten year facility period at any given time is reduced by US$ 15.5 million every six months down to a final reduction of US$ 40.0 million at maturity (2017). The ratio between the amount outstanding at any given time and the fair market value of the thirteen vessels (the 'asset cover ratio') owned by d'Amico Tankers Limited (the 'borrower'), which are currently subject to mortgages pursuant to the facility, must not be higher than 66.6%.

Interest is payable at a rate of LIBOR plus 0.65%, if the asset cover ratio of d'Amico Tankers Limited and its consolidated subsidiaries is below 50%, and LIBOR plus 0.95%, if such ratio is equal to or higher than 50%. In addition, the maximum amount that the borrower can draw-down also depends on its EBITDA to financial costs ratio. The following standard covenants are also in place: (i) cash available, including undrawn credit lines of more than 12 months, must be at least US$ 40.0 million (ii) net worth, which is defined as book equity plus subordinated shareholder loans, as recorded in the statement of financial position, must not be less than US$ 100.0 million and (iii) equity to asset ratio must not be lower than 35.0%.

The facility is secured through a guarantee by the parent Company, d'Amico International Shipping S.A., and provides mortgages on thirteen of the Company's owned vessels.

The outstanding loan facility has been shown entirely under long-term debt, since no amortization of the drawn-down amount is required and future facility reductions will not reduce availability over the next twelve months, below indebtedness outstanding as at 31 December 2011.

Mizuho facility

The balance of JPY 2.26 billion relates to the loan facility arranged by the Mizuho Corporate Bank Ltd., and syndicated by a pool of Japanese primary banks and leading financial institutions. The Loan Facility purpose is to finance the acquisition of Japanese product tanker vessels for which d'Amico Tankers Limited has purchase options and/or the acquisition of other product tanker vessels.

At 31 December 2011 the facility has been draw down for an original amount of JPY 5.0 billion and the outstanding debt is of JPY 2.26 billion. The contract, over a period of ten years, provides the repayment of quarterly instalments and an interest cost corresponding to the three month London Interbank Offer Rate (LIBOR) for Japanese Yen, plus a margin of between 100 and 125 basis points depending on the financed vessels' advance ratio.

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

As per Crédit Agricole CIB facility, the maximum amount that d'Amico Tankers Limited can borrow also depends on the EBITDA to financial costs ratio. Other covenants are the same as provided by the Crédit Agricole CIB facility. As at 31 December 2011 the Company's ratio are in compliance with the facilities' provisions.

The facility is secured through a guarantee by the parent Company, d'Amico International Shipping S.A., and provides mortgages on two of the Group's owned vessels.

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

The debt due to banks and other lenders as at 31 December 2011 relates, for an outstanding amount of US$ 10.5 million, to the US$ 48.0 million loan facility negotiated by d'Amico Tankers Limited with Crédit Agricole CIB and DNB NOR Bank ASA (shared pari passu between both entities) signed on the 26 July 2011 to finance two new vessels under construction in Hyundai Mipo Dockyard CO. Ltd Hull-2307 (*High Seas*) and Hull 2308 (*High Tide*) expected to be delivered respectively by the end of March and April 2012.

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

The loan also provide certain usual covenants: (i) cash available, including undrawn credit lines of more than 12 months, must be at least US$ 40.0 million (ii) net worth, which is defined as book equity plus subordinated shareholder loans, as recorded in the statement of financial position, must not be less than US$ 100.0 million and (iii) equity to asset ratio must not be lower than 35.0%.

The facility is secured through a guarantee by the parent Company, d'Amico International Shipping S.A., and provides mortgages on the two Company's owned financed vessels.

Glenda International Shipping Limited / Commerzbank – Crédit Suisse loan

A consolidated amount of US$ 79.9 million refers to the facility granted by Commerzbank AG Global Shipping and Crédit Suisse to Glenda International Shipping Ltd for the construction of six new-buildings 47,000 dwt MR Product Tankers (Hyundai Mipo Dockyard Co. Ltd – Korea).

This agreement involves single-vessel loans with a ten-year maturity from vessel delivery, for a total initial amount of up to US$ 195.0 million (67% of the contract price to be paid for the vessels) and an interest cost referenced to the US dollar LIBOR plus a spread varying from 90 to 110 basis points, depending on the financed vessels' loan-to-value ratio. Collateral mainly refers to first-priority mortgages on the vessels. The agreements also provide a covenant relating to the financed vessels' aggregate loan-to-value- ratio, which should at all times be at least 130%.

DM Shipping Limited – Mitsubishi UFJ Lease

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

The facility is secured through mortgage on the vessels. There are no further relevant covenants on the loan.

21. Payables and Other Current Liabilities

US$ Thousand	As at 31 Dec 2011	As at 31 Dec 2010
Trade payables	38,336	52,828
Other creditors	8,559	5,648
Accruals & deferred income	2,783	10,379
TOTAL	**49,678**	**68,855**

Payables and other current liabilities as at 31 December 2011, include mainly trade payables, of which an amount of US$ 9.0 million refers to the related party, Rudder SAM (bunker).

22. Other Current Financial Liabilities

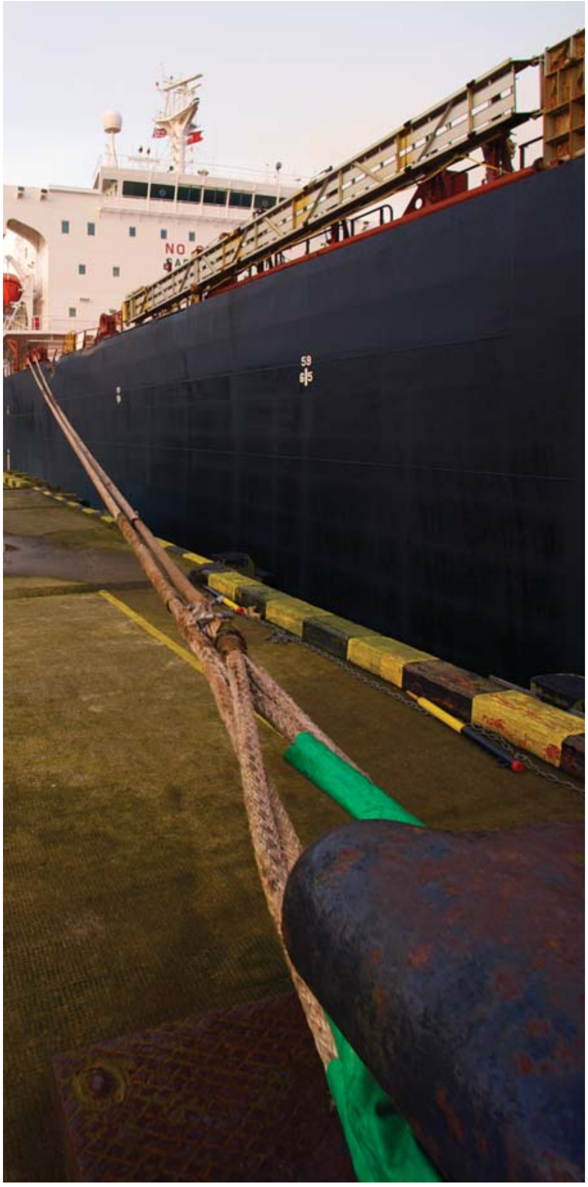
US$ Thousand	As at 31 Dec 2011	As at 31 Dec 2010
Other current financial liabilities	56	-
Fair value of derivative instruments	7,617	11,754
Other current financial liabilities	7,673	11,754

The balance at the end of 2011 principally represents the fair value of the Interest Rate Swap derivatives hedging instruments. The derivatives instruments fair values are shown in note 24.

23. Current Tax Liabilities

US$ Thousand	As at 31 Dec 2011	As at 31 Dec 2010
Current tax liabilities	49	80

The balance at the end of 2011 reflects the income taxes and tonnage taxes payable at year end by the subsidiaries.



24. Derivative Instruments

As at 31 December 2011 the following derivative instruments were in place:

US$ Thousand	Fair value at 31 December 2011	Income statement financial income/(charges)	Equity hedging reserves
HEDGE ACCOUNTING			
Interest rate swaps	(7,617)	-	(7,617)
Forward currency contracts	50	50	-
TOTAL	**(7,567)**	**50**	**(7,617)**

US$ Thousand	Fair value at 31 December 2010	Income statement financial income/(charges)	Equity hedging reserves
HEDGE ACCOUNTING			
Interest rate swaps	(11,754)	-	(11,754)
Forward currency contracts	(497)	(497)	-
TOTAL	**(12,251)**	**(497)**	**(11,754)**

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

Interest Rate Swaps

In 2007, d'Amico Tankers Ltd (IRL) signed three interest swap contracts (IRS), for a total notional amount of US$ 150.0 million for a period of 5 years. The IRS contracts purpose is to hedge the risks relating to interest rates on the existing Crédit Agricole CIB revolving facility. In 2011, d'Amico Tankers renegotiated two of these IRS contracts for a total amount of US$ 50.0 million each, moving the termination dates respectively to December 2014 and December 2016. At the end of 2012 one IRS contract totalling 50.0 million will terminate.

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

Forward Currency Contracts

During the year d'Amico Tankers Limited entered into one forward currency contract of which the next maturity is 17 January 2012, to hedge the risk of cash deposits denominated in Euro. It is considered as a level 2 instrument in that his fair value measurement is derived from inputs other than quoted prices.

25. Information on Financial Risk

As disclosed in the note 2, 'Risk Management' d'Amico International Shipping Group is exposed to some financial risk connected with its operation. This section provides qualitative and quantitative disclosure on the effect that those risks may have on the Group.

Market Risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices.

The Group's investment portfolio, as described in note 17, is susceptible to market price risk arising from uncertainties about future prices. An increase in market prices of 5% at 31 December 2011 would have decreased the loss of the Group by US$ 0.5 million and increased the net assets by the same amount. A decrease of 5% would have had an equal and opposite impact.

Foreign Exchange Risk

The Group is exposed to currency risk in respect of transactions denominated in currencies other than U.S. Dollars – being the group's functional currency - principally Euros and Yen.

The Group monitors its exposure to currency risk on a regular basis. Management does not consider the Group has significant exposure to foreign exchange risk from operational activities side, as principally the entire Group's revenues and most part of the operating costs are denominated in United States Dollars. As a result of the 'Mizuho facility' signed on 30 September 2008 (denominated in Japanese Yen and for an amount up to JPY 10 billion), the Group has also a risk connected to the JPY exchange rate fluctuations exposure. This risk, assuming no hedge instruments in place, is affecting the financial charges, considering the debt profile and repayment term (1/52 on a quarterly basis).

Excluding the JPY debt exposure, the foreign exchange risk is relating to cash flows not denominated in U.S. Dollars, primarily administrative expenses and operating costs denominated in Euros. For 2011, these payments amounted to US$ 43.0 million, representing the 15.4% of total operational, administrative, financial and fiscal expenses, of which 73.9% related to Euro transactions. Other significant currencies included Singapore dollars (10.91%) and British Pounds (16.37 %). A 10% fluctuation, in the U.S. Dollar exchange rate against all other currencies would have resulted in a variation of US$ 4.3 million in the loss of the Group for the year (US$ 3.1 million in 2010). At 31 December 2011, had the Japanese Yen strengthened/weakened against the US Dollar by 5%, with all other variables held constant, net assets and the result for the year would have respectively increased by US$ 2.6 million or decreased by US$ 2.9 million.

Interest Rate Risk

The Group is exposed to interest rate risk arising from the fact that the credit facilities and bank deposits earn interest at a variable rate and the interest rate swap contracts are valued using the expected future rates.

As disclosed in note 20, the Group bank loans outstanding at 31 December of US$ 149.5 million carry variable interest rates. In order to manage this risk, the Company uses interest rate derivative financial instruments, interest rate swap contracts, to mitigate the effects of the potential variability of interest rates. The contracts were signed in connection with the Crédit Agricole Corporate & Investment Bank, for a notional debt amount of US$ 150.0 million, fixing the rate for three tranches of US$ 50.0 million for periods terminating as described in Note 24. US$ 30.0 million Mitsubishi UFJ Lease carries a fixed interest rate, as outlined in note 20.

With all other variables remaining constant, an increase in the level of interest rates of 100 basis points would have given rise to the increase in the net financial charges by US$ 1.2 million (US$ 0.6 million in 2010) while a reduction in interest rates of 100 basis points would have decrease the net financial charges by US$ 2.3M (US$ 0.6 million in 2010). At 31 December 2011, had interest rates been 1% higher/lower, with all other variables held constant, then the valuation of the swaps would have increased the net assets by approximately US$ 4.8 million or decreased them by US$ 4.4 million. There would be no impact on the income statement as the interest rate swaps are designated cash flow hedges.

Credit Risk

The Group is exposed to credit risk resulting from the possible non-performance of any of its counterparties, primarily customers.

At the end of the reporting period 72% of the total trade receivables were due from the Group's ten largest customers (2010: 79%). Considering the customers, the risk essentially relates to demurrage receivable and to some charter expenses, which are analysed and written down, if necessary, on an individual basis. The total specific allowance for credit losses at 31 December 2011 amounted to US$ 0.8 million (2010: US$ 1.0 million). The top 10 customers represented approximately 55% of the revenue of the Company during the year.

The Group has significant cash deposits with Calyon Bank, which has a rating of A stable (S&P), and ABN-AMRO Mees Pierson, which has a rating of A+ negative (S&P). Investments are in highly rated corporate bonds for which the credit ratings are monitored on a regular basis.

Liquidity Risk

The Group is exposed to liquidity risk from the possible mismatch between cash requirements, principally for vessel purchase and credit facility repayments and Group cash flows.

Details of the maturity of the Group financial assets and receivables are included in note 16 and 17. Note 20 include details of the repayment schedules of the bank loans, while commitments are set out in note 29. The Management believes that the funds and the significant credit lines currently available and the cash to be generated by the operating activities, will allow the Group to satisfy its requirements from its investing activities and its working capital needs and to fulfil the obligations to repay the debts at their natural due date.

Fair Value Risk

Management considers the fair value of financial assets and liabilities approximate to their carrying amounts at the financial position date except for the loan facility with Mitsubishi UFJ. The loan is reflected at amortized cost, a fair value measurement would give rise in an increase in the carrying value.

26. Classification of Financial Instruments

US$ Thousand	Loans and receivables	Derivatives used for hedging	Non-financial assets	Total 2011
ASSETS				
Tangible assets	-	-	547,634	547,634
Inventories	-	-	17,522	17,522
Receivables and other current assets	39,487	-	-	39,487
Current financial assets	14,376	-	-	14,376
Cash and cash equivalents	51,068	-		51,068
LIABILITIES				
Banks and other lenders	297,356	-	-	297,356
Payables and other current liabilities	49,678	-	-	49,678
Other financial current liabilities	56	7,617	-	7,673
Current taxes payable	49	-	-	49

US$ Thousand	Loans and receivables	Derivatives used for hedging	Non financial assets	Total 2010
ASSETS				
Tangible assets	-	-	544,283	544,283
Inventories	-	-	21,172	21,172
Receivables and other current assets	67,547	-	-	67,547
Current financial assets	8,250	-	-	8,250
Cash and cash equivalents	68,266	-	-	68,266
LIABILITIES				
Banks and other lenders	295,723	-	-	295,723
Payables and other current liabilities	68,855	-	-	68,855
Other financial current liabilities	-	11,754	-	11,754
Current taxes payable	80	-		80

27. Related Party Transactions

During 2011, d’Amico International Shipping had transactions with related parties, including its ultimate Italian parent company, d’Amico Società di Navigazione S.p.A (DSN) and certain of DSN’s subsidiaries (d’Amico Group). These transactions have been carried out on the basis of arrangements negotiated on an arm’s length basis on market terms and conditions. The immediate parent company of the group is d’Amico International S.A. a company incorporated in Luxembourg.

These transactions include a management service agreement (for technical, crewing and IT services) with d’Amico Group companies, and a brand fee with d’Amico Società di Navigazione S.p.A., for a total cost amounting to US$ 3.8 million. The related party transactions also include purchase of Intermediate Fuel Oil and Marine Diesel Oil, from Rudder SAM, a d’Amico Group controlled company, amounting to US$ 76.8 million, included in the bunker cost of the year.

Related party transactions and outstanding balances between d’Amico International Shipping S.A. and its subsidiaries (intra-group related party transactions) are disclosed in the statutory financial statements.

The effects of related party transactions on the Group’s consolidated income statements for 2011 and 2010 are the following:

US$ Thousand	2011		2010	
	Total	of which related parties	Total	of which related parties
Revenue	291,721	-	305,592	-
Voyage costs	(104,716)	(76,788)	(106,249)	(68,976)
Time charter hire costs	(89,761)	(498)	(102,314)	(9,345)
Other direct operating costs	(53,403)	(5,559)	(53,367)	(4,950)
General and administrative costs	(19,330)	(1,309)	(18,778)	(1,184)
Other operating income	3,205	-	5,557	-
Result from disposal of vessels	3,286	-	-	-
Net financial income (charges)	(14,329)	-	(19,018)	-

The effects of related party transactions on the Group's consolidated statement of financial position as at 31 December 2011 and 31 December 2010 are the following:

US$ Thousand	As at 31 December 2011		As at 31 December 2010	
	Total	of which related parties	Total	of which related parties
ASSETS				
Non-current assets				
Tangible assets	547,634	-	544,183	-
Current assets				
Inventories	17,522	-	21,172	-
Receivables and other current assets	39,617	317	67,547	
Current financial assets	14,396	-	8,250	-
Cash and cash equivalents	51,068	-	68,266	-
LIABILITIES				
Non-current liabilities				
Banks and other lenders	282,492	-	284,658	-
Current liabilities				
Banks and other lenders	14,864	-	11,065	-
Payables and other current liabilities	49,678	4,105	68,855	3,876
Other financial current liabilities	7,673	-	11,754	-
Current taxes payable	49	-	80	-

The effects, by legal entity, of related party transactions on the Group's consolidated Income Statement for the 2011 are the following:

US$ Thousand	d'Amico International Shipping S.A. (consolidated)	Ishima Pte. Ltd.	Rudder S.A.M.	d'Amico Shipping Italia S.p.A.	d'Amico Società di Nav. S.p.A.	d'Amico Ireland Ltd.	Compagnia Generale Telemar S.p.A.
Voyage costs	**(104,716)**						
of which							
Bunker	(76,788)	-	(76,788)	-	-	-	-
Time charter In costs	**(89,761)**						
of which							
Vessel charter agreement	(498)	-	-	(498)	-	-	-
Other direct operating costs	**(53,403)**						
of which							
Management agreements	(3,652)	(48)	-	-	(3,604)	-	-
Technical expenses	(1,907)	-			-	-	(1,907)
General and administrative costs	**(19,330)**						
of which							
Services agreement	(1,299)	-	-	-	(1,215)	(94)	-
TOTAL		**(48)**	**(76,788)**	**(498)**	**(4,819)**	**(94)**	**(1,907)**

The table below shows the effects, by legal entity, of related party transactions on the Group’s consolidated income statement for the year 2010:

US$ Thousand	d’Amico International Shipping S.A. (consolidated)	Cogema S.A.M.	Rudder S.A.M.	d'Amico Shipping Italia S.p.A.	d’Amico Società di Nav. S.p.A.	d'Amico Ireland Ltd.	Compagnia Generale Telemar S.p.A.
Voyage costs	**(106,249)**						
of which							
Bunker	(68,976)		(68,976)	-	-	-	-
Time charter In costs	**(102,314)**						
of which							
Vessel charter agreement	(9,345)		-	(9,345)	-	-	-
Other direct operating costs	**(53,367)**						
of which							
Management agreements	(3,522)		-	-	(3,522)	-	-
Technical expenses	(1,428)						(1,428)
General and administrative costs	**(18,778)**						
of which							
Services agreement	(1,184)	(183)	-	-	(975)	(26)	-
TOTAL		**(183)**	**(68,976)**	**(9,345)**	**(4,497)**	**(26)**	**(1,428)**

The effect, by legal entity, of related party transactions on the Group’s consolidated Statement of Financial Position as at 31 December 2011 are as follows:

US$ Thousand	d’Amico International Shipping S.A. (consolidated)	Rudder S.A.M.	Cogema S.A.M.	d’Amico Dry	d’Amico Shipping Italia S.p.A.	d’Amico Societa’ di Nav. S.p.A.	Ishima Pte.Ltd.	d’Amico Finance Ltd.	Comp. Generale Telemar
Receivables and other current assets	39,617								
of which related party	317	-	-	-	30	-	270	17	-
Payables and other current liabilities	(49,678)								
of which related party	(4,105)	(2,977)	(6)	(2)		(96)	(230)	-	(794)
TOTAL		**(2,977)**	**(6)**	**(2)**	**30**	**(96)**	**40**	**17**	**(794)**

The effect, by legal entity, of related party transactions on the Group's combined Statement of Financial Position as at 31 December 2010 were the following:

US$ Thousand	d'Amico International Shipping S.A. (consolidated)	Rudder S.A.M.	d'Amico Shipping Italia S.p.A.	d'Amico Società di Nav. S.p.A.	Cogema S.A.M.	d'Amico Ireland Ltd.	d'Amico Dry Ltd.	Compagnia Generale Telemar
Receivables and other current assets	67,547							
of which related party		-	-	-	-	-	-	-
Payables and other current liabilities	(68,855)							
of which related party	(3,876)	(3,198)	(94)	(356)	(14)	(10)	(41)	(163)
TOTAL		**(3,198)**	**(94)**	**(356)**	**(14)**	**(10)**	**(41)**	**(163)**

28. Commitments and Contingencies

Capital Commitments

As at 31 December 2011, the Group's capital commitments amounted to US$ 37.4 million, of which payments over the next 12 months amounted to US$ 37.4 million.

US$ Million	As at 31 Dec 2011	As at 31 Dec 2010
Within one year	37.4	52.0
Between 1 – 3 years	-	18.7
Between 3 – 5 years	-	-
More than 5 years	-	-
TOTAL	**37.4**	**70.7**

Capital commitments relate to the payments for two Hyundai-Mipo dockyard 46,000 dwt Product/chemical tanker vessels, whose delivery is expect in March / April 2012.

Operating Leases – Chartered-in Vessels

As at 31 December 2011, the Group's minimum operating lease rental commitments amounted to US$ 293.3 million, of which payments over the next 12 months amounted to US$ 85.4 million.

US$ Million	As at 31 Dec 2011	As at 31 Dec 2010
Within one year	85.4	92.8
Between 1 – 3 years	119.3	147.7
Between 3 – 5 years	60.1	86.8
More than 5 years	28.7	52.3
TOTAL	**293.5**	**379.6**

The amounts include 49% of the commitment between DM Shipping Limited (in which DIS has 51% of interests) and d'Amico Tankers Limited for the two DM vessels.

As at 31 December 2011, DIS operated 16 vessel equivalents on time charter-in contracts as lessee. These had an average remaining contract period of 3.4 years at that time (4.9 years including optional periods). Some of the charter-in contracts include options to purchase vessels in the future.

Operating Leases – Other

Other operating leases primarily consist of contracts regarding office space. The minimum lease payments under these contracts are as follows:

US$ Million	As at 31 Dec 2011	As at 31 Dec 2010
Within one year	0.6	0.8
Between 1 – 3 years	0.3	0.8
Between 3 – 5 years	-	0.1
More than 5 years	-	-
TOTAL	**0.9**	**1.7**

Ongoing Disputes

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

Tonnage Tax Deferred Taxation

Effective from 1 January 2007, d'Amico Tankers Limited qualified to be taxed under the Tonnage Tax regime in Ireland; DM Shipping Limited obtained the ruling commencing 1 January 2009 and Glenda International Shipping in 2010. The regime includes provision whereby a proportion of capital allowances previously claimed by the company may be subject to tax in the event that vessels are sold and not replaced within the specified time limit or the Company fails to comply with the on-going requirements to remain within the regime.

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

29. d'Amico International Shipping Group's Companies

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

Name	Registered Office	Share Capital	Currency	Interest %	Conslidation Method
d'Amico International Shipping S.A.	Luxembourg	149,949,907	USD		
d'Amico Tankers Limited	Dublin / Ireland	100,001	EUR	100.0%	Integral
High Pool Tankers Limited	Dublin / Ireland	2	EUR	100.0%	Integral
Glenda International Management Ltd.	Dublin / Ireland	2	EUR	100.0%	Integral
Glenda International Shipping Ltd.	Dublin / Ireland	202	USD	50.0%	Proportional
DM Shipping Ltd.	Dublin / Ireland	100,000	USD	51.0%	Proportional
VPC Logistics Ltd.	London / UK	50,000	GBP	100.0%	Integral
d'Amico Tankers Monaco S.A.M.	Monaco	150,000	EUR	100.0%	Integral
d'Amico Tankers UK Ltd.	London / UK	50,000	USD	100.0%	Integral
d'Amico Tankers Singapore Pte Ltd.	Singapore	50,000	USD	100.0%	Integral

The consolidation area in 2011 does not differ with respect to the 2010 consolidated accounts. VPC Logistics is going to be liquidated.

Interest in Jointly Controlled Entities

The jointly controlled entities have been proportionately consolidated in the consolidated financial statements based on the following amounts expressed in US$ thousands:

	Revenue	Net Result	Total Assets	Net Equity
Year ended 31 December 2011				
Glenda International Shipping Ltd.	30,156	1,087	302,102	129,576
DM Shipping Ltd.	11,549	(6,582)	88,529	(23,128)
Year ended 31 December 2010				
Glenda International Shipping Ltd.	7,567	(7,568)	299,169	128,474
DM Shipping Ltd.	5,888	(7,189)	94,191	(16,535)

30. Subsequent Events

Controlled Fleet

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

	As at 31 December 2011			As at 23 February 2012		
	MR	Handysize	Total	MR	Handysize	Total
Owned	16.0	3.0	19.0	16.0	3.0	19.0
Time chartered	13.0	3.0	16.0	14.0	3.0	17.0
Chartered through pools	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**29.0**	**6.0**	**35.0**	**30.0**	**6.0**	**36.0**


SWL

d'Amico International Shipping S.A.

Management Report and Statutory Financial Statements

Year Ended 31 December 2011

RCS LUXEMBOURG B 124 790

This document is available on
www.damicointernationalshipping.com

d'Amico International Shipping S.A.

Management Report

d'Amico International Shipping S.A. (the "Company", DIS) a company with limited liability, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg.

The object of the Company is the investment in enterprises operating in the shipping industry, including the relevant services and facilities, as well as the administration, management, control and development of such participating interest. Its principal activity is to act as the holding company for d'Amico Tankers Limited and its subsidiaries and Glenda International Shipping Ltd.

On 3 May 2007 d'Amico International Shipping S.A. completed its initial public offering (IPO) of shares, which are listed on the Milan (Italy) Stock Exchange.

Financial review of d'Amico International Shipping S.A.

Operating Performance

Loss for 2011 financial period of the Company amounted to US$ 2.8 million. The Company's Income Statement is summarized in the following table.

US$ Thousand	31 Dec 2011	31 Dec 2010
Investment income (dividends)	600	-
Personnel costs	(566)	(627)
Other General and administrative costs	(2,458)	(2,257)
Financial income (charges)	(345)	(51)
NET PROFIT	**(2,769)**	**(2,935)**

Investment income (dividend) of US$ 600 thousand was received in 2011.

Costs are essentially made up of general and administrative expenses and personnel costs.

Statement of Financial Position

US$ Thousand	As at 31 Dec 2011	As at 31 Dec 2010
Non-current assets	257,338	252,061
Current assets	16,310	12,467
TOTAL ASSETS	**273,648**	**264,528**
Shareholders' Equity	218,249	221,694
Current Liabilities	55,399	42,834
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**273,648**	**264,528**

The Company's Total Assets include the investment of US$ 252.0 million in the subsidiaries d'Amico Tankers Limited — the key operating subsidiaries of the Group, with a book value of US$ 178.9 million, and GLENDA International Shipping Ltd— GIS, book value of US$ 73.1 million — the Joint Venture company with Glencore Group, and a shareholders' loan to GIS of US$ 5.3 million.

Current assets are made up of a portfolio investment in low-risk securities and cash held at the bank; prepayments and receivables do not reach the level of materiality.

Significant Events of the Year

Controlled fleet – d'Amico Tankers Limited

The following changes occurred in the Fleet controlled by d'Amico Tankers Limited in 2011:

- At the beginning of the year, d'Amico Tankers Limited renewed for two more years, plus option to extend for one additional year, three time charter-out contracts with a main oil-major. At the same time d'Amico Tankers concluded a further one year time charter-out contract with another oil-major;
- During the year the following chartered-in vessels were redelivered back to their Owners: *M/T Cielo di Napoli* (February), *M/T High Glory* (April), *M/T Uzava* (July), *M/T Handytankers Liberty* (October).

Controlled fleet – GLENDA International Shipping Limited

- January 2011 – *M/T GLENDA Melody*, a medium range owned vessel, was delivered to GLENDA International Shipping Limited;
- February 2011 – *M/T GLENDA Meryl* and *M/T GLENDA Melissa*, two medium range owned vessels, were delivered to GLENDA International Shipping Limited, completing the JV new-building plan.

Acquisition and resale of the Medium Range Product Tanker Vessel M/T High Century

In June 2011 d'Amico Tankers Limited, the fully owned operating subsidiary of d'Amico International Shipping S.A., agreed the purchase of the Medium Range (MR) double hulled product tanker vessel *M/T High Century* (48,676 dwt.), built in 2006 by Imabari Shipbuilding Co. Ltd, Japan, at the price of US$ 23.8 million. d'Amico Tankers Limited negotiated the Vessel acquisition for a lower price compared to its current market value. The Vessel had been chartered in by d'Amico Tankers since 2006. The time charter-in contract included a purchase option, which was not exercised earlier this year as it was not 'in the money'. The Vessel was delivered to d'Amico Tankers early in July 2011. In September 2011 d'Amico Tankers Limited agreed to resell the Vessel, at the price of US$ 28 million. The net gain on disposal was about US$ 3.3 million. The Vessel was delivered to the new owners at the end of October 2011.

Acquisition agreement on the second-hand Handy-Size product tanker vessel M/T Fabrizia D'Amato

d'Amico Tankers Limited resolved to purchase the handy-size *M/T Fabrizia D'Amato*, a 40,081 dwt. double-hull product chemical tanker vessel, owned by D'Amato Shipping S.r.l. Italy, built in 2004 by Shin-A Shipbuilding Co. Ltd, South Korea, subject to the Tribunal's final decision ('provvedimento definitivo') within a time limit. The agreed purchase price for this vessel was US$ 24.5 million. As a result of excessive delays occurred in the expected Vessel's delivery and following the other postponements announced respectively on 11 July and 2 August 2011, on 4 October 2011 d'Amico Tankers Limited did not agree to postpone further the purchase of the Vessel, despite the request of the owner. Therefore in accordance with the relevant Memorandum of Agreement ('MOA') and availing itself of the rights arising from it, d'Amico Tankers decided appealing to the ineffectiveness of the MOA and of the sale of the Vessel therein contemplated.

New US$ 48 million loan facility

In July 2011 d'Amico Tankers Limited, the operating subsidiary of d'Amico International Shipping S.A., signed a term loan facility of US$ 48 million with a club deal between Crédit Agricole Corporate and Investment Bank and DnB NOR Bank ASA. The facility will be used to finance the two 52,000 DWT, MR Product Tankers / Chemicals vessels, bearing hull n. 2307 and n. 2308, already ordered and currently under construction at Hyundai Mipo Dockyard Co. Ltd - South Korea, whose delivery is expected in March and April 2012 respectively. The loan amount largely covers the remaining instalments to be paid to the Shipyard for the two Newbuildings whose aggregate amount is of US$ 56.0 million.

The loan agreement provides a maturity of seven years from the Newbuildings delivery and a highly competitive interest rate.

Buy-Back program

In July 2011 the Board of Directors of d'Amico International Shipping S.A. resolved to start the buy-back program pursuant to the authorization issued by the Annual General Meeting of shareholders held on 29 March 2011.

The program is aimed at purchasing, in one or more tranches, DIS ordinary shares to be assigned to the constitution of 'treasury stock' available exclusively as means of payment for any eventual sale, exchange, transfer, contribution, pledge, assignment or other action of disposal within the framework of transactions linked to the Company's operation and of any projects constituting an effective opportunity of investment in line with the polices of the Company such as agreements with strategic partners, acquisition of shareholdings or shares' packages or other transactions of extraordinary finance that imply the allocation or assignment of Own Shares (like merger, demerger, issuance of convertible debentures or warrant, etc.) and more widely for any purpose as may be permitted under applicable laws and regulations in force. The buy-back program shall be carried out using the available reserves and/or distributable earnings within a minimum price of Euro 0.50 per share and a maximum price of Euro 3.50 per share for a total consideration in the range comprised within Euro 7.5 million and Euro 52.0 million.

During the period going from 6th July and 14th October2011, d'Amico International Shipping S.A. repurchased, on the regulated market managed by Borsa Italiana S.p.A., nr. 700,000 own shares, representing the 0.46682% of the outstanding share capital of the Company, at the average price of Euro 0.69, for a total consideration of Euro 483,253. As at 31st December 2011, d'Amico International Shipping S.A. holds nr. 5,090,495 own shares, representing the 3.3948 % of the outstanding share capital.

Significant Events Since the End of the Period and Business Outlook

Controlled Fleet

In January 2012, *M/T Freja Hafnia*, a medium range vessel built in 2006, was delivered to d'Amico Tankers Limited for a 1 year time charter period.

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

	As at 31 December 2011			As at 23 February 2012		
	MR	Handysize	Total	MR	Handysize	Total
Owned	16.0	3.0	19.0	16.0	3.0	19.0
Time chartered	13.0	3.0	16.0	14.0	3.0	17.0
Chartered through pools	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**29.0**	**6.0**	**35.0**	**30.0**	**6.0**	**36.0**

Business Outlook

Going into 2012 refinery closures would appear to be fundamentally changing the perceived demand for Product tankers in the future. Extremely poor margins and returns have led to refinery closures primarily in the OECD countries in North America and Europe. Should the largest refiner within Europe not find a buyer for its five refineries, same might be permanently closed removing around 600,000 barrels per day of refining capacity. However the newer more Economical refineries are situated in the emerging economies and they should be very well placed to meet demand as and when it increases. This would lead to better tanker utilization rates and to an improved tonne mile demand in the short but more importantly in the longer term. The International Monetary Fund (IMF) revised global growth figures are negative for shipping. In an update of its 'World Economic Outlook', the IMF sharply cut its forecast for global growth in 2012 and further trimmed 2013 projections on the back of stalling global recovery and Euro area debt crisis. The IMF expectations of GDP growth for 2012 is now seen at 3.3% vs. the 4% rate projected in its September Outlook. On the other hand, the International Energy Agency (IEA) has reduced its estimated increase of 'oil product demand' for 2012 down to 1.1 million barrels per day (a reduction of 200,000 barrels per day). The IEA estimated 'global oil demand' is revised down with lower than expected 4Q11 readings in the non-OECD and a downward adjustment to global GDP growth assumptions. Oil stocks are below the five year average because of supply disruption, however this has had no real effect on charter rates as even demand improve was not significant in 2011. Demand / Supply balance is fragile and any slight change either way can have a marked effect.

The short term view is fairly bearish under the current economic conditions. Concerns over the actual European sovereign debt issues and a short term slowdown of the emerging economies prevail. The longer term view is still positive thanks to estimated better utilization rates, albeit expectations for substantial demand improvement are still fragile. Also, high prices of oil and commodities could moderate growth. Therefore d'Amico International Shipping is necessarily maintaining a fairly prudent approach going into the following quarters.

The key drivers that should affect the product tanker freight markets and d'Amico International Shipping performances are (i) Global oil demand and worldwide GDP growth and (ii) the large modern fleet delivered in recent years.

The factors that could mitigate and partially off-set the current scenario for the Product Tanker demand and supply in the longer term are disclosed below in more details:

Product Tanker Demand

- Oil Product demand growth is and will be dominated by Non-OECD countries despite a minor downgrading in GDP growth;
- Refining capacity of about 700,000 barrels per day in OECD is earmarked to be removed in 2012 and in the actual climate 3.8 million Barrels per day of current refining capacity have been identified as possibly being eliminated from 2012 to 2016;
- This closure of refineries predominately in the West and new refineries being built mainly in Asia and the Middle East will have an effect on crude tanker demand due to the reduction in sailings time. The effect for product carriers is likely to be the opposite as the excess refinery capacity in Asia will lead to increased long-haul exports in the longer term;
- Tonne mile demand is expected to increase by just below 5% from 2011 to 2015 which should exceed the net growth in the MR Product tanker fleet (25-55,000 deadweight segment);
- United States currently exports on average 2.75 million barrels per day of petroleum products which is almost triple what they were exporting ten years ago. Mexico is currently the largest importer with about 500,000 Barrels per day;
- India. Despite strong domestic demand growth (6.7% year on year), India refining base is expected to increase to 4.6 million Barrels per day by 2015 from the current 3.7 million Barrels per day. This excess refining capacity will boost exports of oil products. Their export of petroleum product is currently 5 million tonnes per year.

Product Tanker Supply

- The large delivery years for product tankers are fundamentally behind us. No significant levels of new orders together with scrapping, have resulted in a reduction of the 'net-increase' trend from its 2008 peak of 2008;
- There is still a certain amount of speculation that financing may not be fully in place for the ships that are still to be delivered;
- This reduction in expected deliveries in recent years has been helped by cancellations, conversions and slippage in 2009/2010 ran at 25-30% and an estimated 36% in 2011;
- Scrapping is removing single hull ships and older ships, about 1.9 million tonnes deadweight have been permanently removed from the fleet within the 25-55,000 deadweight segments in 2011. This will continue in the next few years as about 1.6 million tonnes still has to be removed by 2015 under the IMO Marpol Phase out;
- A gradual increase in utilization rates, slow steaming and port congestion is having a positive effect on supply. As demand improves we would expect utilization rates to exceed 80% on average between 2013 and 2015 up from the low of 75% in 2008;
- Longer haul product exports from emerging markets are effectively reducing the available supply of tonnage and they are expected to increase;
- The Oil price traded between US Dollar 100.00 to its peak of US Dollar 125.00 after the events in the first half of the year which has maintained bunker prices at their historic highs which has resulted in the continued practice of Owners choosing to slow steam their Ships and use weather routing to manage these additional costs.

On behalf of the Board
23 February 2012

Paolo d'Amico, Chairman

Marco Fiori, Chief Executive Officer

d’ Amico International Shipping S.A. Financial Statements and Notes for the Year Ended 31 December 2011

Statement of Comprehensive Income

US$	Note	2011	2010
Revenue	(2)	600,000	-
General and administrative costs	(3)	(3,018,332)	(2,873,964)
GROSS OPERATING RESULT		**(2,418,332)**	**(2,873,964)**
Depreciation		(3,668)	(10,065)
OPERATING RESULT		**(2,422,000)**	**(2,884,029)**
Net financial income (charges)	(4)	(344,869)	(50,567)
PROFIT / (LOSS) BEFORE TAX		**(2,766,869)**	**(2,934,596)**
Tax expense	(5)	(2,321)	(630)
NET PROFIT / (LOSS)		**(2,769,190)**	**(2,935,226)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(2,769,190)**	**(2,935,226)**

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

Statement of Financial Position

US$	Note	As at 31 December 2011	As at 31 December 2010
ASSETS			
Non-current assets			
Tangible assets	(6)	3,244	3,666
Financial fixed assets	(7)	257,335,184	252,057,334
TOTAL NON-CURRENT ASSETS		**257,338,428**	**252 061 000**
Current assets			
Receivables and other current assets	(8)	110,571	83,474
Current financial assets	(9)	14,325,851	8,250,169
Cash and cash equivalents	(10)	1,873,436	4,133,765
TOTAL CURRENT ASSETS		**16,309,858**	**12,467,408**
TOTAL ASSETS		**273,648,286**	**264,528,408**
SHAREHOLDERS'EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	(11)	149,949,907	149,949,907
Retained earnings	(11)	20,963,874	23,799,529
Other reserves	(11)	47,334,872	47,944,656
TOTAL SHAREHOLDERS' EQUITY		**218,248,653**	**221,694,092**
Current liabilities			
Payables and other current liabilities	(12)	359,153	12,043,975
Other current financial liabilities	(13)	55,040,480	30,790,341
TOTAL CURRENT LIABILITIES		**55,399,633**	**42,834,316**
TOTAL SHAREHOLDERS'EQUITY AND LIABILITIES		**273,648,286**	**264,528,408**

The financial statements on pages 78 to 91 were authorised for issue by the Board of Directors on its behalf on 23 February 2012

Paolo d'Amico, Chairman

Marco Fiori, Chief Executive Officer

Statement of Cash Flows

US$	2011	2010
(LOSS) / PROFIT FOR THE PERIOD	**(2,769,190)**	**(2 935 226)**
Dividend	(600,000)	-
Depreciation and amortisation	3,668	10 065
Current and deferred tax	2,321	630
Financial charges	344,869	50 567
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	**(3,018,332)**	**(2,873,964)**
Movement in amounts receivable	(27,096)	11,946
Movement in amounts payable	37,324	199,782
Taxes (paid)	(2,321)	(270,009)
Interest received (paid)	333,152	45,704
NET CASH FLOW FROM OPERATING ACTIVITIES	**(2,677,273)**	**(2,886,541)**
Acquisition of fixed assets	(3,244)	-
Acquisition of investments	(6,600,000)	(8,250,169)
Movement in other financial assets	(17,000,000)	13,822,000
Investment income - Dividend	600,000	-
NET CASH FLOW FROM INVESTING ACTIVITIES	**(23,003,244)**	**5,571,831**
Movement in other financial payable	24,096,437	1,177,985
Treasury Shares	(676,249)	-
Other reserves	-	(123,427)
Dividend paid		-
NET CASH FLOW FROM FINANCING ACTIVITIES	**23,420,188**	**1,054,558**
CHANGE IN CASH BALANCE	**(2,260,329)**	**3,739,848**
Cash and cash equivalents at the beginning of the period	4,133,765	393,917
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,260,329)**	**3,739,848**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,873,436**	**4,133,765**

Statement of Changes in Shareholders' Equity

US$	Share capital	Retained earnings	Other Reserves	Total
BALANCE AS AT 1 JANUARY 2011	**149,949,907**	**23,799,529**	**47,944,656**	**221,694,092**
Legal reserve	-	(66,465)	66,465	-
Treasury shares	-	-	(676,249)	(676,249)
Total comprehensive income	-	(2,769,190)	-	(2,769,190)
BALANCE AS AT 31 DECEMBER 2011	**149,949,907**	**20,963,874**	**47,334,872**	**218,248,653**

US$	Share capital	Retained earnings	Other Reserves	Total
BALANCE AS AT 1 JANUARY 2010	**149,949,907**	**22,500,138**	**52,302,701**	**224,752,746**
Legal reserve	-	(29,918)	29,918	-
Other changes	-	4,264,535	(4,387,962)	(123,427)
Total comprehensive income	-	(2,935,226)	-	(2,935,226)
BALANCE AS AT 31 DECEMBER 2010	**149,949,907**	**23,799,529**	**47,944,656**	**221,694,092**

Notes

The financial statements have been prepared, in accordance with provisions of Art. 3 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.

d'Amico International Shipping S.A. has adopted International Financial Reporting Standards (IFRS – International Financial Reporting Standards and IAS – International Accounting Standards) as issued by the 'IASB' (International Accounting Standards Board) and endorsed by the Luxembourg law of 10 December 2010, article 26. 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'.

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.

1. Accounting Policies

These financial statements have been prepared under the historical cost convention as and in accordance with the applicable International Financial Reporting Standards (IFRS).

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

Revenue Recognition

It is represented by dividends income received from subsidiaries. Dividend income is recognised when the subsidiary profit is distributed to holders of equity investment, in proportion to their holdings of capital.

General and Administrative Costs

Administrative expenses, which comprise administrative staff costs, management costs, office expenses and other expenses relating to administration, are expensed as incurred.

Financial Income and Charges

Financial income and charges include interests, which are recognized in accordance with the accrual basis of accounting, using the effective interest method.

Taxation

The current taxation is based on taxable income for the period using local tax rates that have been enacted by the reporting date. Taxable profit differs from profit as reported in the income statement as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible.

Current taxation includes also the Net Wealth Tax, calculated in 0.5% on the taxable wealth of the Company, which is its *Net Worth*; the company *unitary value* is set on 1 January each year.

Deferred tax, if any, represents tax the Company is expecting to pay or recover on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit. It is accounted for using the financial position liability method. Liabilities relating to deferred tax are generally recognised for all taxable temporary differences. Assets relating to deferred tax are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amounts of deferred tax assets are reviewed at each financial position date and reduced in the event that it is not considered probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is calculated at the applicable tax rates during the period when liability is settled or the asset realised. It is charged or credited in the income statement, unless it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also accounted for in other comprehensive income.

Foreign Currencies

Transactions during the year in currencies other than U.S. Dollars have been translated at the appropriate rate ruling at the time of the transactions. Assets and liabilities denominated in currencies other than the U.S. Dollar have been translated into U.S. Dollars at the rate ruling at the financial position date. All exchange differences have been accounted for in the Statement of Comprehensive Income.

Tangible Assets

The tangible assets are shown at cost less accumulated depreciation and any impairment loss. Cost includes the acquisition cost as well as other costs which are directly attributable to the acquisition. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

Financial Instruments

Financial instruments, i.e. contracts giving rise to financial assets and financial liabilities or equity instruments of another entity, as defined in IAS 32 (Financial Instruments: Presentation), are recognized at their fair value when the Group becomes party to the contractual provisions of the instrument (trade date). Liabilities are classified in accordance with the substance of the contractual arrangement from which they arise and the relevant definitions of a financial liability. For contracts negotiated at market price, the fair value of the instrument is equivalent to the purchase cost (nominal value of the transaction). The external costs and income from transactions directly attributable to the negotiation, such as intermediation costs, are included during initial recognition of the instrument, unless measured at fair value. The measurement of financial assets is performed, depending on the characteristics of the instrument, at fair value or on the basis of amortized cost. Financial liabilities are measured on the basis of amortized cost. The measurement at fair value is applied only to any financial liabilities held for trading and to the derivative financial instruments. The 'fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The measurement on the basis of amortized cost involves the recognition of the asset or liability at the value initially measured, deducting any redemption of equity, increased or decreased by overall depreciation, applying the effective interest method, on any difference between the initial value and that at

maturity. These amounts shall in any case be adjusted following a decrease of value or an irrecoverable condition. The effective interest rate is the rate that reduces at source the future contractual cash flows to the net amount of the financial asset or liability. The calculation also includes the external expenses and income directly assigned during initial recognition of the financial instrument.
The accounting policies adopted for specific assets and liabilities are disclosed below.

Non-current financial assets (investment in subsidiaries)

Investments in subsidiaries, jointly controlled entities and associated companies are stated at cost adjusted for any impairment losses.

Any positive difference, arising at the time of the acquisition, between the acquisition cost and the fair value of net assets acquired by the Company is therefore included in the investment carrying value. If there is any evidence that these investments have been impaired, the impairment loss is recognised directly under the income statement. If the impairment loss subsequently no longer exists or is reduced it is reversed and the reversal is recognised under income statement up to the limit of the value initially accounted for as cost of the investment.

Receivables

Receivables are initially measured at their nominal value (representative of the 'fair value' of the transaction) and are subsequently measured at amortized cost, net of write-downs for impairment and allowance for credit losses. Impairment is recognised in the income statement when there is objective evidence that the asset is impaired. Such write-downs are calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the asset original effective interest rate. Particularly with regard to short-term trade receivables, considering the short period of time, the measurement at amortized cost is equivalent to the nominal value, less write-downs for impairment.

Allowances for credit losses are made when management consider the full recovery of a receivable to be in doubt. If management considers the amounts non-recoverable then they are written off to the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, current accounts and deposits held on demand with banks, and other short-term highly liquid investments readily convertible to a known amount of cash within six months from inception and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at fair value, corresponding to their nominal value, or at cost plus interest charges, if any.

Payables

Payables are measured at amortized cost which, considering the characteristics and maturity of such payables, is generally equivalent to the nominal value.

Derivative instruments

The Company does not use derivative financial instruments.

Provisions for Risks and Charges

Provisions for risks and charges are recognised when the Company has a present obligation as a result of a past event and it is likely that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the financial position date and are discounted to present values where the effect is material.

Treasury Shares

Treasury shares, following the buy-back program, are recognized at cost and are presented as a deduction from equity (under separate item of equity). The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

Dividends

Dividends payable are reported as a movement in equity in the period in which they are approved by shareholders' meeting.

Critical Accounting Judgments and Key Estimates

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

Investments carrying value

The financial instruments are stated at their fair value based on the valuations provided by the relevant custodian banks. The actual realised gain or loss on the eventual disposal or maturity may be different to the value at the financial position date.

Provision for Tax Liabilities

Tax liabilities are calculated on the current understanding of the Company's tax situation as impacted by Luxembourg regulatory framework.

New Accounting Principles

Accounting principles adopted from 1st of January 2011

There are no new International Financial Reporting Standards or IFRICs applicable with respect to those applied for 31 December 2010 year end.

Accounting principles, amendments and interpretations not yet effective

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

IFRS 7 *Disclosures – Transfers of Financial Assets* is concerned with increased disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

IFRS 9 *Financial Instruments* is concerned with the classification and measurement of financial assets when determining whether financial assets should be recorded at amortised cost or at fair value, and the associated accounting treatment of embedded derivatives within financial assets. The standard is applicable for accounting periods beginning on or after 1 January 2015 but early adoption is allowed.

IFRS 13 *Fair Value Measurement* provides guidance on how to measure fair value when it is required or permitted by other IFRS's and contains extensive disclosure requirements to enable users of financial statements to assess the methods used by entities when developing fair value measurements and the effects of such measurements on financial results. The standard is applicable for accounting periods beginning on or after January 1, 2013 but early adoption is allowed.

The directors do not anticipate that the adoption of Standards and Interpretations in issue but not yet effective will have a material impact on the financial statements.

2. Revenue

US$	2011	2010
Revenue	600,000	-

A dividend of US$ 600 thousand was received from the key operating subsidiary d'Amico Tankers Limited in the month of June, while no revenues from the holding activity were realized in 2010.

3. General and Administrative Costs

US$	2011	2010
Wages and benefits	(555,814)	(626,968)
Other operating charges	(2,462,518)	(2,246,996)
	(3,018,332)	**(2,873,964)**

Employees

The Company employs two managers and two administrative employees (2010: unchanged).

The total charge for wages and salaries amounted to US$ 555,814 (2010: US$ 626,968). In 2010 they included the last tranche of an incentive compensation scheme to the management.

Other Operating Charges

The amount of US$ 2,462,518 in 2011 includes professional fees and advisory costs incurred by the Company during the year as a result of being a listed entity (2010: US$ 2,246,996).

Fees were paid to the Company directors for services rendered to the Company and attending the Board's meetings. A total amount of EUR 725,000 was paid, including net fees for EUR 580,000 and 20% withholding tax (2010: no change).

4. Net Financial Income (Charges)

US$	2011	2010
Net financial income (charges)	(344,869)	(50,567)

Net financial costs amount to US$ 344,869 (2010: US$ 50,568) and concern the interest expense calculated on the loan received from d'Amico Tankers Limited of US$ 153,702 (2010: US$ 96,902), realised income on financial transactions and the fair value of the portfolio at year end.

Residual amounts are exchange loss on trade payables due to the unfavourable movement in the US$ exchange rate against the Euro and financial fees paid to banks in return for services received.

5. Taxation

US$	2011	2010
Tax expenses	(2,321)	(630)

Taxation in 2011 comprises the minimum amounts of the net wealth tax and income tax for the year.

As dividends are not subject to the corporate income tax in Luxembourg, d'Amico International Shipping S.A. had, at the end of 2011, cumulated tax losses to be carried forward of approximately Euro 30.5 million (US$ 39.4 million).

The Luxembourg corporate income theoretical tax rate is of 30%. No deferred tax asset has been accounted for, as the Company has no trading activity.

d'Amico International Shipping is subject to the Luxembourg Net Wealth Tax regime; for 2011 and for 2010 the calculated net assets generated no tax.

6. Tangible Assets

Tangible assets principally represents IT equipment for the Luxembourg office.

US$	2011	2010
COST		
At 1 January	52,440	52,440
Additions	3,246	-
At 31 December	55,686	52,440
DEPRECIATION		
At 1 January	48,774	38,709
Charge for the period	3,668	10,065
At 31 December	52,442	48,774
NET BOOK VALUE		
At 31 December	3,244	3,666

7. Financial Assets

Investment in subsidiaries

Company	Country	Ownership	Ccy	Increase (decrease)	Book value at 31 Dec 2011
d'Amico Tankers Limited	IRL	100%	USD	-	178,921,920
Glenda International Shipping Ltd.	IRL	50%	USD	-	73,135,414
			USD	-	**252,057,334**

d'Amico Tankers Limited is the key- operating subsidiary of the d'Amico International Shipping Group, while GLENDA International Shipping Ltd is the vehicle for the Joint Venture with Glencore Group, one of the world's largest suppliers of commodities and raw materials to industrial consumers. The investments qualify as financial long-term investment.

Shareholders'loan

Company	Ccy	31 December 2011	31 December 2010
Glenda International Shipping Ltd.	USD	5,277,850	-

During the year 2011 the interest free shareholders' loan increased to allow the subsidiary Glenda International Shipping financing the delivery of the last three vessels under construction (*Glenda Melody, Glenda Meryl* and *Glenda Melissa*).

Investments through d'Amico Tankers Limited:

Company	Interest	Country	Activity
High Pool Tankers Limited	100%	Ireland	Pool company
Glenda International Management Limited	100%	Ireland	Pool company
DM Shipping Limited	51%	Ireland	Shipping
VPC Logistics Ltd.	100%	UK	Services
d'Amico Tankers Monaco S.A.M.	100%	Monaco	Services
d'Amico Tankers UK Limited	100%	UK	Services
d'Amico Tankers Singapore Pte. Ltd.	100%	Singapore	Services

8. Receivables and Other Current Assets

US$	As at 31 Dec 2011	As at 31 Dec 2010
Receivables and other current assets	110,571	83,474

In 2011 and in 2010 the balance represents prepaid company expenses and other sundry debtors.

9. Other Financial Assets

US$	As at 31 Dec 2011	As at 31 Dec 2010
Current financial assets	14,325,851	8,250,169

The amount of US$ 14,325,851 represents the fair value of the surplus cash invested in highly rated bonds; further nominal US$ 6.6 million were acquired in 2011. The fixed income securities are listed on recognised stock exchanges, are redeemable in a medium-term period from three to five years, with effective yields in the average of 3.55%.

10. Cash and Cash Equivalents

US$	As at 31 Dec 2011	As at 31 Dec 2010
Cash and cash equivalents	1,873,436	4,133,765

Cash and cash equivalent is mainly represented by short term deposits.

11. Capital and Reserves

Subscribed Capital

The authorised capital of the Company amounts to US$ 200,000,000 represented by 200,000,000 shares with no nominal value. All shares pertain to the category of ordinary shares. The subscribed and fully paid up capital of US$ 149,949,907 is represented by 149,949,907 shares with no nominal value.

Retained Earnings

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

Other Reserves

The other reserves include the following items:

US$ Thousand	As at 31 Dec 2011	As at 31 Dec 2010
Share premium reserve	60,582,975	60,582,975
Treasury shares	(16,356,399)	(15,680,151)
Legal reserve	3,108,296	3,041,832
TOTAL	**47,334,872**	**47,944,656**

Share premium reserve

The share premium account has been booked following the IPO and related to the increase of share capital which occurred at the beginning of May 2007. The amount is net of certain costs and charges strictly connected with the share capital increase.

Treasury shares

Treasury shares at the end of 2011 consist of 5,090,495 ordinary shares (2010: 4.,390,495) for an amount of US$ 16.4 million (2010: US$15.7 million), corresponding to 3.39% of the outstanding share capital at the financial position date (2010: 2.93%). These shares were acquired in 2007 and 2008 and during the second half of 2011, following the approval of the Buy-back program.

Legal reserve

It is a legal requirement in Luxembourg and is constituted through an allocation of 5% of taxable profits.

12. Payables and Other Current Liabilities

US$	As at 31 Dec 2011	As at 31 Dec 2010
Payable Glenda International Shipping S.A.	-	11,722,150
Other current liabilities	359,153	321,825
TOTAL	**359,153**	**12,043,975**

During the year DIS reimbursed the amount of US$ 11.7 million to Glenda International Shipping Limited.

The amount of current liabilities in 2011 refers to the day-to-day administrative activity of the Company (2010: US$ 321,825).

13. Other Current Financial Liabilities

US$	As at 31 Dec 2011	As at 31 Dec 2010
Other financial current liabilities	55,040,480	30,790,341

The Company has in place a financial payable due to d'Amico Tankers Limited (DTL). The loan bears interest at USD LIBOR 3 months plus a margin aligned with the markets conditions; the range during 2011 of rates for the 3-month USD Libor was 0.25% – 0.37 %.

During the year the financial payable increased until USD 55,040,480 to allow DIS the financing of the delivery of three new vessels to its subsidiary Glenda International Shipping, through the shareholders'loan (on 31 December 2010 the amount due was US$ 30,790,341).

14. Related Parties Transactions

During 2011, d'Amico International Shipping had transactions with related parties, including its ultimate Italian parent company, d'Amico Società di Navigazione S.p.A (DSN) and certain of DSN's subsidiaries (d'Amico Group). These transactions have been carried out on the basis of arrangements negotiated on an arm's length basis on market terms and conditions. The immediate parent company of the group is d'Amico International S.A. a company incorporated in Luxembourg.

These transactions include the receipt of a dividend from and an interest bearing financial agreement with the subsidiary d'Amico Tankers Limited, management services agreements (for human resources, legal, IT and internal audit services) with d'Amico Group companies and a rental agreement with immediate parent company, for a total cost amounting to US$ 324.0 thousand.

The effects, by legal entity, of related party transactions on the Company's income statement for the 2011 are the following:

US$	d'Amico International Shipping SA	d'Amico Società di Nav. SpA	d'Amico Tankers Limited	d'Amico International S.A.
Revenue	**600,000**	**-**	**-**	**-**
of which				
Dividend	600,000	-	600,000	-
General and administrative costs	**(3,018,332)**			
of which				
Services agreement	(169,932)	(130,896)	-	(39,036)
Net financial income (charges)	**(344,869)**			
of which				
Financial interest	(153,702)	-	(153,702)	-
TOTAL		**(130,896)**	**(446,298)**	**(39,036)**

The table below shows the effects, by legal entity, of related party transactions on the Company's Income Statement for the year 2010:

US$	d'Amico International Shipping SA	d'Amico Società di Nav. SpA	Cogema SAM	d'Amico Tankers Limited	d'Amico International S.A.
Revenue	-	-	-	-	-
of which					
Dividend	-	-	-	-	-
General and administrative costs	**(2,873,964)**				
of which					
Services agreement	(180,136)	(90,233)	(57,159)	-	(32,744)
Net financial income (charges)	**(50,568)**				
of which					
Financial interest	(96,902)	-	-	(96,902)	-
TOTAL		**(90,233)**	**(57,159)**	**(96,902)**	**(32,744)**

The effect, by legal entity, of related-party transactions on the Company's Statement of Financial Position as at 31 December 2011 are as follows:

US$	d'Amico International Shipping SA	d'Amico Finance Limited	d'Amico Tankers Limited
Receivables and other current assets	110,571	-	-
of which related party	16,760	16,760	-
Payables and other current liabilities	(359,152)	-	-
of which related party			
Other current financial liabilities	(55,040,480)		
of which related party	(55,040,480)	-	(55,040,480)
TOTAL		**16,760**	**(55,040,480)**

The effect, by legal entity, of related party transactions on the Group's combined Statement of Financial Position as at 31 December 2010 were the following:

US$	d'Amico International Shipping SA	d'Amico Tankers Limited	d'Amico Società di Nav. SpA	Cogema S.A.M
Receivables and other current assets	83,474			
of which related party	-	-	-	-
Payables and other current liabilities	(321,825)			
of which related party	(36,768)	-	(28,673)	(8,095)
Other current financial liabilities	(30,790,341)			
of which related party	(30,790,341)	(30,790,341)	-	-
TOTAL		**(30,790,341)**	**(28,673)**	**(8,095)**

15. Ultimate Holding Company

The immediate parent company of d'Amico International Shipping S.A. is d'Amico International S.A., a company incorporated in Luxembourg.

The ultimate holding company controlling party is d'Amico Società di Navigazione S.p.A., incorporated in Italy.

16. Subsequent Events

Controlled Fleet

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

	As at 31 December 2011			As at 23 February 2012		
	MR	Handysize	Total	MR	Handysize	Total
Owned	16.0	3.0	19.0	16.0	3.0	19.0
Time chartered	13.0	3.0	16.0	14.0	3.0	17.0
Chartered through pools	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**29.0**	**6.0**	**35.0**	**30.0**	**6.0**	**36.0**

17. Guarantees and Commitments

Guarantees issued for affiliated undertakings

d'Amico International Shipping has provided guarantees to its subsidiary company, d'Amico Tankers Limited, in respect of the originally US$ 350.0 million revolving loan facility at Crédit Agricole Corporate & Investment Bank, the JPY 10.0 billion Mizuho facility and in respect of the 48.0 million Crédit Agricole Corporate & Investment Bank & DNB NOR Bank ASA facility.

The manager responsible for preparing the company's financial reports, Mr Alberto Mussini, in his capacity of Chief Financial Officer of d'Amico International Shipping S.A. (the "Company") declares to the best of his knowledge, that the consolidated and statutory 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 report on operation and the management report include 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.

23 February 2012

Alberto Mussini, Chief Financial Officer

To the Shareholders of
d'Amico International Shipping S.A.
25 C Boulevard Royal, Luxembourg

Leudelange, March 2, 2012

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the financial statements

We have audited the accompanying financial statements of d'Amico International Shipping S.A., which comprise the statement of financial position as at December 31, 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors' for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (as adopted by the European Union), and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the réviseur d'entreprises agréé's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of d'Amico International Shipping S.A. as of December 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the financial statements. The Corporate Governance Statement, as published on the Company's website www.damicointernationalshipping.com, as of the date of this report is the responsibility of the Board of Directors. This statement is consistent, at the date of this report, with the financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

MOORE STEPHENS Audit S.A.R.L.

Horst SCHNEIDER
Réviseur d'Entreprises Agréé

To the Shareholders of
d'Amico International Shipping S.A.
25 C Boulevard Royal, Luxembourg

Leudelange, March 2, 2012

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of d'Amico International Shipping S.A., which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors' for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the réviseur d'entreprises agréé's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of d'Amico International Shipping S.A. as of December 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements. The Corporate Governance Statement, as published on the Company's website www.damicointernationalshipping.com, as of the date of this report is the responsibility of the Board of Directors. This statement is consistent, at the date of this report, with the consolidated financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

MOORE STEPHENS Audit S.A.R.L.

Horst SCHNEIDER
Réviseur d'Entreprises Agréé

Photos by Federico Soffici of d'Amico Group: page 2,8,12, 16, 36, 37, 38, 55, 69, 73, 78, 88

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