2010 Annual Report

d'Amico International Shipping S.A.

d'Amico

2010 Annual Report

Consolidated and Statutory Financial Statements
Year Ended 31 December 2010

d'Amico International Shipping S.A.
Registered office at 25C Boulevard Royal, Luxembourg
Share capital US$ 149,949,907 as at 31 December 2010

This document is available on
www.damicointernationalshipping.com

d'Amico
INTERNATIONAL SHIPPING S.A.

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Letter to Shareholders

After the fall of Oil Product demand in 2009, the improved 2010 economic scenario did not translate into a strong pick-up in Product Tanker freight rates. The growth in Oil Product demand was also met by access to the large Oil product stocks, an overall increase in Refinery throughputs and by the large influx of new buildings. The operating environment has been also characterized by the slight increase in 'sale & purchase' activity and the vessels market value partial recovering from the lower 2009 level.

Despite the generally challenging market d'Amico International Shipping was able to maintain its competitive market position, outperforming market results. The strong financial position and the relevant cash on hands highlight the ability of the Company to minimize the financial effects arising from the product tanker weak cycle. During 2010 d'Amico International Shipping reaffirmed its reputation, brand and shipping expertise, through a balanced business model, focused on maintaining long term strong relationships with strategic partners like oil majors and key commodities market players. Our financial results in 2010 reflected this improvement, in a not yet profitable market.

The new building deliveries plan is regularly going on: early in 2011 the last three of the six ordered MR vessels were delivered to GLENDA International Shipping, the Joint Venture the Company has with Glencore Group, while the previous two were delivered during 2010.

We continue to maintain a conservative approach going into the first months of 2011, while the longer term view is more positive, with consolidation of refining capacity outside the OECD in the coming years leading to improved ton mile demand and better utilization rates.

A significant portion of the revenue has been already secured and the expected 2011 coverage, coming from time charter out contracts, remains unchanged at 45%. Early in 2011, we renewed several time charter-out contracts with oil majors, due to expire in 2011. These contracts, confirming the highly competitive position and the quality of the fleet, have been fixed at rates that allow us to support the operating cash flow generation, preserving the Company value for shareholders. We also confirm that we are committed to consider strategic opportunities, which would allow us to growth and increase the value of d'Amico International Shipping.

Paolo d'Amico | Chairman of the Board of Directors

During 2010 d'Amico International Shipping reaffirmed its reputation, brand and shipping expertise, through a balanced business model, focused on maintaining long term strong relationships with strategic partners like oil majors and key commodities market players.

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 S.à r.l., Luxembourg

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

Key Figures

Financials

US$ Thousand	2010	2009
Time charter equivalent (TCE) earnings	199,343	185,551
Gross operating profit / EBITDA	30,441	30,788
as % of margin on TCE	15.27%	16.59%
Operating profit (loss) / EBIT	(2,026)	(6,375)
as % of margin on TCE	(1.02)%	(3.44)%
Net profit / (loss)	(20,531)	(13,409)
as % of margin on TCE	(10.3)%	(7.23)%
Earnings / (loss) per share (US$)	(0.137)	(0.089)
Operating cash flow	2,431	18,126
Gross capital expenditure (CapEx)	56,583	84,502
Total assets	709,518	725,140
Net financial indebtedness	230,960	171,360
Shareholders' equity	333,106	353,499

Other Operating Measures

	2010	2009
Daily operating measures - TCE earnings per employment day (US$) [1]	15,291	15,904
Fleet development - Total vessel equivalent	39.7	38.5
- Owned	17.0	15.5
- Chartered	20.1	18.1
- Chartered through pools	2.6	4.9
Off-hire days/ available vessel days[2] (%)	2.9%	2.5%
Fixed rate contract/ available vessel days[3] (coverage %)	45.5%	54.8%

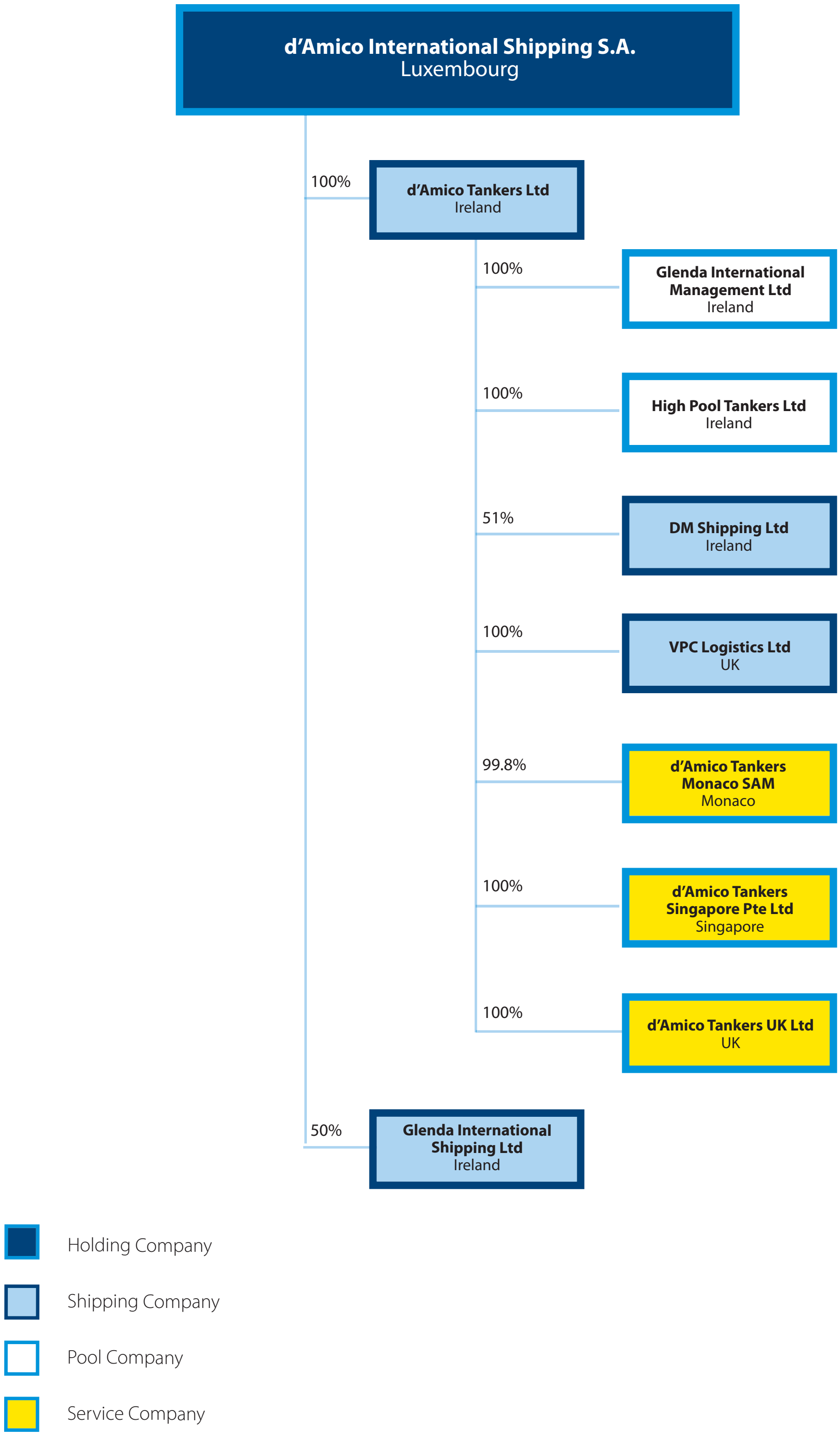
[1] This figure represents time charter ("TC") equivalent earnings for vessels employed on the spot market and time charter contracts, divided by the number of on-hire days, net of commissions charged by external brokers and commercial managers. Calculations exclude vessels chartered through the pools, since distributions paid on these vessels are net of charter expenses, and would therefore require pro-forma adjustments to make it comparable to the remaining vessels.

[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, which is defined as the number of vessel days between delivery and redelivery for the period being considered.

[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, divided by the number of available vessel days, defined as the number of days between delivery and redelivery for all Group vessels, for the period being considered.

Group Structure

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



d'Amico International Shipping Group

d'Amico International Shipping S.A. (DIS, the Group or d'Amico International Shipping) is an international marine transportation company, part of the d'Amico Group that traces its origins to 1936. d'Amico International Shipping operates, mainly through its fully owned subsidiary d'Amico Tankers Limited (Ireland), a fleet with an average age of approximately 5.1 years, compared to an average in the product tankers industry of 9.3 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, such as ExxonMobil, Total, Shell, Petrobras, ENOC, Glencore and Vitol. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), the requirements of major oil 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); 67.5% of the DIS fleet as at 31 December 2010 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 2010, which consists of **38.5 vessels**:

MR fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
Owned				
GLENDA Melanie [1]	47,162	2010	Hyundai Mipo, South Korea	IMO III
GLENDA Meredith [1]	46,147	2010	Hyundai Mipo, South Korea	IMO III
High Strength [2]	46,800	2009	Nakai Zosen, Japan	-
GLENDA Megan [1]	47,147	2009	Hyundai Mipo, South Korea	IMO III
High Efficiency [2]	46,547	2009	Nakai Zosen, Japan	-
High Venture	51,087	2006	STX, South Korea	IMO 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 III
High Performance	51,303	2005	STX, South Korea	IMO III
High Valor	46,975	2005	STX, South Korea	IMO III
High Courage	46,975	2005	STX, South Korea	IMO III
High Endurance	46,992	2004	STX, South Korea	IMO III
High Endeavour	46,992	2004	STX, South Korea	IMO III
High Challenge	46,475	1999	STX, South Korea	IMO III
High Spirit	46,473	1999	STX, South Korea	IMO III
High Wind	46,471	1999	STX, South Korea	IMO III
Time chartered with purchase option				
High Enterprise	45,800	2009	Shin Kurushima, Japan	IMO III
High Pearl	48,023	2009	Imabari, Japan	-
High Prosperity	48,711	2006	Imabari, Japan	-
High Century	48,676	2006	Imabari, Japan	-
High Nefeli	45,976	2003	STX, South Korea	IMO III
Time chartered without purchase option				
High Force	53,603	2009	Shin Kurushima, Japan	-
High Saturn	51,149	2008	STX, South Korea	IMO III
High Mars	51,149	2008	STX, South Korea	IMO III
High Mercury	51,149	2008	STX, South Korea	IMO III
High Jupiter	51,149	2008	STX, South Korea	IMO III
Uzava	52,622	2008	Third May Shipyard, Croatia	IMO II
High Glory	45,700	2006	Minami Nippon, Japan	-
High Glow	46,846	2006	Nakai Zosen, Japan	-
High Energy	46,874	2004	Nakai Zosen, Japan	-
High Power	46,874	2004	Nakai Zosen, Japan	-

[1] GLENDA Megan, GLENDA Meredith, GLENDA Melanie are owned by GLENDA International Shipping, in which DIS has a 50% interest.

[2] High Efficiency and High Strength are owned by DM Shipping (in which DIS has a 51% interest) and are 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 III
Cielo di Parigi	36,032	2001	STX, South Korea	IMO III
Cielo di Londra	35,985	2001	STX, South Korea	IMO III
Time chartered with purchase option				
Malbec	38,499	2008	Guangzhou, China	IMO III
Marvel	38,603	2008	Guangzhou, China	IMO III
Time chartered without purchase option				
Cielo di Guangzhou [1]	38,877	2006	Guangzhou, China	IMO II
Handytanker Liberty [2]	34,620	2006	Dalian, China	IMO III
Cielo di Napoli	40,083	2002	Shina, South Korea	IMO III

Fleet Employment and Partnership

	DIS' No. of Vessels	Total Pool Vessels
Direct employment	14.5	
High Pool (MR vessels)	8.0	11.0
GLENDA Int. Mgmt (MR vessels)	15.0	34.0
Handytankers Pool	1.0	
Total	**38.5**	

As at 31 December 2010, d'Amico International Shipping directly employed 14.5 Vessels. 7 MRs ('Medium Range') and 1 Handysize vessel are fixed on long-term time charter contracts mainly with Total, Exxon and Glencore, while 6 Handysize vessels, previously employed through Handytankers pool, are currently employed on the spot market. The Group employs a significant portion of its controlled vessels through partnership arrangements, enabling it to deploy a fleet of vessels with large scale and geographic coverage. Through these partnerships, DIS provides a comprehensive service to its customers, enhancing the geographic exposure to business opportunities, resulting in greater flexibility in deploying the fleet.

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 2010. 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'. As at 31 December 2010, GLENDA International Management Limited operated 34 MR product tankers.

In addition to the pools, DIS also established two joint ventures for the combined control of vessels, with key strategic partners. The first one, *DM Shipping Ltd*, allows d'Amico International Shipping to broaden the scope of its relationship with the Mitsubishi Group. The two MR vessels were delivered to the Partnership in 2009. The DM Shipping vessels are chartered to d'Amico Tankers Ltd and employed in the High Pool. The other joint venture,

[1] Bare Boat contract

[2] Vessels chartered through Pools

GLENDA International Shipping Ltd, with the Glencore Group, currently owns 3 vessels, delivered respectively in August 2009, February and November 2010. The joint venture order book includes additional 3 new MR product / chemical tankers to be delivered during Q1 2011. These vessels will be operated through GLENDA International Management Ltd.

Handytankers Pool – a pool mainly with A.P. Moller-Maersk. Following the fleet deployment strategy streamlining, the current exposure of the DIS fleet in Handytankers has been recently reduced to 1 vessel.

d'Amico International Shipping is part of the d'Amico Group, one of the world's leading privately-owned marine transportation companies with over 70 years of experience in the shipping business, whose ultimate parent company is d'Amico Società di Navigazione S.p.A. (Italy).

Today, the entire d'Amico Group controls 72.5 owned and chartered-in vessels, of which 38.5 are vessels part of the DIS fleet, operating in the product tanker market, while the remaining 34 are 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 an 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 all 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 2010, the group employed 437 seagoing personnel and 49 onshore personnel.

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.

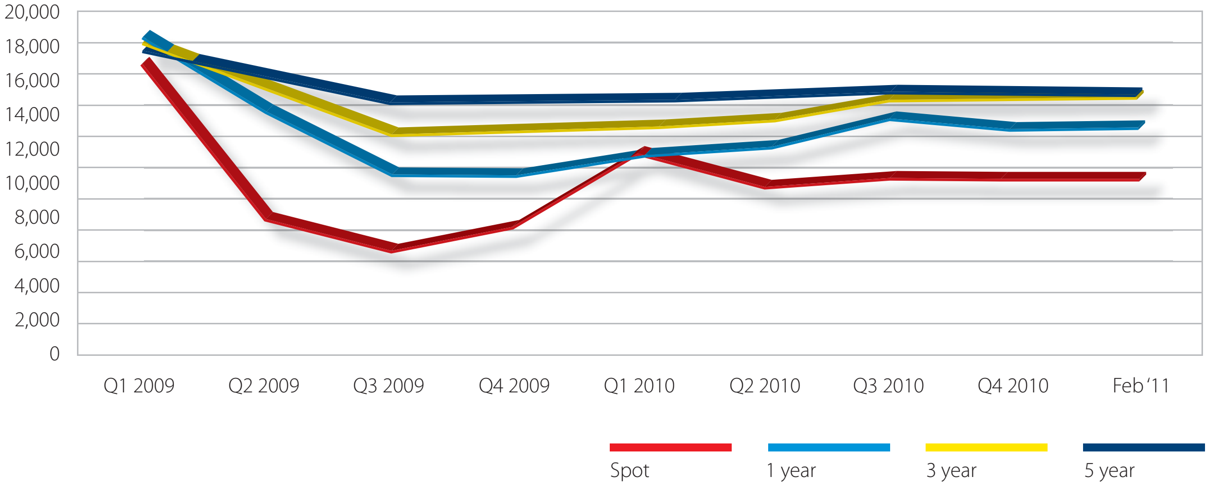
The seaborne movement of refined petroleum products between regions addresses demand and supply imbalances for such products caused by the lack of resources or refining capacity in consuming countries. An additional "arbitrage" trade also occurs, taking advantage of differences in price between refining centres and dislocation of specific product specifications. Owners of product tankers seek to utilise trade patterns to optimise the revenue and profit-generating potential of their product tanker fleets by maximizing vessel laden days (freight carrying) and minimizing waiting time and ballast days.

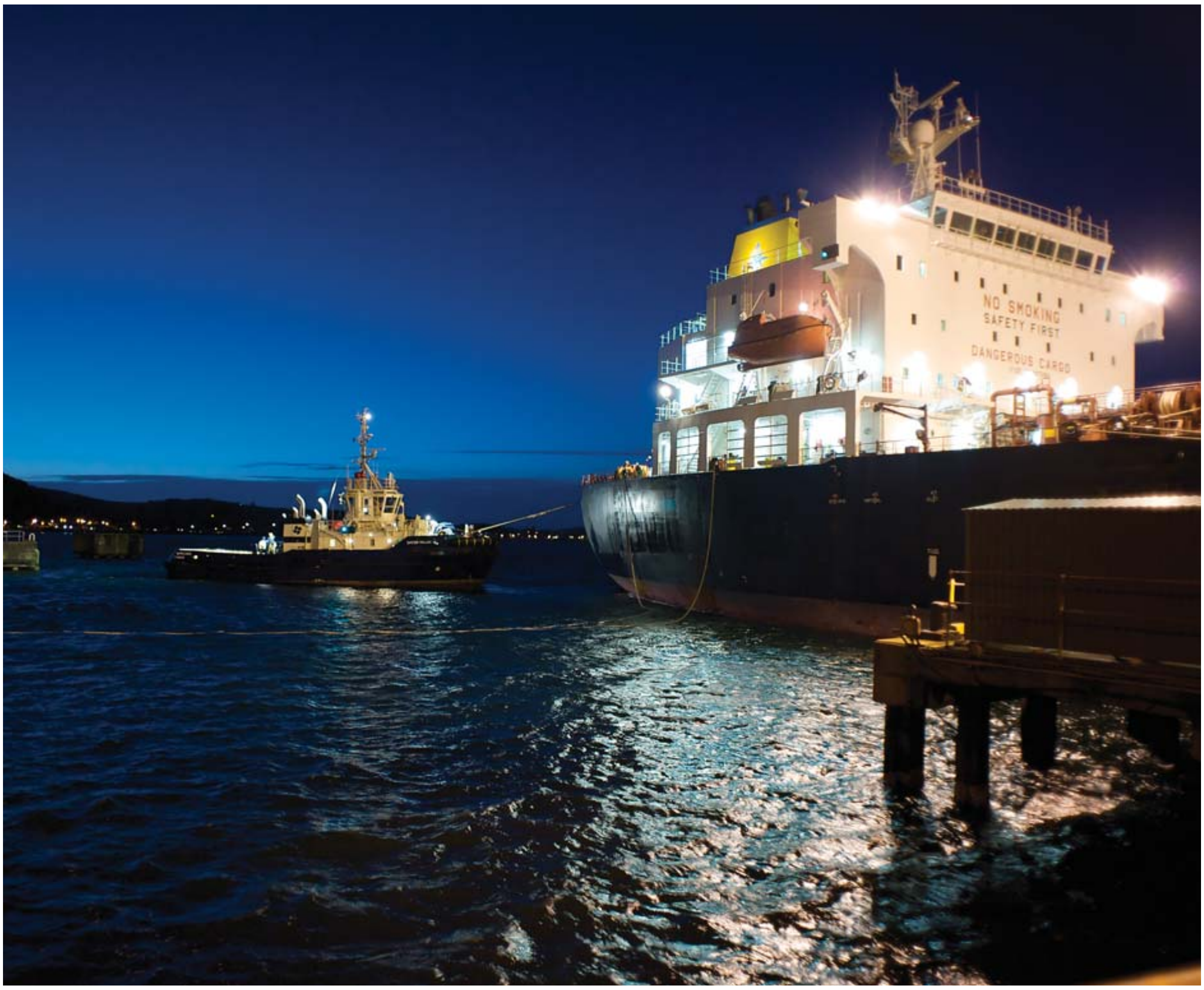
Within the product tanker industry, d'Amico International Shipping operates in the MR segment, which comprises vessels ranging from 25,000 dwt to 55,000 dwt. MR vessels account for the largest portion of product tankers; these size vessels permit the greatest flexibility in trade routes and access to ports which may have restrictions on vessel displacement size, or vessel length-overall. The most common cargo size for refined petroleum products is 30,000 – 40,000 tones, which usually represent full cargoes, since products transported have a specific gravity which varies between 0.66 and 0.82.

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%	41%	39%

[1] Source: Clarksons Research Services Limited, as of 1 January 2011. Percentage of total product tankers (4,374 vessels) excludes vessels with stainless steel tanks.

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





Shareholders

Investor Relations

d'Amico International Shipping Investor Relations team ran a structured program aimed at promoting an ongoing 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.

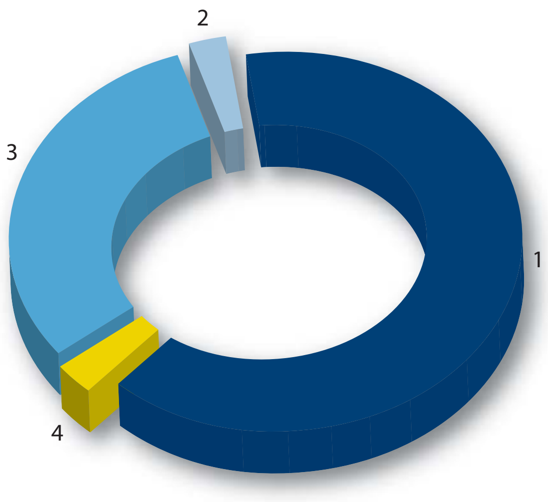
The financial results are presented on a quarterly basis through public conference calls which can be widely accessed, including through the Investor Relations website. During the year the IR team kept in constant contact with the financial community to discuss the Company performance and results through 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*

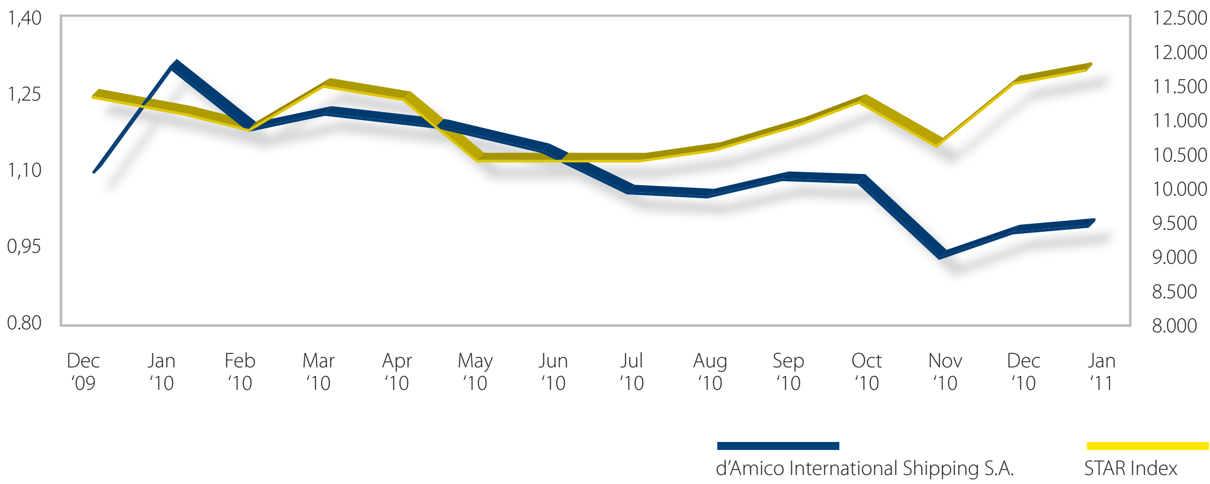
Shareholders

A total of 149,949,907 ordinary shares are outstanding. 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.	**65.09%**
2	d'Amico International Shipping S.A.	**2.90%**
3	Others	**29.78%**
4	Kairos Partners SGR S.p.A.	**2.23%**

Share Price performance



In 2010, DIS' share price fell by -10.8%, ending the year at Euro 0.98, versus Euro 1.10 at the end of 2009. The market capitalization of the Company's shares decreased to Euro 146 million at the end of 2010, versus Euro 164 million at the end of the previous year. The average daily volume during the year was 161 thousand shares.

Financial calendar

The 2011 Company's Financial Calendar is the following:

2010 draft Annual Financial Statements	Tuesday 22 February
Annual General Meeting	Tuesday 29 March
2011 First Interim Management Statements	Thursday 05 May
2011 Half Yearly Report	Thursday 28 July
2011 Third Interim Management Statements	Thursday 27 October

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 2010, the Group employed 437 seagoing personnel and 49 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 onboard 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 to 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, last July 1st, d'Amico Società di Navigazione together with other important Italian institutional partners 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 around the world and within the shipping industry. The training courses, which provide one year of classes and one year as internship, 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 onboard d'Amico vessels. In this respect, rigorous training program are in place, both ashore and onboard 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 allow 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

Accordingly to the strategy of the Group, focusing on the high-quality fleet management is a key success factor, as it is the people management, consistent with the d'Amico Group approach, strengthens its competitiveness. In order to ensure, in the medium/long term perspective, the most effective fit between people competences and roles/responsibilities, the d'Amico personnel policy assigns a relevant importance to training activities and to the people career profile definition and development. Structured incentive plans have been introduced, reinforcing the link between the individual objectives and the Group's targets. As part of the retention plan for the identified high potentials employees, d'Amico organizes middle management tailored initiative (Development Centre). 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.

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 such as ExxonMobil, Shell, Total, Glencore, Petrobras, Vitol and Vela, which are some of its established customers.

In order to demonstrate its vessels compliance, 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. IMO (Inter-Governmental 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 onboard 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 optimise 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 9001:2000 and ISO 14001:2004 established by the International Organisation for Standardisation, and was certified by the international classification society RINA S.p.A. (Registro Italiano Navale) in 2003.

Every year, the d'Amico SQE team carries out an internal audit (onboard 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 CO2 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.

Consistent with the d'Amico' philosophy of continuous improvement, the Group's technical management has undertaken several projects during 2010, whose purpose was to guarantee the highest level of safety and environmental aspects, over the minimum requirements established by the International Conventions. Among the others, the following major projects have been managed during 2010:

- The retrofit of all 'Aux Boilers', to guarantee a safe compliance with the EU Directive on minimum fuel sulphur content;
- In order to comply with the highest level of TMSA, it has been implemented the procedure relating to the exhaustive list of items onboard "critical spare parts" and "critical equipment";
- All hard copies of plans, manuals and drawings have been converted into the digital format. This will facilitate availability and improve tracking.

Corporate Social Responsibility

The d'Amico Group strategy includes 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 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 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 the Company's efficiency programme and an accommodation-specific energy conservation programme.

The energy saving programme is integrated in the 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 2010

In 2010 d'Amico International Shipping (DIS) returns improved after the fall of Oil Product demand in 2009. The demand increased throughout the year, constantly out-performing Industry expectations every quarter. The largest improvement came from the developing economies outside the OECD, and latterly with better than expected recovery in OECD. The better economic scenario did not translate into any great improvement in Tanker freight rates. Although Tanker utilization rates did improve, the growth in Oil Product demand was also met by access to the large Oil Product stocks, an overall increase in Refinery throughputs and by the large influx of new buildings. The periods of improved Product Tanker freight rates can be attributed to very cold weather conditions at the beginning of the year, an increase in Gasoline demand through the summer and latterly a disruption of Gasoil supply into Asia and arbitrage opportunities in the Naphtha markets.

The DIS 2010 figures reflected that improved, but not yet profitable industry environment. In order to have a better understanding of the financial performance, it should be highlighted that the Net loss of US$ 20.5 million included a foreign exchange loss of US$ 7.8 million arising from the conversion of debt denominated in Japanese Yen. This loss has been driven by the US dollar weakness against the Japanese currency, which is still characterizing the worldwide economy. Excluding the exchange difference, for both 2010 and the previous year, the non-cash effect, the net loss for 2010 was of US$ 12.7 million compared to the net loss of US$ 16.0 million occurred in 2009. The results recovery is particularly evident for the second half of 2010 with respect to the last two quarters of 2009. The last quarter of 2010, despite the fact that the result was worse than those realized in the previous quarters of the year, largely improved if compared with the same quarter last year: the Q4 net loss was of US$ 6.5 million (US$ 5.0 million excluding the foreign exchange losses) compared to the net loss of US$ 9.2 million in Q4 2009 (US$ 12.5 million excluding the foreign exchange gains).

The operating environment remained challenging during all the year, but DIS was able, maintaining its competitive market positioning and focusing its strategy on the optimization of the business model, to out-perform the market. The strong financial position and the relevant cash on hands highlight the ability of DIS to minimize the financial effects arising from the product tanker weak cycle. The operating cash flow generated during the year was partially off-set by a cash out-flow in the last quarter, but the balance remained positive on a full year basis.

Operating performance

US$ Thousand	2010	2009
Revenue	305,592	260,039
Voyage costs	(106,249)	(74,488)
Time charter equivalent earnings	**199,343**	**185,551**
Time charter hire costs	(102,314)	(91,336)
Other direct operating costs	(53,367)	(45,901)
General and administrative costs	(18,778)	(21,386)
Other operating Income	5,557	3,860
Gross operating profit / EBITDA	**30,441**	**30,788**
Depreciation	(32,467)	(37,163)
Operating profit / (loss) EBIT	**(2,026)**	**(6,375)**
Net financial income (charges)	(19,018)	(5,283)
Profit / (loss) before tax	**(21,044)**	**(11,658)**
Income taxes	513	(1,751)
Net profit / (loss)	**(20,531)**	**(13,409)**

The ***Revenue*** in 2010 amounted to US$ 305.6 million compared to the gross turnover of US$ 260.0 million realized in 2009. The increase was mainly due to the higher number of vessels employed in the spot market: the total number of vessels employed on average during the year was of 39.7 (38.5 in 2009). The off-hire days higher percentage in 2010 (2.9%) with respect to the previous year (2.5%) was attributable to the vessels dry-docks timing.

Voyage costs reflected the revenue trend and the related vessel employment portfolio mix, together with the different variable cost incidence over the years. These costs, which occur only for the vessel employed on the spot market, while for the vessels time chartered out the rate is net, amounted to US$ 106.2 million in 2010 (US$ 74.5 million 2009). The increase, other than by the vessels deployment, was also driven by the bunker cost trend, which has not been fully off-set/absorbed by spot gross freight rates level.

Time charter equivalent earnings amounted to US$ 199.3 million in 2010, improved by 7% compared to the previous year (US$ 185.6 million). The increase of US$ 13.7 million in the net revenue was due, other than to the slightly higher number of vessels operated on average during 2010, also to the spot freight rate recovery compared to the second half of 2009.

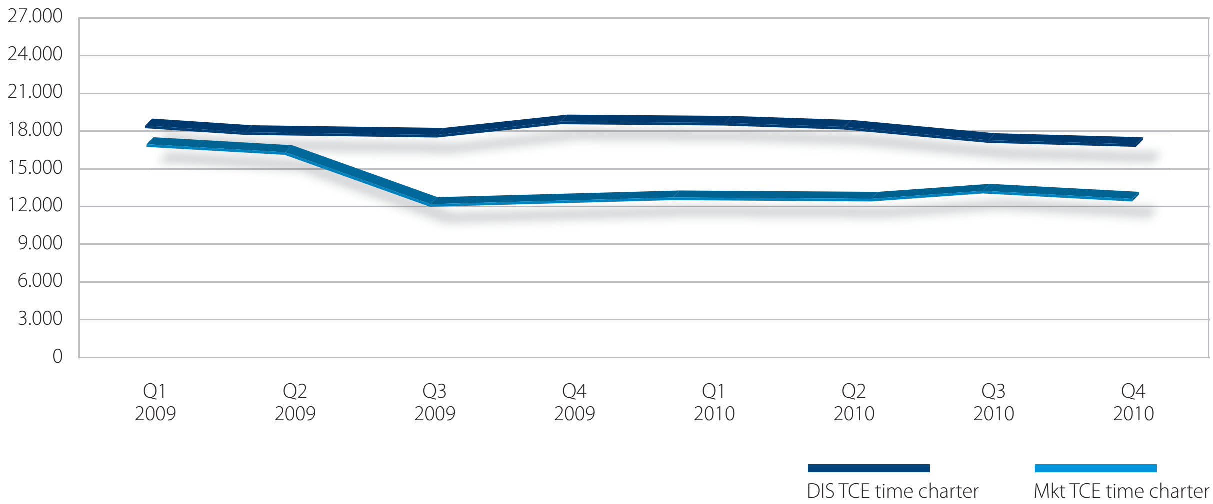
The table below shows the DIS TC-rates comparable trend in 2009 and 2010:

DIS TCE daily rates	2009					2010				
(US Dollars)	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Spot	20,358	14,422	10,248	9,343	13,069	12,961	11,960	13,690	12,864	12,854
Fixed	18,632	18,405	17,978	18,868	18,403	19,023	18,416	17,464	17,136	18,034
Average	19,375	16,504	13,879	14,235	15,891	15,901	15,260	15,336	14,809	15,291

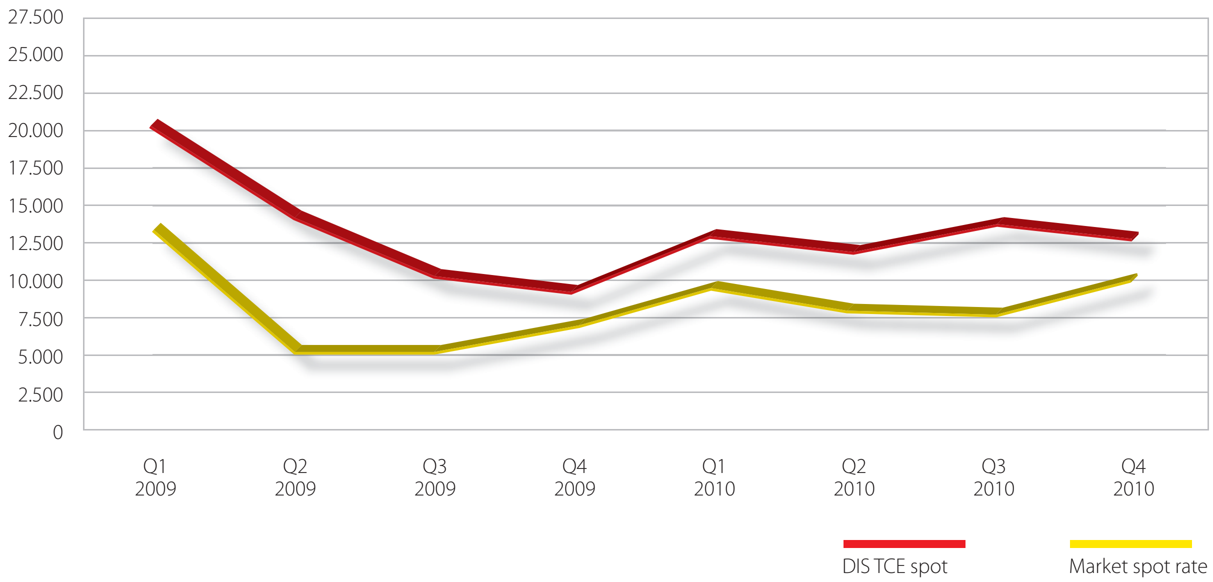
Following the relatively strong beginning of the current year (January), due to the cold winter season, the 2010 freight spot rates level, improved in the range of 25/30% compared to the second half of 2009. These freight rates, apart from another relative peak in July/August, have then remained stable over 2010. Despite the steady level on average, volatility has been noted regarding specific geographic area and routes. The current year DIS spot rates level have been generally and consistently higher than the market spot rates, confirming once more the Company's strategic positioning and competitive advantages in the product tanker segment.

DIS daily rates trend

DIS TC rate



DIS spot rate



The d'Amico policy to secure a significant portion of its revenue has been confirmed over the year, with revenue coming from fixed contracts ('coverage') of 45.5% on average, with respect to the coverage percentage of 54.8% in 2009. The lower level of the average fixed daily rate in 2010 is due to certain contracts renewed /signed this year, having the purpose to maintain strong relationships with oil majors, which is one the pillar of DIS strategy.

Time charter hire costs relate to the chartered-in vessels part of the DIS fleet and amounting in 2010 to US$ 102.3 million (US$ 91.3 million in 2009). The number of chartered-in vessels in 2010 was 20.1, compared to 18.1

Source: Clarksons as at February 2011

in 2009, and the increase explains the variance in these costs. The daily cost for the chartered-in fleet remained stable. The costs for the vessels chartered through the pool (2.6 only on average during 2010 and only 1.0 at the end of the year) are shown under Time charter equivalent earnings.

The ***Other direct operating costs*** mainly consist of crew, technical, luboil and insurance expenses relating to the operation of owned vessels. Those costs were US$ 53.4 million in 2010 compared to US$ 45.9 million in 2009. As the daily operating costs slightly increased with respect to the previous periods, the operating costs trend in 2010 was essentially due to the higher number of owned vessels and to the technical costs / ordinary maintenance timing, which could cause some 'period-on-period' variances. The owned vessels operated in 2010 were 17.0 (15.5 on average the previous year). It should be highlighted that the 'quality' of the fleet is an essential milestone of the d'Amico vision and strategy. In order to maintain the highest quality of the vessels, operating costs are constantly monitored, focusing on crew with appropriate skills, SQE (Safety, Quality & Environment) standards and by remaining in compliance with stringent market regulations. The Report on Operations includes specific and detailed disclosures relating to the d'Amico Group crew and ship management approach and characteristics.

The ***General and administrative costs*** reduction trend, which has started in 2009, has been confirmed over 2010, allowing DIS to further reduce costs, from US$ 21.4 million last year to US$ 18.8 million in 2010, which represents an improvement of 12%. These costs related to on-shore personnel costs, together with premises costs, consultancies, travel, and other. The positive trend has been also supported by the more favourable trend of the US$ / Euro exchange rate in 2010.

Other operating income amounted to US$ 5.6 million in 2010 (US$ 3.9 million in 2009). The balance includes, other chartering commissions from third parties vessels operated through pools, compensations relating to claims.

Gross operating profit (EBITDA) for 2010 was US$ 30.4 million (15.3% of margin in TCE Earnings), substantially in line, on a full year basis, with the result of the previous year (US$ 30.8 million). In 2009 the majority of EBITDA was realized during the still strong first quarter, while in the following quarters of that year there was a continual decrease. In 2010, driven by the improved market environment, the trend was completely different, showing a recovery in the Gross operating profit, with a turnaround in the margin trend. In the last quarter of 2010 the EBITDA, as a consequence of a relatively weaker freight rates, was lower if compared to the previous quarters of the same year. The Q4 2010 EBITDA of US$ 4.2 million represents, on the other side, a significant increase if compared to the very low result of same quarter last year (US$ 2.1 million).

Depreciation charges amounted to US$ 32.5 million in 2010 (US$ 37.2 million in 2009). The decrease was mainly due to the revised estimated useful life of the DIS vessels, which has been revised and increased from 17 to 20 years, more appropriately reflecting the d'Amico fleet characteristics, current trading conditions, employment and benchmarking with the other shipping companies in the same market segment.

The ***Operating result (EBIT)*** for the year was slightly negative (US$ 2.0 million), but improved with respect to the operating loss of US$ 6.4 million realized in 2009. The EBIDTA of the last quarter did not allow DIS to report a positive EBIT reached in the second and also in the third quarter of 2010. Despite this lack of support from freight rates, the better market conditions, together with the effective cost monitoring, allowed DIS to close the year at operating break-even level.

Net financial charges amounted in 2010 to US$ 19.0 million (US$ 5.3 million in 2009), significantly affected by the US Dollar currency weakness against the Japanese Yen. The exchange rate effect arising from the conversion of the loans denominated in JPY caused an unrealised loss of US$ 7.8 million (US$ 2.6 million of gain in 2009). Apart from this unrealised amount, the financial charges are made up of loan interest, whose amount was of US$ 11.2 million. The slight increase with respect to 2009 (US$ 10.0 million) is due to the additional bank debt in connection with the vessels new building plan. It should be highlighted that the 2009 item also included US$ 2.2 million of income relating to bareboat fees.

The Company's ***Loss before tax*** for 2010 was of US$ 21.0 million (loss of US$ 11.7 million in 2009).

Income taxes balance for 2010 was positive (US$ 0.5 million), compared to the cost of US$ 1.7 million in 2009. The tax charges due in connection with the tonnage tax applicable to the key operating subsidiary d'Amico Tankers Limited have been 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 2010 was US$ 20.5 million, compared to the net loss of US$ 13.4 million for 2009. Due to the improved but not yet strong industry environment, together with the significant effect of exchange rate losses, the turnaround realized in 2010 performances at Operating results level, has not yet reached the bottom line. A positive net result would require stronger freight rates and, consequently, a more robust product tanker market recovery.

Consolidated Statement of Financial Position (Balance Sheet)

US$ Thousand	As at 31 December 2010	As at 31 December 2009
ASSETS		
Non current assets	544,283	522,717
Current assets	165,235	202,423
Total assets	**709,518**	**725,140**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	333,106	353,499
Non current liabilities	284,658	261,220
Current liabilities	91,754	110,421
Total liabilities and shareholders' equity	**709,518**	**725,140**

Non current assets relate to the DIS owned vessels net book value. Over the last two years the product tanker industry has experienced a significant drop in the vessels market value. In the same period, due to the worldwide economic recession, the segment was also characterized by the relevant decline in the number of transactions, involving both second-hand vessels and new orders. In 2010 there has been a slight increase in 'sale & purchase' activity and, also considering the reduced pressure on the freight rates, the vessels market value partial recovery has been noted. The DIS fleet market value increased in the range of 10% with respect to December 2009. According to the valuation report provided by a primary broker at the beginning of January 2011, the estimated market value of the DIS owned fleet, including the portions relating to the new buildings under construction, is of US$ 492.5 million, compared to a net book value for the fleet of US$ 544.2 million. The estimated recoverable amount through the utilisation of the vessels over their useful life is higher than their book cost and therefore no impairment provision is deemed necessary.

Gross *Capital expenditures* in 2010 year were US$ 56.6 million and they relate to instalments paid to the shipyards for vessels under construction for GLENDA International Shipping Ltd (joint venture company). Dry-dock costs pertaining to owned vessels are also included in capitalised costs.

Current assets as at 31 December 2010 were US$ 165.2 million. Other than the working capital items, inventories and trade receivables, for an amount of respectively US$ 21.2 million and US$ 41.0 million, current assets include short term financial resources of US$ 76.5 million, of which treasury investments of US$ 8.2 million and cash on hands of US$ 68.3 million. As at 31 December 2010 both the inventories and the receivables balances increased compared to the previous year (2009 balances were US$ 15.1 million and US$ 28.3 million). The variance is due to the fleet growth and to the higher number of the vessels operated in the spot market, which normally result in additional receivables based on demurrage. The 2009 balances also included current financial receivables of US$ 56.3 million relating to the instalments to be paid back in connection with the cancellation of the four SLS shipyard product tankers, which were entirely received during the first half of 2010.

Non-current liabilities (US$ 284.7 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, for a total amount of US$ 68.9 million, essentially relating to trade and other payables. The payables, consistent with the trade receivables trend, increased compared to the end of 2009, up to US$ 63.2 million. The variance in trade payables is mainly due to the increased vessels on direct employment.

The ***Shareholders' equity*** balance at 31 December 2010 was of US$ 333.1 million (US$ 353.5 million as at 31 December 2009). 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 2010 amounted to US$ 231.0 million. The variance compared to the balance of US$ 171.4 million at the end of the previous year, was mainly due to the vessels under construction instalment payments. The ratio of net debt to shareholder's equity of 0.69 (0.48 at 31 December 2009) is largely positive, despite the fact that it reflects the debt variance. As further confirmation of the DIS solid financial position, during the year there was also a relevant reduction of the short term debt, whose balance at 31 December 2010 is of only US$ 11.1 million.

US$ Thousand	As at 31 December 2010	As at 31 December 2009
Liquidity		
Cash and cash equivalents	68,266	92,243
Current financial receivables		
From third parties	-	56,332
Current financial assets	8,250	-
Total current financial assets	**76,516**	**148,575**
Bank loans – current	**11,065**	**44,983**
Other lenders	**-**	**1,541**
Other current financial liabilities		
Due to third parties (IRS fair value)	11,753	12,191
Total current financial debt	**22,818**	**58,716**
Net current financial debt	**(53,698)**	**(89,859)**
Bank loans non-current	**284,658**	**250,436**
Other non-current financial liabilities		
Due to third parties	-	10,783
Total non current financial debt	**284,658**	**261,220**
Net financial indebtness	**230,960**	**171,360**

The short term financial resources (*Cash and cash equivalents* together with the treasury investments shown under *Current financial assets*) continue to maintain the significant level of US$ 76.5 million. These financial resources allow DIS to appropriately manage the still 'under pressure' market environment and also to fund the equity portion of the capital expenditure already committed relating to the new building plan over the following years.

Current financial receivables relating to the amount of the instalments paid to the SLS shipyard in connection with the last of the four vessels originally ordered by GLENDA International Shipping, the joint venture between DIS and Glencore Group have been fully received in 2010.

The total outstanding bank debt (*Bank loans*) as at 31 December 2010 amounted to US$ 295.7 million (US$ 295.4 million as at 31 December 2009), of which US$ 11.1 million is due within one year. The DIS debt structure is based on the two facilities granted to d'Amico Tankers Limited (Ireland), the key operating company of the Group: (i) Calyon 10 years revolving facility (syndicated by other banking institutions) of US$ 149.0 million; (ii) Mizuho syndicated loan facility of US$ 31.5 million. DIS debt also comprises the share of the loans existing at the two joint ventures level, GLENDA International Shipping Ltd and DM Shipping Ltd, proportionally consolidated in DIS accounts: (i) Commerzbank AG Global Shipping and Credit Suisse loans of US$ 84.1 million for the Glenda International Shipping Ltd Hyundai-Mipo new-building vessels, of which three have been already delivered, while the remaining three will be delivered during the first quarter of 2011 (ii) Mitsubishi UFJ Lease loan of US$ 30.8 million in connection with the financing of the DM Shipping Ltd two vessels delivered in 2009.

Net debt also includes, under *Other current financial liabilities*, US$ 11.8 million of negative valuation of derivatives hedging instruments (essentially interest rate swap agreements – IRS). The amount of US$ 12.2 million shown as at 31 December 2009 under other lenders and due from GLENDA International Shipping to ST Shipping (repayment of vessel instalments), has been settled as part of the agreement finalized in February 2010 and disclosed under Significant events of the period, relating to transfer to d'Amico Tankers Limited and to ST Shipping and Transport Pte. Limited – Singapore of, respectively, the 2 Hyundai class M/R Product/Chemical tanker vessels and the 2 Hyundai 74,000 dwt class Product/Oil tanker vessels.

Cash Flow

The net cash flow for the year ended at 31 December 2010, driven by the significant capital expenditures in connection with the vessels under construction instalments, was negative for the amount of US$ 24.1 million. Net of the flow of US$ 8.3 million for the short term financing investment, net cash outflow was effectively of US$ 15.8 million. The 2009 cash flow was positively influenced by the cash-in of the proceeds arising from the sale of two vessels.

US$ Thousand	2010	2009
Cash flow from operating activities	2,431	18,258
Cash flow from investing activities	(54,062)	(28,677)
Cash flow from financing activities	27,548	61,262
Change in cash balance	**(24,083)**	**50,843**
Net increase/(decrease) in cash and cash equivalents	**(24,083)**	**50,843**
Cash and cash equivalents at the beginning of the period	92,243	41,482
Exchange gain/(loss) on cash and cash equivalents	106	(82)
Cash and cash equivalents at the end of the period	**68,266**	**92,243**

Cash flow from operating activities for the year was of US$ 2.4 million (cash flow of US$ 18.3 million in 2009, but all generated in the first half of that year). In 2010, in a better, but still challenging market environment, DIS confirmed its ability to generate a positive operating cash flow to mitigate the negative 'momentum'.

	Q1	Q2	Q3	Q4	FY
(US Dollars)					
Operating cash flow	1,990	2,484	4,293	(6,336)	2,431

The net ***Cash flow from investing activities*** of US$ 54.1 million (outflow) was made up of gross capital expenditures in connection with the instalments paid for the new building plan, as well as dry-dock expenses, for the total amount of US$ 56.6 million. The balance for the period is net of US$ 2.5 million arising from the transfer of the vessels from GLENDA International Shipping to the d'Amico Tankers Limited and ST Shipping and Transport Pte. Limited.

Cash flow from financing activities in 2010 amounted to net balance of US$ 27.5 million. The cash flow from financing activities, other than bank debts reimbursements, comprises the effect of the cash-in of the refund guarantee relating to the instalments already paid to SLS shipyard in connection with the four new buildings cancellation (US$ 56.7 million), net of the repayment to the bank of the loan on those vessels (US$ 34.0 million). In the second half of 2010 the Company also made short term investments of cash (US$ 8.3 million).

Quarterly Results

Fourth Quarter results

The fourth quarter 2010 and 2009 full income statements are shown below:

US$ Thousand	Q4 2010	Q4 2009
Revenue	81,664	71,352
Voyage costs	(32,746)	(26,908)
Time charter equivalent earnings	**48,918**	**44,444**
Time charter hire costs	(26,288)	(24,855)
Other direct operating costs	(14,499)	(12,153)
General and administrative costs	(5,528)	(6,264)
Other operating Income	1,580	918
Gross operating profit / EBITDA	**4,183**	**2,090**
Depreciation	(8,147)	(10,044)
Operating profit / (loss) EBIT	**(3,964)**	**(7,954)**
Net financial income (charges)	(4,377)	154
Profit / (loss) before tax	**(8,341)**	**(7,800)**
Income taxes	1,851	(1,382)
Net profit / (loss)	**(6,490)**	**(9,182)**

Market and key operating measures review by Quarter

	Q1	Q2	Q3	Q4	FY
Total vessel equivalent					
2010	41.5	39.1	39.5	38.6	39.7
2009	36.0	37.4	38.5	41.1	38.5
Off-hire days/available vessel days (%)					
2010	2.4%	2.3%	3.0%	3.76%	2.9%
2009	2.5%	4.1%	2.5%	1.1%	2.5%
TCE earnings per employment day (US$)					
2010	15,901	15,260	15,336	14,809	15,291
2009	19,375	16,504	13,879	14,235	15,891

Financials by Quarter

The 2010 quarterly financials substantially reflect the trend in freight markets.

US$ Thousand	Q1	Q2	Q3	Q4	FY
Revenue	72,236	71,369	80,323	81,664	305,592
Voyage costs	(21,123)	(23,242)	(29,138)	(32,746)	(106,249)
Time charter equivalent earnings	**51,113**	**48,127**	**51,185**	**48,918**	**199,343**
Time charter hire costs	(25,506)	(23,552)	(26,968)	(26,288)	(102,314)
Other direct operating costs	(14,069)	(12,307)	(12,492)	(14,499)	(53,367)
General and administrative costs	(4,580)	(4,690)	(3,916)	(5,592)	(18,778)
Other operating Income	226	1,788	1,899	1,644	5,557
Gross operating profit / EBITDA	**7,184**	**9,366**	**9,708**	**4,183**	**30,441**
Depreciation	(8,019)	(8,036)	(8,265)	(8,147)	(32,467)
Operating profit / (loss) EBIT	**(835)**	**1,330**	**1,443**	**(3,964)**	**(2,026)**
Net financial income (charges)	(2,280)	(5,976)	(6,385)	(4,377)	(19,018)
Profit / (loss) before tax	**(3,115)**	**(4,646)**	**(4,942)**	**(8,341)**	**(21,044)**
Income taxes	**(337)**	**(838)**	**(163)**	**1,851**	**513**
Net profit / (loss)	**(3,452)**	**(5,484)**	**(5,105)**	**(6,490)**	**(20,531)**

The following table shows the Net Debt at the end of the fourth quarter 2010 compared with the figures at end of the third quarter of the same year:

US$ Thousand	As at 31 December 2010	As at 30 September 2010
Cash and cash equivalents	68,266	84,881
Current financial assets	8,250	6,228
Current financial liabilities	22,819	23,346
Non current financial debt	284,658	260,942
Net financial indebtedness	**230,961**	**193,179**

Significant Events of the Year

Controlled fleet – d'Amico Tankers Limited

During 2010 the following changes occurred in the fleet controlled by d'Amico Tankers Limited:

- In the first half of 2010 was carried out a reorganisation process of the Handytankers pool fleet mainly focused on the rationalisation of the partners interests into the vessel chartered through the pool. In the meanwhile d'Amico Tankers decided to reduce its fleet exposure into the pool. As a result, at the end of December 2010 d'Amico Tankers Limited employed only one vessel through Handytankers. The vessels that d'Amico Tankers Limited withdrew from the pool over 2010 are currently directly employed;
- April 2010 - *M/T Cielo di Roma*, a handy-size chartered vessel, and *M/T High Trader*, a medium range chartered vessel were redelivered back to their Owners;
- July 2010 - *M/T Uzava*, a medium range product tanker vessel, was time chartered by d'Amico Tankers Limited for a 1 year period;
- September 2010 - *M/T Cielo di Milano*, a handy-size product tanker vessel, was redelivered by d'Amico to her Owners.

Controlled fleet – GLENDA International Shipping Limited

The following are the changes occurred in 2010 relating to the fleet controlled by GLENDA International Shipping Limited, the joint venture company with Glencore Group, in which DIS has a 50% interest:

- February 2010 – *M/T GLENDA Meredith*, a medium range owned vessel, was delivered to GLENDA International Shipping Limited;
- April 2010 - the *M/T Dauntless*, a medium range vessel, was time chartered by GLENDA International Shipping Limited for a 2 years period. Following the change in the ownership, the vessel was redelivered back to her Owners in mid October;
- November 2010 - *M/T GLENDA Melanie*, a medium range owned vessel, was delivered to GLENDA International Shipping Limited.

GLENDA International Shipping Limited – The publication of the arbitration awards in the dispute between GLENDA and SLS Shipbuilding Co. Ltd. and related cash-in of the refund guarantee for all the instalments

On 2 February 2010 and on 27 April 2010 were respectively published the Tribunals' awards relating to the first three and to the fourth arbitrations between GLENDA International Shipping Ltd ("GLENDA"), the joint venture company between the Glencore Group and DIS, and SLS Shipbuilding Co. Ltd of Tongyeong, Korea ("SLS Shipyard") over the termination of the new building contracts relating to the 51,000 DWT product/chemical tanker vessels bearing hull nr. S510, nr. S511, nr.S512 and nr. S513, (the "Contracts"), duly executed on 7 December 2006 and novated to GLENDA on 19 November 2007. The Tribunals found that the four new building contracts were duly cancelled by GLENDA, and that GLENDA was entitled to obtain a refund of all installments paid under the respective shipbuilding contracts. Kookmin Bank of South Korea, in its position as guarantor of SLS Shipbuilding Co. Ltd of Tongyeong Korea and following to the relevant published arbitration awards, refunded GLENDA all installments paid on GLENDA's behalf under those terminated new shipbuilding contracts on 3 March 2010 and on 27 May 2010. The total refund, including interest, amounted to US$ 113.4 million. Net of the repayment to the financing bank, the amount reimbursed to GLENDA was US$ 45.3 million.

GLENDA International Shipping Limited - The transfer of 2 Hyundai MR product / chemical vessels owned by GLENDA to d'Amico Tankers Limited and 2 Hyundai LR1 product / oil tankers vessels also owned by GLENDA to ST Shipping Transport PTE. LTD

On 3 March 2010 GLENDA International Shipping Limited ("GLENDA"), the joint venture company between the Glencore Group and DIS, transfers: (i) all of its rights and obligations in respect of the 2 Hyundai class M/R Product/Chemical tanker vessels bearing hull n° 2164 and hull n°2188 (the "Tanker Vessels") to d'Amico Tankers Limited - Ireland, the DIS fully owned operating subsidiary and; (ii) all of its rights and obligations in respect of the 2 Hyundai 74,000 dwt class Product/Oil tanker vessels bearing hull n°2292 and hull n° 2293 to ST Shipping and Transport Pte. Limited - Singapore. The cost for the Tanker Vessels transferred to d'Amico Tankers Limited were reduced from US$ 50.5 million to an average of US$ 45.7million per Tanker Vessel with a total, still outstanding, capital commitment amounting to US$ 56.2 million. It was further agreed with Hyundai Mipo Dockyard Co. Limited – Korea to increase the deadweight of the Tanker Vessels from 46,000 to 52,000 and, at the same time, it has also been agreed the postponement, at no extra costs, of their respective delivery date from March 2011 to the first quarter of 2012.

d'Amico Tankers Limited – The conclusion of time charter deals

In the course of the year, the operating subsidiary d'Amico Tankers Limited (Ireland), signed five Time Charter out agreements, of which two were contract renewals, with some of the main Oil Majors and Trading Houses. Three vessels were fixed for one year plus option to extend for one additional year, while the other two vessels were respectively fixed for one and three years period. Also, the pools, through which d'Amico Tankers Limited operates a significant part of its fleet, were able to secure two further Time Charter agreements with Oil Majors and Trading Houses each, for three years. These Time Charters were fixed at levels which supported the operating cash flow, increasing at the same time the coverage (revenue generated by fixed contracts).

Organisation Structure

On 8 July 2010 Michael Valentin, Chief Operating Officer (COO), left the Group. On 09 November 2010 it was announced the appointment of Flemming Carlsen to the role of Chief Operating Officer (COO). Flemming Carlsen, starting from 1st of January 2011, has taken the responsibilities for DIS chartering and operations activities, reporting to the Chief Executive Officer Marco Fiori. Flemming Carlsen has started his professional experience in A.P. Møller – Maersk Group, where he held the position of Strategic Sales and Marketing General Manager. His previous professional experiences included the role of Head of Regional Operations Europe at Neptune Orient Lines (London) and, recently, he took the position of Managing Director of UPT United Product Tankers (Hamburg).

During the last quarter of the year DIS finalized the re-organization plan relating to its operating functions. The current organization structure, apart from the holding company based in Luxembourg (DIS), is based on the following main locations:

- Dublin as head office of the key operating company d'Amico Tankers Limited, the pool companies and of the Joint Ventures;
- London and Singapore are the two offices where the chartering and operations team has been consolidated, respectively covering the West and Eastern hemisphere, supporting the Dublin office in its strategic and commercial management of the fleet.


NO SMOKING
NO SMOKING
HIGH CENTURY
HONG KONG

Significant Events Since the End of the Year and Business Outlook

Controlled Fleet

The *M/T GLENDA Melody* and *M/T GLENDA Meryl*, medium range owned vessels, were delivered to GLENDA International Shipping Limited respectively on 27 January and 16 February 2011. The last of the six Hyundai-Mipo Dockyard chemical/product tankers vessels ordered by the Joint Venture between d'Amico and Glencore Group, the *M/T GLENDA Melissa*, is expected to be delivered at the end of February 2011, successfully completing the new building plan.

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

	As at 31 December 2010			As at 22 February 2011		
	MR	Handysize	Total	MR	Handysize	Total
Owned	14.5	3.0	17.5	16.0	3.0	19.0
Time chartered	16.0	4.0	20.0	16.0	3.0	19.0
Chartered through pools	-	1.0	1.0	-	1.0	1.0
Total	**30.5**	**8.0**	**38.5**	**32.0**	**7.0**	**39.0**

d'Amico Tankers Limited – The conclusion of time charter deals with an oil majors

Early in 2011, d'Amico Tankers Limited renewed for two more years, plus option to extend for one additional year, three time charter-out contracts with oil major. These contracts have been fixed at time charter rates, allowing the Company to support the operating cash flow generation. Following those agreements, the expected DIS average coverage ('revenue generated by fixed contracts') for 2011 will be around 45%.

Business Outlook

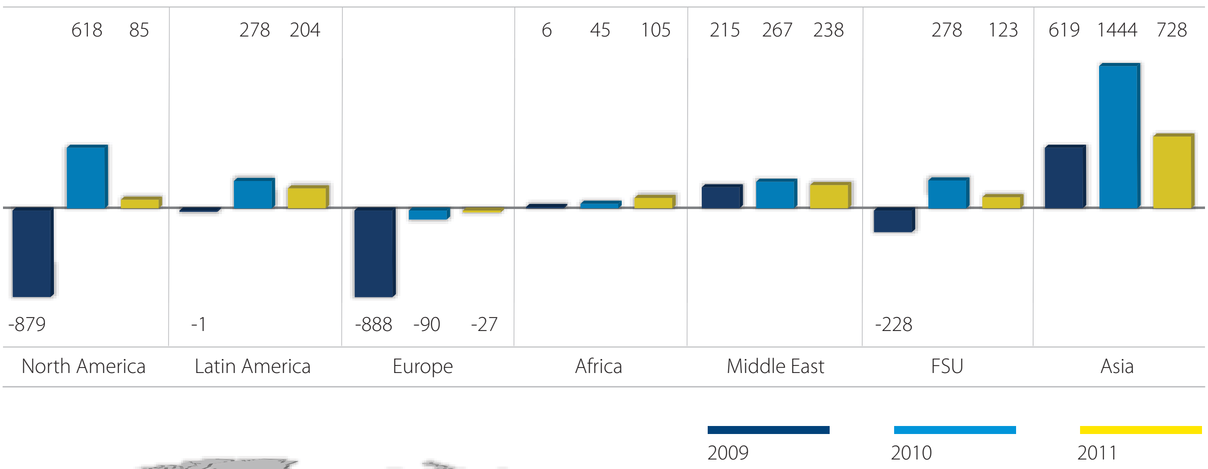
2011 has begun with better indicators and sentiment than at any point in the last three years. The IEA have once again revised their forecast for forward oil product demand for 2011 primarily on the back of improving GDP estimates from the likes of the IMF. Forward expectations of world GDP growth have been revised for entire 2011 projections based on recent unexpected positive growth within OECD regions. As the Oil Products stocks have reduced in the last quarter of 2010, excluding United States, Product Tanker rates and utilization are expected to improve this year with some product dislocation and arbitrage opportunities, albeit not too significant. d'Amico International Shipping continues to maintain a cautious approach going into the first months of 2011, while the longer term view is more positive with consolidation of refining capacity outside the OECD in the coming years leading to improved ton mile demand and better utilization rates. This being said, d'Amico International Shipping maintains a cautious approach going into this quarter.

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 in more details below:

Product Tanker Demand

- The International Energy Agency (IEA) once again revised upwards its estimate and forecast for global oil demand in 2010 and 2011. Global oil demand in 2010 is now estimated to have averaged 87.72 million barrels per day, 280,000 barrels per day higher than previously assessed;
- 2010 demand recovered by 2.74 million barrels per day versus 2009, more than offsetting the declines recorded in 2008 and 2009;
- The forecast for 2011 has been revised up by 360,000 barrels per day to 89.13 million barrels, indicating a 1.41 million barrels per day increase year-on-year increase;
- Additional Refinery capacity will increase, with some delays, by a staggering 9 million barrels per day between 2010 and 2015, predominately in emerging Economies. This new low-cost capacity in Asia has resulted in a rationalization of refineries in the OECD. Within the last six month 640,000 barrels per day capacity, primarily in Europe, has been permanently closed;
- This increased low-cost refinery capacity within Asia should structurally favour more long haul products trade. So as ton mile demand increases this should have a positive effect on Product Tanker demand;
- The Chinese government has directed state owned companies to curb Gasoil exports and hike imports. EU Sanctions for Iran has forced exporters such as India to find new markets which have resulted in better ton mile voyages;
- India will add 1.1 million barrels per day of crude distillation capacity by 2015. On currents projection India will overtake Japan as the world's fourth largest refiner by 2013. This increased capacity leaves them with excess export capacity;
- With the resurgence of gasoil imports to Europe, and improved demand in China, Indian refined product exports rose to a high of more than 1 million barrels per day in December, from a low of 660,000 barrels per day in November.

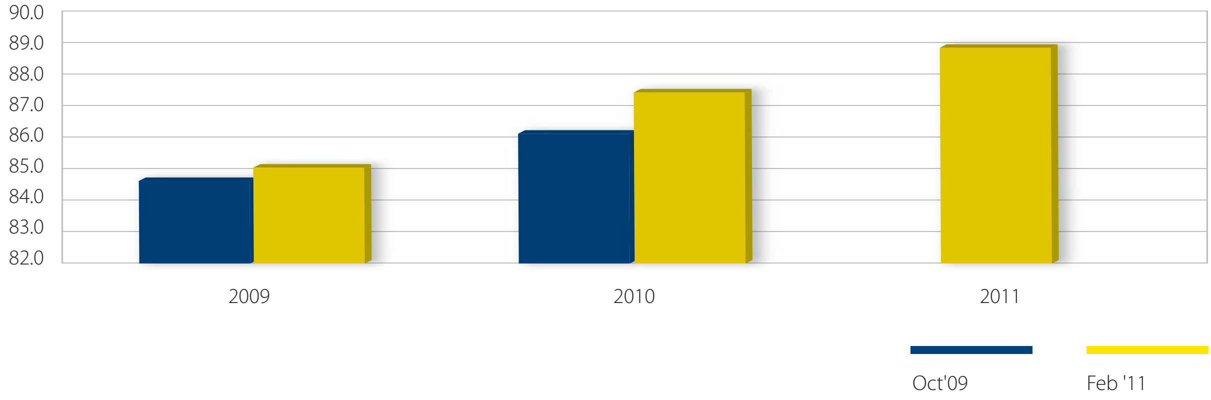
Global Oil Demand Growth 2009-2010-2011



Global Demand Growth (mb/d)

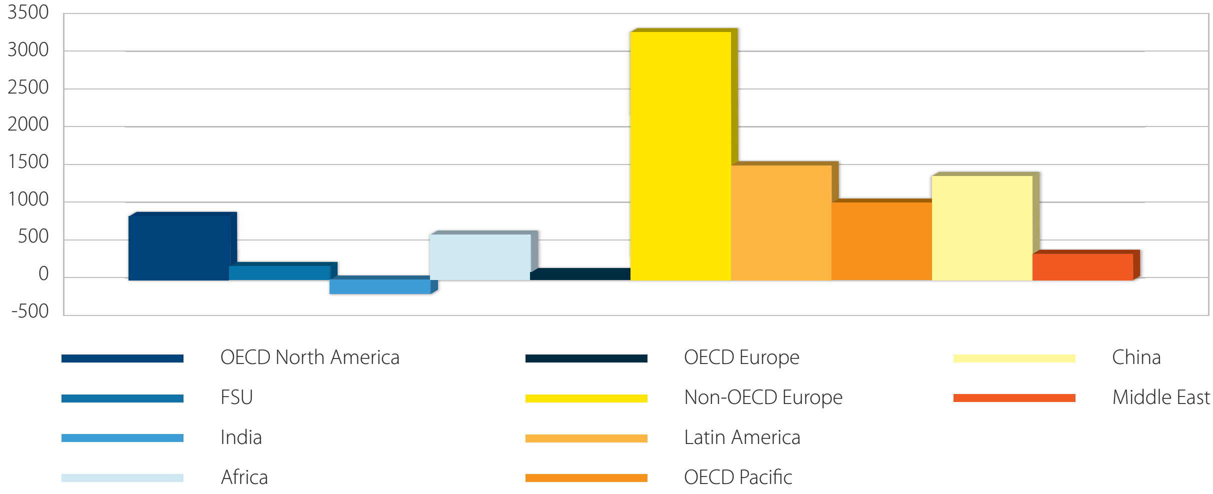
2009	-1.16	-1.3%
2010	2.84	3.3%
2011	1.46	1.7%

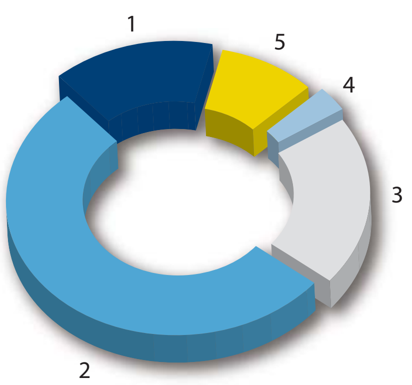
Global Oil Demand (2009-2011) IEA Estimates



Crude distillation additions and expansion

(millbpd)





1	Middle East	**15%**
2	Asia	**53%**
3	Other Countries	**20%**
4	Europe	**3%**
5	North America	**9%**

Source: International Energy Agency Medium Term Oil Market report, February 2011

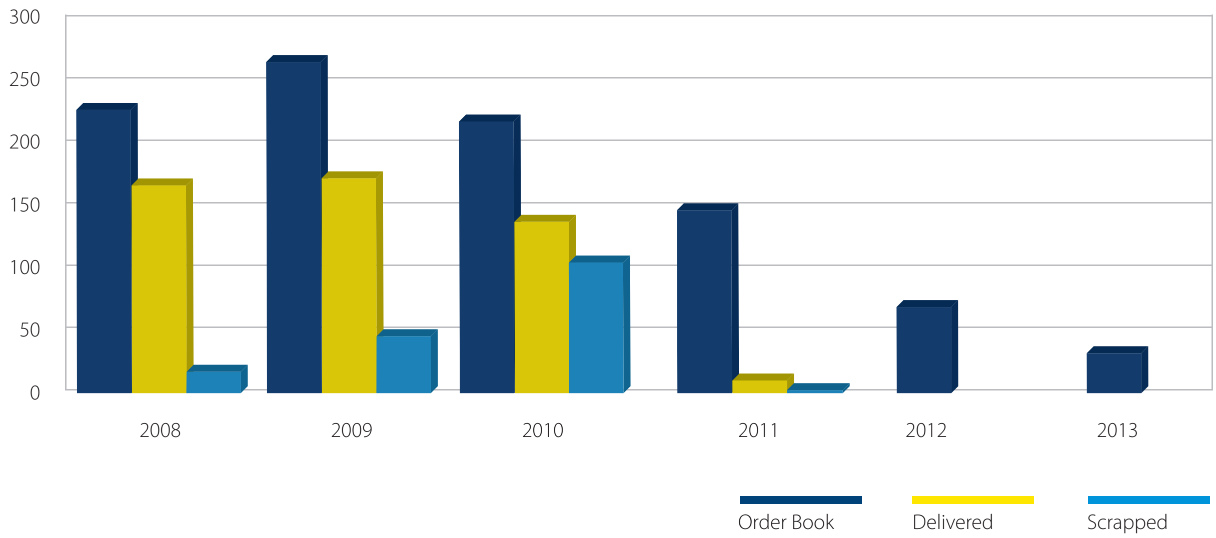
Product Tanker Supply

- The order book for the last few years has been the biggest negative for the Product Tanker market; however it has become apparent that not all those ships that were scheduled to be delivered would in fact appear. The percentage of ships, in the 25-55,000 deadweight segments, that were not delivered has been scheduled but running at between 25-30% for the last three years;
- This 25-30% reduction in anticipated supply can be attributed to delivery slippage, cancellations and renegotiated contracts and conversions;
- Scrapping is a factor for the shipping industry however the phase out and relatively poor returns has accelerated the removal of ships last year. About three million seven hundred thousand (3,700,000) deadweight has been permanently removed from the 25-55,000 deadweight segments;
- The net forward growth is looking far more manageable in this segment. The reduction in deliveries and removals is reducing the growth back in to single digit percentage increase;
- The Oil price is back up to a little over us dollars one hundred per barrel; this in turns translates into much higher bunker costs.

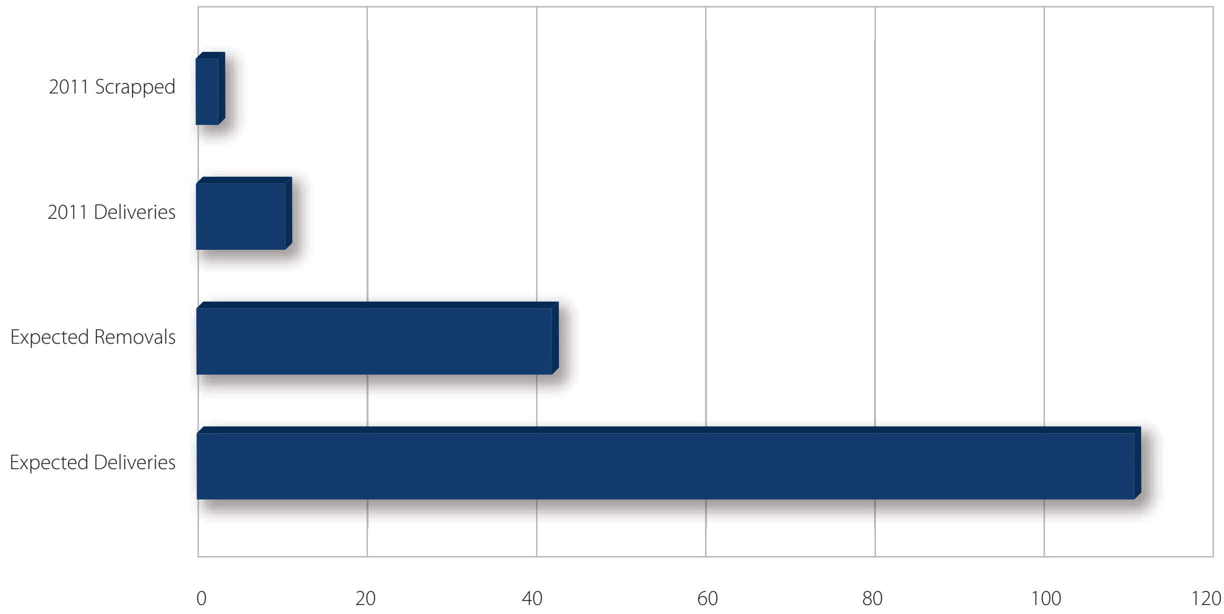
The above factors are those which could affect the future development and performances. In the section 'Financial review' it has been already disclosed the financial position of the Group, its cash flows and net debt. d'Amico International Shipping, other than the relevant "cash on hand", has significant financial resources available through its credit lines. In addition, a significant portion of the revenue has been already secured and the expected fixed contract coverage percentage for 2011 is in the range of 45% on average, coming from time charter-out contracts. These resources and the balanced business development model consequently allow the Company directors to believe that, despite the current uncertain worldwide economic outlook, DIS is well positioned for the coming year.

Medium Range Product Tankers deliveries / scrapping

Orderbook vs. deliveries – MR Tankers 2008-2011



Orderbook vs. deliveries – MR Tankers expected



Corporate Governance

d'Amico International Shipping S.A. (hereinafter, the "Company") is a company duly incorporated on February 9th 2007 and existing under Luxembourg laws. The Company is listed on the STAR segment of the Mercato Telematico Azionario (hereinafter, the "MTA") organised and managed by Borsa Italiana S.p.A. (hereinafter, `Borsa Italiana"). The Company is organised in compliance with the applicable Luxembourg laws and provisions and, as per resolution of its Board of Directors of February 23rd 2007, resolved to adopt the Corporate Governance Code of Conduct for the Italian Listed Companies issued and approved by Borsa Italiana on March 14th 2006 (hereinafter, the "Borsa Italiana Code", available at the Borsa Italiana S.p.A. website being www.borsaitaliana.it and also at the Website).) The Company is further subject to the disclosure obligations related to corporate actions and periodic information established by Luxembourg Law of 11th January 2008 on transparency obligations and where different to those communicated by Consob, the Italian Financial Regulator, on April 5th and 12th 2007, according to Article 114 of Consob Regulation n. 11971 of May 14th 1999, implementing the provisions on issuers of Legislative Decree n. 58 of February 24th 1998, as amended by further Consob resolutions, (hereinafter, the "Consob Issuer Regulation") and to Article 2.1.4 of the Rules of the Markets organised and managed by Borsa Italiana (hereinafter, the "Borsa Italiana Regulation"). In accordance with the provisions of the Instructions to the Rules of the Markets organised and managed by Borsa Italiana S.p.A (hereinafter, the "Borsa Italiana Instructions"), on the occasion of the Annual General Shareholders' Meeting called to approve the Company's Annual Financial Statements, the 2010 Annual Report on Corporate Governance and ownership structure (hereinafter the "Report") is filed with Borsa Italiana and Société de la Bourse de Luxembourg S.A. in its quality of OAM, then made available both at the registered office of the Company and in the Investor Relations section of the Company's website, www.damicointernationalshipping.com (hereinafter, the "Website") which also contains other documents regarding the Company's corporate governance system.

Board of Directors

In accordance with the Articles of Association the Annual General Shareholders' Meeting held on March 31st 2009 fixed at eight (8) the number of the members of the Board of Directors and appointed two (2) new members, namely Heinz Peter Barandun and John Joseph Danilovich. Each of the new members of the Board of Directors was elected for a two year term office that will end, as for the other members, with the Annual General Shareholders' Meeting called to approve the 2010 Company's Financial Statements. At the date of the Report, the Board of Directors consists of eight (8) directors, of whom three (3) are Executive and five (5) are Non-Executive; of the latter four (4) are classified as Independent Directors. The actual number of Independent Directors, further assessment carried out by the Nomination and Remuneration Committee, was judged adequate with reference to the size of the Board and the activity of the Company.

In compliance with the Borsa Italiana Code recommendations, the Board of Directors in its meeting held on May 6th 2008, having taken into consideration the purpose and the dimension of the Company and of the group of which the Company is part as well as the participation of the directors of the Company in several committees established within its members, resolved that the directors of the Company, so as to be able to grant an effective performance of their duties, may not hold more than fifteen (15) offices on the boards of directors and/or on the boards of auditors of other companies either listed on regulated markets (including foreign markets), or financial ones, banks, insurance companies and/or companies of a considerably large size. To this end, the Board of Directors further resolved to disregard, in the count of the global number of offices, all the companies which are members of the same group of which the Company is part and to consider as one all the offices held on companies belonging to a same group other than the Company's one.

The following scheme evidences the composition of the Board of Directors and the number of relevant offices held by each of the Directors in the said other companies.

Name	Office	In office from	Executive	Non-executive	Independent	% of attendance	Other relevant offices
Paolo d'Amico	Chairman	23.02.2007	X			75%	5
Marco Fiori	Chief Executive Officer	09.02.2007	X			100%	-
Cesare d'Amico	Director	23.02.2007	X			100%	6
Stas Andrzej Jozwiak*	Director	23.02.2007		X	X	100%	-
Massimo Castrogiovanni	Director	23.02.2007		X	X	100%	-
Giovanni Battista Nunziante	Director	23.02.2007		X		100%	1
Heinz Peter Barandun	Director	31.03.2009		X	X	100%	3
John Joseph Danilovich	Director	31.03.2009		X	X	100%	-

*Lead Independent Director

As of the date of the Report three (3) **members of the Board of Directors** are **Executive** namely, Paolo d'Amico, Cesare d'Amico and Marco Fiori. Moreover, the Board of Directors held on May 6th 2008 resolved to confirm the appointment of Paolo d'Amico as **Chairman** of the Board of Directors without a specific delegation of powers, of Marco Fiori as **Chief Executive Officer** of the Company in charge of the Company's daily management and representation and with power to bind the Company under his single signature up to amounts of USD five (5) millions –or equivalent in any other currency- and also confirmed the setting up of the **Executive Committee** specifying the following tasks:

- to determine the organizational structure of the Company;
- to review, analyze and evaluate the strategic, industrial and financial plan of the Company and of its subsidiaries together with the relevant budget, business plan and any other document, paper, plan and proposal concerning the Company and its subsidiaries as well as any update of the above mentioned documents;
- to grant voting instructions to representatives of the Company in the corporate bodies of the Company's subsidiaries;
- to designate the members of the board of directors and/or of the executive committee and the members of the control bodies of the Company's subsidiaries;
- to employ, dismiss, transfer and to grant powers to the employees with managerial responsibilities of the Company and to give any relevant instructions in that respect to its subsidiaries;
- to review, analyze and evaluate, in the light of the strategic, industrial and financial plan of the Company and of its subsidiaries, all of the contracts, deeds, acts and documents concerning new building, purchase, sale, long term chartering in and long term chartering out of vessels.

Current members of the Executive Committee are namely, Paolo d'Amico, Cesare d'Amico and Marco Fiori. In 2010 Financial Year the Executive Committee held 2 meetings with a 100% attendance of all its appointed members. On July 29th 2008 the Board of Directors, upon proposal of the Committee itself, resolved to approve the Executive Committee Regulation, governing its functioning, duties and rights.

As of the date of the Report five (5) **members of the Board of Directors** are **Non-Executive** namely, Massimo Castrogiovanni, Stas Andrzej Jozwiak, Heinz Peter Brandun, John Joseph Danilovich and Giovanni Battista Nunziante.

An adequate number of **Independent Directors** is essential to protect the Shareholders' interests, particularly minority shareholders' and third parties' interests, assuring that potential conflicts between the Company's interests and those of the controlling Shareholder are assessed impartially. As of the date of the Report and according to the declarations made by the parties concerned, four (4) Non-Executive Directors qualify as independent namely, Massimo Castrogiovanni, Heinz Peter Barandun, John Joseph Danilovich and Stas Andrzej Jozwiak. In line with the Borsa Italiana Code recommendations, the number of Independent Directors is sufficient to ensure that their opinion has a significant impact on the decision-making process of the Board of Directors. The independence requirements are those set forth in the Article 3.C.1. and 3.C.2. of the Borsa Italiana Code. On the basis of the information provided by the Directors concerned and of that in the Company's possession, the Board of Directors in its meetings held respectively on May 6th 2008 and on April 28th 2009 duly verified at the time of the appointment of self-declared Independent Directors that each of them satisfied the independence requirements referred to in the Borsa Italiana Code. The results of the assessment process were disclosed to the market through a press release. This kind of assessment is periodically done and, as a consequence of it, the Board of Directors evaluated that no existing relation involving both the Independent Directors is such as to jeopardize their autonomy of judgement.

In accordance with the Borsa Italiana Code, since the Chairman of the Board of Directors is an Executive Director as well as one of the controlling Shareholders, the Board of Directors in its meeting as of May 6th 2008, designated and appointed Stas Andrzej Jozwiak as **Lead Independent Director** in charge with the function to coordinate the activity and the requests of the Non-Executive Directors with special regards to those Independent Directors. Indeed this position is intended to provide a point of reference and coordination for the needs and inputs of the Independent Directors.

Major transactions and significant transactions with related parties

In compliance with article 9 of the Borsa Italiana Code, on February 7th, 2008, the Board of Directors, upon previous recommendation of the Audit Committee, approved and adopted a set of internal rules in order to ensure the transparency and the substantial and procedural fairness of those transactions carried out by the Company, directly or through its Subsidiaries, and with a major impact on the Company's activity, financial statements, economic and financial figures in view of their nature and strategic importance or size with particular reference to those Significant Transactions carried out by the Company or its Subsidiaries with Related Parties including intra-group transactions. On February 18th 2009 the Board of Directors, upon previous recommendation of the Audit Committee, approved an amended version of those rules (the "Rules").

The Rules identify the Major Transactions and the Significant Transactions with Related Parties excluding from the latter definition the so-called inter-company Transactions with Related Parties carried out between the Company or its subsidiaries and those companies whose capital is only owned either directly or indirectly by the Company. Moreover those Rules, as amended, reserve exclusively to the Board of Directors the right of issuing prior approval (for transactions over which the Company is competent) or prior assessment (for transactions over which companies directly or indirectly controlled by the Company have competence) in case of Major Transactions identified as typical or usual because consistent with the core business of the Company and its Subsidiaries (i.e. vessels' sale, purchase and chartering in and out, execution of shipbuilding contracts and other closely related transactions). The decisional process of all the other Major Transactions and Significant Transactions with Related Parties remains of exclusive competence -in terms of previous approval and/or evaluation- of the Board of Directors upon prior advice to be given by the Audit Committee. The Rules also require the Directors to provide the Board of Directors, reasonably in advance, with a summary analysis of all the relevant aspects concerning the Major Transaction and the Significant Transactions with Related Parties submitted to their attention as well as with information about the nature of the relationship, the manner of carrying out the transaction, the economic and other conditions, the evaluation procedures used, the rationale for the transaction, the Company's interest in its implementation and the associated risks the strategic consistency, economic feasibility, and expected return for the Company ("Relevant Information").

During the 2010 Financial Year no Major Transactions and/or Significant Transactions with Related Parties were carried out by the Company or its operating subsidiaries so as to request the implementation of the provisions of the above mentioned internal Rules.

Committees established by the Board of Directors

In compliance with the recommendations contained in Article 5 of the Borsa Italiana Code, the Board of Directors meeting held on May 6th 2008 resolved to confirm the setting up of a Nomination, Remuneration and an Audit Committee. As per the abovementioned resolution, all the Company's Committees are composed of three Non-Executive members of the Board of Directors two of which are Independent Directors and one of them has an adequate and recent experience in accounting and finance as assessed by the Board of Directors resolving upon the relevant appointment being namely, Massimo Castrogiovanni, Stas Andrzej Jozwiak and Giovanni Battista Nunziante. The number of Independent Directors was considered adequate so as to permit the constitution of the above mentioned Committees. Moreover, upon proposal of the respective Committee, the Board of Directors approved a Regulation for each of the Committees governing their respective internal functioning, operation procedures, duties and rights. On April 28th 2009 the Board of Directors resolved to approve the merger of the Nomination Committee and Remuneration Committee into one single committee, namely the Nomination & Remuneration Committee in charge with all the functions referred to in the Borsa Italiana Code as applicable to the Company as well as with the functions referred to in the Regulations respectively of the Nomination Committee and the Remuneration one. The so merged committee is composed of the same three (3) members and is governed by a Regulation duly approved on 29th July 2009.

The internal control system

The Board of Directors meeting held on February 7th 2008, having received a positive advice by the Audit Committee, resolved to approve the Company's **Guidelines for the Internal Control System** (hereinafter the "Guidelines") drafted in order to ensure a correct identification, an adequate measure and a proper handling and control of the main risks faced by the Company and its Subsidiaries and in order to prevent risks in accordance with the goal of protecting the corporate assets and consistent with the principles of sound management. The Board of Directors meeting of July 29th 2010, upon positive advice received by the Audit Committee, approved the amendment of the Risk Management Strategy policy of the Company taking into account the various financial risks to which the Company is exposed in its ordinary course of business. The policy is aimed to reduce the Company's earnings exposure to cyclical fluctuation.

The Board of Directors meeting held on May 6th 2008 resolved to again identify in the Chairman of the Company the **Executive Director responsible for supervising the properly functioning and effective implementation of the Internal Control System** (the "Internal Control Supervisory Director"). Such Executive Director supports the Board of Directors in the performance of its internal control functions and, working within and in accordance with the Guidelines established by the Board of Directors, is responsible for:

a) the identification of the core corporate risks, based on the characteristics of the Company and its Subsidiaries' business, reporting periodically to the Board of Directors about the output of its assessment;
b) the implementation of the Guidelines approved by the Board of Directors;
c) the planning, the operation and managing the System of Internal Control;
d) monitoring the efficiency, adequacy and effective implementation of the system of internal control;
e) making sure that the System of Internal Control is updated to address any issues that may arise during the monitoring process or as a result of the evolution of the Company's organization or operational structure, changes in the Company's business and changes in the statutory and regulatory framework that may be relevant to the Company.

In performing these tasks, the Internal Control Supervisory Director relies on the support of the Internal Control Officer and reports to the Board of Directors about the work performed upon request or whenever the they deem it necessary in connection with the occurrence of specific problems.

The Company's Board of Directors meeting held on October 28th 2010 resolved to appoint, upon proposal of the Chairman, in his capacity as Internal Control Supervisory Director, and further advice given by the Audit Committee, a new **Internal Control Officer** and decided, in accordance with the recommendations contained in the Borsa Italiana Code and in a view of cost reduction and structural reorganization, to continue entrusting its duties to a person external to the Company endowed with adequate professionalism and independence being Ms. Loredana Saccomanno, an employee of the indirect controlling shareholder of the Company. The newly appointed Internal Control Officer is again also in charge of the Internal Audit Function, and is not responsible for any operational unit, does not report to any manager of an operational unit and has direct access to all information useful for the performing of their tasks. The Internal Control Officer is required to perform the following tasks:

a) verifying the efficiency, adequacy and effective implementation of the System of Internal Control;
b) reporting to the Internal Control Supervisory Director and the Audit Committee about the management of risk profiles and the correct implementation of plans for risk monitoring.

The Company, although governed by Luxembourg laws and regulations, due to the listing of its shares over the STAR segment of the MTA organized and managed by Borsa Italiana is requested by the Borsa Italiana Regulation to apply the Italian Legislative Decree June 8th 2001, n. 231 (the "Decree 231"), which has introduced the administrative liability of legal entities and their respective bodies for specific types of criminal offences provided under the Italian Criminal Code (such as the crimes against the Italian public authorities, corporate crimes, market abuse etc.) committed and prosecutable in Italy in the interests or for the benefit of the same by Top Level Subjects or by Employees. The Decree, however, provides for a specific form of exemption from liability if the legal entity proves to have adopted and effectively implemented:

a) an appropriate 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 in particular, through the identification and relative drafting of a procedure for each of the sensitive activities identified as the activities most at risk of crime indentified under the Italian Criminal Code (the so-called "Model of Organization, Management and Control" or "Model");
b) the responsibility for supervising the functioning and the observance of the Model as well as for its updating is being entrusted to a specific body (the "Supervisory Committee") of the legal entity provided with autonomous powers of initiative and control.

The Company, upon evaluation of the Audit Committee, on March 12th 2008, has formally adopted the Model and implemented specific operating procedures in order to prevent the commission of crimes. The Board of Directors in the same meeting also approved and adopted the **Code of Conduct** which contains the business ethics fundamental principles to which the Company conforms and with which directors, statutory auditors, employees, consultants and partners and in general all those who act in the Company's name and on its behalf are required to comply. The Code of Conduct is available on the Investor Relations section of the Website.

The Board of Directors of March 12th 2008 approved, upon proposal of the Nomination Committee, the setting up of a Supervisory Committee charged with the following duties:

a) supervising the effectiveness of the Model, putting in place control procedures for specific actions or specific acts carried out by the Company, also coordinating with the other corporate functions in order to put in place a better monitoring of the activities at risk;
b) periodically checking the efficiency and adequacy of the Model, ascertaining that the elements provided in the individual special parts for the different types of crime are adequate for the requirements of the observance of what is laid down in the Decree and conducting recognitions on the corporate activities in order to update the mapping of the activities at risk;
c) evaluating the advisability of updating the Model when necessary to update it in relation to corporate requirements or conditions;
d) assuring the information flows necessary also through promoting suitable initiatives for an awareness and understanding of the Model and co-operating in the drawing up and supplementing of internal rules.

The Company's Supervisory Committee consists of three (3) members appointed after due evaluation and consideration of the following requisites required by the Decree 231 for such function: autonomous initiative capacity; independence; professionalism; continuity of action; absence of any conflict of interest; and honourableness.

Due to the dismissal of the former Internal Control Officer being also a member of the Supervisory Committee, the Board of Directors, upon proposal of the Nomination Committee, on 19th June 2009 resolved to appoint an external member. The other two members, external as well, were appointed, following the same procedure, on March 12th 2008. All the current members will remain in charge until the expiry of the appointment of the Board of Directors upon approval of the 2010 Financial Statements. On July 29th 2008 the Company, upon proposal of the Committee itself, further approved the internal Regulation of the Supervisory Committee governing its functioning, operation procedures, duties and rights. On February 23rd 2010 the Board of Directors upon proposal of the Supervisory Committee resolved to start up a new risk assessment process so as to update the Company Risk Plan following the introduction of several new crimes ex Legislative Decree 231/2001.

Based on the periodic report made by the Supervisory Committee regarding the implementation, functioning, adequacy and efficacy of the Model, the Board of Directors after due evaluation considered the Supervisory Committee adequate in terms of organizational structure and powers conferred and that no changes and/or additions are necessary.

Auditors

According to article 17 of the Articles of Association, the operations of the Company and its financial situation, including, more in particular, its books and accounts, shall be reviewed by one or more statutory and/or, where required pursuant to the laws, independent auditor(s), who need not to be shareholders themselves. The statutory and/or independent auditor(s) will be elected by the General Meeting of Shareholders for a period not exceeding six (6) years, and they will hold office until their successors are elected. They are re-eligible and they may be removed at any time, with or without cause, by a resolution adopted by the General Meeting of Shareholders.

Due to the fact that both the consolidated and statutory annual accounts of the Company are duly audited by the appointed Independent Auditor ("Réviseur d'entreprises"), according to Luxembourg laws and regulations the Company is no longer bound to appoint a Statutory Auditor ("Commissaire aux Comptes").

Stock Option Plan

On 6 September 2007, the extraordinary general meeting of shareholders of d'Amico International Shipping S.A., approved a Stock Option Plan as previously accepted by the Board of Directors meeting held on 1st August 2007. The full terms and details of this Stock Option Plan, expired on 31 July 2010, are more specifically described in the '*Information Document*', as publicized on the Company's website.

The beneficiaries of the expired Stock Option Plan were Marco Fiori, Michael Valentin and Alberto Mussini, directors and officers who, due to the strategic significance and criticality of their role, position in the line and staff structure, and effect of their office on the corporate results, hold positions considered as 'key' within the Group.

The expired Stock Option Plan provided for the assignment of 2,631,774 options, divided into 4 tranches and eligible for accumulation, carrying the right to purchase 2,631,774 Company's shares (1.7% of the shares outstanding post-plan). All the options would had been exercised on or before 31 July 2010. The exercise price of the options for all beneficiaries of the Stock Option Plan and for each tranche assigned was fixed at Euro 3.50 and it was therefore not tied to the shares' stock exchange price.

Regarding Marco Fiori, the expired Stock Option Plan provided for the assignment of 1,315,887 options carrying the right to subscribe or to acquire 1,315,887 shares. The above plan provided for the allotment to Michael Valentin of 1,052,710 options carrying the right to subscribe or to acquire 1,052,710 shares. Regarding Alberto Mussini, the same plan provided for the assignment of 263,177 options, carrying the right to subscribe or to acquire 263,177 shares. Since the approval of the Stock Option Plan and as of 31 July 2010 none of its beneficiaries has exercised their rights.

Stock Options Granted to Members of the Board of Directors and to Senior Managers of the Company with Reference to Shares of the Company and of its Subsidiaries

(Each option gives right to underwrite or purchase one share) - (in compliance with article 78 of the Consob Regulation 11971/99)

			N. of options owned at the beginning of the 2010 financial year			N. of options granted during the 2010 financial year			N. of options exercised during the 2010 financial year			N. of options expired during the 2010 financial year	N. of options owned at the end of the 2010 financial year		
Name	Company	Position	N. of options	Average strike price	Average expiry date	N. of options	Average strike price	Average expiry date	N. of options	Average strike price	Average market price at strike		N. of options	Average strike price	Average expiry date
Marco Fiori	d'Amico Internat. Shipping SA (1)	CEO	1,315,887	€3.50	31/7/2010	-	-	-	-	-	-	1,315,887	-	-	-
Micheal Valentin	d'Amico Tankers Ltd (2)	COO and Director	1,052,710	€3.50	31/7/2010	-	-	-	-	-	-	1,052,710	-	-	-
Alberto Mussini	d'Amico Internat. Shipping SA (3)	CFO	263,177	€3.50	31/7/2010	-	-	-	-	-	-	263,177	-	-	-

(1) In addition to position in d'Amico International Shipping S.A., holds the following positions: Executive President of COMARFIN S.A.M. and d'Amico Tankers Monaco S.A.M, Director of CO.GE.MA. S.A.M., d'Amico Shipping UK Ltd, Hanford Investment Inc., St. Andrew Estates Inc., d'Amico Tankers Ltd, d'Amico Tankers UK Ltd, DM Shipping Ltd, Glenda International Management Ltd, High Pool Tankers Ltd, VPC Logistics Ltd, Glenda International Shipping Ltd and d'Amico Tankers Singapore Pte Ltd.

(2) In addition to position in d'Amico Tankers Ltd, held the following positions until he left the d'Amico Group: Director of d'Amico Tankers Singapore Pte Ltd, DM Shipping Ltd, Glenda International Management Ltd, High Pool Tankers Ltd, VPC Logistics Ltd, Glenda International Shipping Ltd and d'Amico Tankers UK Ltd. He left the d'Amico Group on July 8th 2010.

(3) In addition to position in d'Amico International Shipping S.A., holds the following position: CFO and Director of d'Amico Tankers Limited.

Provision of Articles 36 & 39 of the Italian Market Regulation

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.


HEIGHTENED
NO

d'Amico International Shipping Group

Consolidated Financial Statements
Year Ended 31 December 2010

Consolidated Income Statement

US$ Thousand	Note	2010	2009
Revenue	(4)	305,592	260,039
Voyage costs	(5)	(106,249)	(74,488)
Time charter equivalent earnings	(6)	**199,343**	**185,551**
Time charter hire costs	(7)	(102,314)	(91,336)
Other direct operating costs	(8)	(53,367)	(45,901)
General and administrative costs	(9)	(18,778)	(21,386)
Other operating income	(10)	5,557	3,860
Gross operating profit		**30,441**	**30,788**
Depreciation		(32,467)	(37,163)
Operating profit / (loss)		**(2,026)**	**(6,375)**
Net financial income (charges)	(11)	(19,018)	(5,283)
Profit/ (loss) before tax		**(21,044)**	**(11,658)**
Income taxes	(12)	513	(1,751)
Net profit / (loss)		**(20,531)**	**(13,409)**

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

Earnings per share [1]	**(0.137)**	**(0.089)**

Consolidated Statement of Comprehensive Income

US$ Thousand	2010	2009
Profit / (loss) for the period	(20,531)	(13,409)
Cash flow hedges	437	4,355
Total comprehensive income for the period	(20,094)	(9,054)
Earnings / (loss) per share [1]	(0.134)	(0.060)

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 shares held for the share option scheme are considered anti dilutive instruments as they reduce the loss per share)

Consolidated Statement of Financial Position

US$ Thousand	Note	As at 31 December 2010	As at 31 December 2009
ASSETS			
Non current assets			
Tangible assets	(13)	544,283	522,717
Total non current assets		**544,283**	**522,717**
Current assets			
Inventories	(14)	21,172	15,118
Receivables and other current assets	(15)	67,547	38,730
Current financial receivables	(16)	-	56,332
Current financial assets	(17)	8,250	-
Cash and cash equivalents	(18)	68,266	92,243
Total current assets		**165,235**	**202,423**
Total assets		**709,518**	**725,140**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		149,950	149,950
Retained earnings		139,446	155,589
Other reserves		43,710	47,960
Total shareholders' equity	(19)	**333,106**	**353,499**
Non current liabilities			
Banks and other lenders	(20)	284,658	261,220
Total non current liabilities		**284,658**	**261,220**
Current liabilities			
Banks and other lenders	(20)	11,065	46,524
Payables and other current liabilities	(21)	68,855	50,172
Other current financial liabilities	(22)	11,754	12,191
Current taxes payable	(23)	80	1,534
Total current liabilities		**91,754**	**110,421**
Total shareholders' equity and liabilities		**709,518**	**725,140**

The financial statements on pages 48 to 81 were authorised for issue by the Board of Directors on its behalf on 22 February 2011

Paolo d'Amico, Chairman

Marco Fiori, Chief Executive Officer

Consolidated Statement of Cash Flows

US$ Thousand	2010	2009
Profit / (loss) for the period	**(20,531)**	**(13,409)**
Depreciation and amortisation	32,467	37,163
Current and deferred income tax	(513)	1,751
Financial charges	11,195	7,799
Fair value gains on foreign currency retranslation	7,823	(2,625)
Other non-cash items	29	604
Cash flow from operating activities before changes in working capital	**30,470**	**31,283**
Movement in inventories	(6,054)	(8,108)
Movement in amounts receivable	(28,817)	(5,023)
Movement in amounts payable	18,684	8,213
Taxes paid	(1,077)	(413)
Interest paid	(10,775)	(7,694)
Net cash flow from operating activities	**2,431**	**18,258**
Acquisition of fixed assets	(56,583)	(84,859)
Disposal/cancellation of fixed assets	2,521	(1) 56,182
Net cash flow from investing activities	**(54,062)**	**(28,677)**
Other changes in shareholders' equity	(300)	2,829
Movement in other financial receivable	56,332	(2) 46,554
Movement in other financial payable	(12,324)	-
Movement in other financial assets	(8,250)	-
Bank loan repayments	(48,480)	(35,802)
Bank loan draw-downs	40,570	67,083
Dividend paid	-	(19,402)
Net cash flow from financing activities	**27,548**	**61,262**
Change in cash balance	**(24,083)**	**50,843**
Net increase/ (decrease) in cash and cash equivalents	**(24,083)**	**50,843**
Cash and cash equivalents at the beginning of the year	92,243	41,482
Exchange gain (loss) on cash and cash equivalents	106	(82)
Cash and cash equivalents at the end of the year	**68,266**	**92,243**

(1) The amount relates to the reclassification of fixed assets to financial receivables (SLS vessels cancellation).

(2) The amount presented for 2009 relates to the decrease of the financial receivable following sale price payment of the vessels High Harmony and High Consensus and the increase resulting from the cancellation of a fixed asset (cancellation of SLS vessel).

Consolidated Statement of Changes in Shareholders' Equity

US$ Thousand	Share capital	Retained earnings	Other Reserves		Total
			Other	Cash-Flow hedge	
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**

US$ Thousand	Share capital	Retained earnings	Other Reserves		Total
			Other	Cash-Flow hedge	
Balance as at 1 January 2009	**149,950**	**195,661**	**58,773**	**(16,545)**	**387,839**
Prior year adjustment	-	(7,261)	-	-	(7,261)
Restated Balance as at 1 January 2009	**149,950**	**188,400**	**58,773**	**(16,545)**	**380,578**
Dividend paid (per share 13 cents)	-	(19,402)	-	-	(19,402)
Other changes	-	-	1,377	-	1,377
Total comprehensive income	-	(13,409)	-	4,355	(9,054)
Balance as at 31 December 2009	**149,950**	**155,589**	**60,150**	**(12,190)**	**353,499**

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 2010.

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 unrealised 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 recognised 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 recognised 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 recognised 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 recognised 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) is taxed under the Irish Tonnage Tax regime in respect of all eligible activities. During 2009 the jointly controlled subsidiaries DM Shipping Limited and Glenda International Shipping Ltd and have formally applied to join the Irish Tonnage tax regime with effect from 1 January 2009 and their accounts have been prepared on the basis that the companies are taxable 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 comprehensive income are taxed depending on the tax regime they fall within; as far as cash-flow hedge in 2010, 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 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 comprehensive income, in which case the deferred tax is also accounted for in 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 generally 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 capitalised 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 capitalised 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 recognised in prior years is reversed if the current estimated value in use is higher than at the time the impairment loss was recognised.

Management judgment is critical in assessing whether events have occurred that may impact the carrying value of our 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 the 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 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 consider 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 recognised 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.

Equity Compensation Plans (Share Based Payments)

The Group provides additional benefits to certain members of senior management through an equity compensation plan (stock option plan). In accordance with IFRS 2 – Share-based Payment, this plan represents a component of the recipient's remuneration. The compensation expense, corresponding to the fair value of the options at the grant date, is recognized in the income statement on a straight-line basis over the period from the grant date to the vesting date, with the offsetting credit recognized directly in equity.

The fair value is measured using the Black Scholes pricing model. The inputs used in the model are based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Provisions for Risks and Charges

Provisions for risks and charges are recognised 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 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.

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 recognised.

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

Acconting principles adopted from 1st of January 2010

There are no new International Financial Reporting Standards or IFRICs applicable with respect to those applied for 31 December 2009 year end.

Accounting principles, amendments and interpretations that are not yet effective and have not been adopted early by the Group

The following standards and amendments to existing standards have been published and are mandatory for accounting periods of the Group beginning after 1 January 2010, but which have not been adopted early by the Group:

IFRS 9, Financial Instruments - is effective for accounting periods beginning on or after 1 January 2013. The standard issued in November 2009, which was added to in October 2010, currently outlines the recognition and measurement of financial assets, financial liabilities and the derecognition criteria for financial assets. Financial assets are to be measured either at amortised cost or fair value through profit and loss, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. A financial asset can only be measured at amortised cost if the Group has a business model to hold the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding. On adoption of the standard the Group will have to redetermine the classification of its financial assets specifically for available-for-sale and held-to-maturity financial assets. Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit and loss (for example derivatives) with changes in the liabilities' credit risk to be recognised in other comprehensive income. The derecognition principles of IAS 39, 'Financial Instrument: Recognition and Measurement', have been transferred to IFRS 9, there is unlikely to be an impact on the Group from this section of the standard when it is applied.
The Group has not evaluated the full extent of the impact that the standard will have on its financial statements.

Various IFRSs have been amended by the Annual Improvements issued in 2009 and 2010. The amendments that are not yet effective are unlikely to have a material impact on the Group financial statements, unless previously stated.

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) **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 our 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, vessels under constructions 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 U.S. 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 ongoing 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/DTL maintain 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) The 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 having first class reputation; (vi) The 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 rules of Borsa Italiana in the Star segment, 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 its 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. The capital structure, other than the Equity, principally consists of the US$ 350 million revolving facility arranged by Crédit Agricole Credit and Investment Bank / Crédit Agricole (former Calyon) and of the JPY 10 billion facility arranged by Mizuho Corporate Bank Ltd. In addition there are also loans in place at Glenda International Shipping Ltd level, the joint venture legal entity with Glencore Group, to finance the new building plan of that company, for a total committed amount of US$ 195 million. 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. The vessels are subject to mortgages and pursuant to the facilities the ratio must not be higher than 66.6% for both the Credit Agricole and Mizuho facilities. At the end of 2010 the ratio was of 53.3% for Crédit Agricole facility (54.6% at 31 December 2009) and of 66.5 % with reference to the Mizuho loan. The Group constantly monitors the debt to equity ratio, as additional measure of the leverage risk. At 31 December 2010 the ratio was 0.69 with respect to the ratio of 0.48 at 31 December 2009.

4. Revenue

US$ Thousand	2010	2009
Revenue	305,592	260,039

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, totalling US$ 52.5 million in 2010; in 2009 the same customer totalled US$ 36.0 million.

5. Voyage Costs

US$ Thousand	2010	2009
Bunkers (fuel)	69,408	38,000
Commissions payable	5,329	5,303
Port charges	24,595	19,164
Other	6,917	12,021
Total	**106,249**	**74,488**

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	2010	2009
Time charter equivalent earnings	199,343	185,551

Time charter equivalent earnings represent revenue less voyage costs. In 2010 about 46% of the Time Charter Equivalent earnings came from fixed contracts longer than 12 months (55% in 2009).

7. Time Charter Hire Costs

US$ Thousand	2010	2009
Time charter hire costs	102,314	91,336

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

8. Other Direct Operating Costs

US$ Thousand	2010	2009
Crew costs	23,736	21,217
Technical expenses	14,008	10,668
Technical and quality management	3,783	3,591
Other direct operating costs	11,840	10,425
Total	**53,367**	**45,901**

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 2010, d'Amico International Shipping S.A. and its subsidiaries employed 437 seagoing personnel and 49 onshore personnel. The average number of employees was of 410 (2009: 400). 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	2010	2009
Personnel	11,140	13,642
Other general and administrative costs	7,638	7,744
Total	**18,778**	**21,386**

Personnel costs relate to on-shore personnel salaries, including the amount of US$ 0.1 million (2009: US$ 0.7 million), representing the notional cost pertaining to 2010 for share based option plan granted to senior management. The fair value is charged to the income statement on a straight-line basis over the period from the grant date to the vesting date, in July 2010.

Further details of the plan are disclosed in note 19. Personnel costs also comprises the amount of US$ 1.7 million (2009: US$ 1.5 million) relating to directors fees and an amount of US$ 5.0 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 d'Amico International Shipping group companies. They include infra-group management fees on brand and trademark, IT, Legal and Internal Audit services for US$ 1.2 million, together with US$ 0.8 million for credit losses.

10. Other Operating Income

US$ Thousand	2010	2009
Other operating income	5,557	3,860

Other operating income represents chartering commissions earned for services provided by Group personnel to non-related external clients. The item also includes insurance receipts relating to claims in the period.

11. Net financial income (charges)

US$ Thousand	2010	2009
Loans and receivables:		
Interest Income - Banks	677	221
Financial income on Bareboat agreement	-	2,194
At fair value through income account:		
Forward contracts	21	-
Other financial income	1,247	3,595
Total financial income	**1,945**	**6,010**
Financial liabilities measured at amortised cost:		
Interest expense	(10,520)	(9,602)
At fair value through income account:		
Forward contracts	-	-
Other financial charges	(10,443)	(1,691)
Total financial charges	**(20,963)**	**(11,293)**
Net financial charges	**(19,018)**	**(5,283)**

Financial income comprises interest income on bank accounts; Other financial income refers to gains on foreign exchange of US$ 1.2 million arising from commercial transactions and balances in currencies different from US$. The forward foreign exchange contract entered into by the Group in 2010 did not reach materiality level while no forward exchange contract was entered into by the Group in 2009.

Financial charges comprise interest expense on bank loans amounting to US$ 11.2 million (2009: US$ 10.0 million), expenses relating to swap arrangements and fees paid to banks relating to bank loans. Other financial charges were significantly affected by the U.S. Dollar currency weakness against the Japanese Yen and refer to unrealised foreign exchange losses of US$ 7.8 million arising from the conversion at the year-end rate of the existing loans in Japanese Yen (2009: US$ 2.6 million gain).

12. Income Taxes

US$ Thousand	2010	2009
Current income taxes	513	(1,325)
Deferred taxes	-	-
Other taxes	-	(426)
Total	**513**	**(1,751)**

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.

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 2010 tonnage tax provision for d'Amico Tankers Limited and DM 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 tax charge in 2010 includes the reversal of the previous year overprovision.

The holding company, d'Amico International Shipping S.A. had, at the end of 2010, accumulated tax losses to be carried forward of approximately Euro 33.8 million (US$ 45.1 million; 2009: US$ 43.5 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 2010 the calculated net assets did not generated a tax charge.

13. Tangible Assets

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

The table below shows, for comparison purposes, the changes in the fixed assets in 2009.

US$ Thousand	Fleet	Dry-dock	Other assets	Total
Cost				
At 1 January 2009	620,744	7,696	1,942	630,382
Additions	79,620	5,066	401	85,087
Disposal		(1,122)	-	(1,122)
Other movements	(56,465)	-	-	(56,465)
Exchange Differences	-	-	(7)	(7)
At 31 December 2009	643,899	11,640	2,336	657,875
Depreciation				
At 1 January 2009	95,540	3,159	412	99,111
Charge for the period	32,649	4,079	435	37,163
Disposal	-	(1,122)	-	(1,122)
Exchange Differences	-	-	6	6
At 31 December 2009	128,189	6,116	853	135,158
Net book value				
At 31 December 2009	515,710	5,524	1,483	522,717

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 2010 principally relate to the instalments paid on new-buildings; capitalised instalments at Group level for 2010 is US$ 56.6 million (2009: US$ 53.4 million) and capitalised interest is US$ 1.0 million (2009: US$ 0.7 million). The carrying value of the vessels under construction is of US$ 93.3 million (2009: US$ 99.7 million). Mortgages are secured on 17.5 of the vessels owned by the Group - for further details see note 20.

In view of the current weak economic environment, which is affecting the assessment of the vessel values, 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 assessing value in use, 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) Scrap 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 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 2010, is of US$ 492.5 million.

In the period management reassessed their estimate of the useful economic life of the Company's fleet from 17 years to 20 years, with effect from 1 January 2010. The change in estimate has resulted in a reduction of the depreciation charge of US$ 8.2 million for the period under review.

Dry-Dock

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

Other Assets

Other assets mainly include fixtures, fittings, office equipment.

14. Inventories

US$ Thousand	As at 31 Dec 2010	As at 31 Dec 2009
Inventories	21,172	15,118

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

15. Receivables and other current assets

US$ Thousand	As at 31 Dec 2010	As at 31 Dec 2009
Trade receivables	40,983	28,340
Other debtors	5,214	269
Prepayments and accrued income	21,350	10,121
Total	**67,547**	**38,730**

Receivables, as at 31 December 2010, include trade receivables amounting to US$ 41.0 million, net of the write down provision of US$ 1.0 million. Other current assets mainly consist of prepayments and accrued income amounting to US$ 26.6 million.

16. Current Financial Receivables

US$ Thousand	As at 31 Dec 2010	As at 31 Dec 2009
Current financial receivable	-	56,332

Following the successful arbitration award on four of the hulls under construction at SLS Shipbuilding Co. Ltd., the total amount of current financial receivable shown on 31 December 2009 accounts was received during the first six months of 2010.

17. Current Financial Assets

US$ Thousand	As at 31 Dec 2010	As at 31 Dec 2009
Current financial assets	8,250	-

The amount of US$ 8.3 million represents the fair value of the amounts invested during the year in highly rated bonds acquired throughout the year. The fixed income securities are listed on recognised stock exchanges, are redeemable in a period from three to five years, with effective yields in the region of 3.28%

18. Cash and Cash Equivalents

US$ Thousand	As at 31 Dec 2010	As at 31 Dec 2009
Cash and cash equivalents	68,266	92,243

Cash and cash equivalents is mainly represented by short term deposits and includes approximately US$ 1.8 million of cash held by Pool companies (High Pool Tankers Ltd and Glenda International Management Ltd) which will be distributed to other pool participants in January. The balance includes US$ 2.1 million secured in connection with the Mizuho facility and US$ 20.0 million on deposit with Mees Pierson/ ABN Amro Bank N.V.

19. Shareholders'Equity

US$ Thousand	As at 31 Dec 2010	As at 31 Dec 2009
Share capital	149,950	149,950
Retained earnings	139,201	155,589
Other reserves	43,955	47,960
Total	**333,106**	**353,499**

Share capital

The authorised capital of the Group amounts to US$ 200,000 thousand represented by 200,000,000 shares with no nominal value. At 31 December 2010 the share capital of d'Amico International Shipping amounted to US$ 149,950 thousand, corresponding to 149,949,907 ordinary shares with no nominal value.

Retained earnings

The item includes previous years and current net result, and deductions for dividends distributed; in 2010, at the end of the share option plan, the cumulated cost pertaining to the share option charge was reversed into retained earnings.

Other Reserves

The other reserves include the following items:

US$ Thousand	As at 31 Dec 2010	As at 31 Dec 2009
Share premium reserve	71,389	71,389
Treasury shares	(15,680)	(15,680)
Share option reserve	-	4,388
Fair value reserve	(11,754)	(12,191)
Other	-	54
Total	**43,955**	**47,960**

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 consist of 4,390,495 ordinary shares for an amount of US$ 15.7million, corresponding to 2.93% of the outstanding share capital at the financial position date. These shares were acquired during the second half of 2007 and in the course of 2008, following the approval of the Buy-back programme.

Share option reserve

On 6 September 2007 the Company approved the grant of share options to senior management. The plan had a limited term of four years and included provision for the issue of up to 2,631,774 shares in four tranches, as detailed below. In all cases the options would be issued at the 'strike' price of Euro 3.50. The plan expired in July 2010 with no option having been exercised.

Details of the plan were as follows:

	Tranche 1 - 2007	Tranche 2 - 2008	Tranche 3 - 2009	Tranche 4 - 2010	Total
Vesting date	*Oct 1 2007*	*April 1 2008*	*April 1 2009*	*April 1 2010*	
Chief Executive Officer	263,177	350,903	350,903	350,904	1,315,887
Chief Operating Officer	210,542	280,723	280,723	280,722	1,052,710
Chief Financial Officer	52,635	70,181	70,181	70,180	263,177
	526,354	701,807	701,807	701,806	2,631,774

The options were exercisable for a period of three months commencing upon the approval of the prior year financial statements. Any option not previously exercised was accumulated and could be exercised in the following periods up to the end of the plan period on 31 July 2010. The options would be equity settled.

Details of the share options outstanding during the year are as follows:

US$ Thousand	2010	2009
Options outstanding at the beginning of the year	2,631,774	2,631,774
Options granted in the year	-	-
Options exercised in the year	-	-
Options expired	(2,631,774)	-
Options outstanding at the end of the year	-	2,631,77

The total fair value of the options granted has been estimated at the granting date at Euro 3.2 million based on a fair value per option of Euro 1.23. The fair value was calculated using the Black Scholes option pricing model with the following assumptions:

Underlying Security	d'Amico International Shipping S.A.
Number of options granted	2,631,774
Vesting Period	4 tranches
Option strike price	Euro 3.5
Current share price (at granting date)	Euro 3.67
Plan termination date	31 July 2010
Implied volatility (1)	50%
Risk free rate	4.50%

The portion of the fair value in respect of the share option plan recognized under General and Administrative costs (Personnel) in 2010 was US$ (0.1) million, resulting from the foreign exchange adjustment into US$ of the Euro value of the option (2009: charge of US$ 0.7 million). The same amount has been accounted under other reserves.

(1) The volatility was determined in a range between 40-50%, considering the general stock market conditions and the industry.

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$ 11.8 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 2010	As at 31 December 2009
Non current liabilities		
Banks and other lenders	284,658	261,220
Current liabilities		
Banks and other lenders	11,065	46,524
Total	**295,723**	**307,744**

The balance comprises the following debts:

US$ Thousand	As at 31 December 2010			31 December 2009		
	Non current	Current	Total	Non current	Current	Total
Crédit Agricole	149,258	-	149,258	149,027	-	149,027
Mizuho	26,858	4,730	31,588	27,783	7,161	34,944
Commerzbank	-	-	-	-	34,020	34,020
Commerzbank-Crédit Suisse	80,926	3,174	84,100	46,552	1,022	47,574
ST Shipping	-	-	-	10,783	1,541	12,324
Mitsubishi UFJ Lease	27,616	3,161	30,777	27,075	2,780	29,855
Total	**284,658**	**11,065**	**295,723**	**261,220**	**46,524**	**307,744**

Crédit Agricole Credit and Investment Bank (former Calyon) facility

The debt due to banks and other lenders as at 31 December 2010 relates, for an outstanding amount of US$ 149.2 million (less the unamortized portion of the arrangement fees paid at draw-down, amounting to US$ 1 million), to the US$ 350.0 million revolving loan facility (of which US$ 241.5 million is available for draw-down as at 31 December 2010) negotiated by d'Amico Tankers Limited (Ireland) with Crédit Agricole 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%. According to the fleet valuation report, as at 28 December 2010, the valuation of these vessels is US$ 281.3 million, resulting in an asset cover ratio of 53.3%.

Interest are be 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. This ratio is calculated on the estimated total amount of d'Amico Tankers Limited's interest payable in the six months following any draw down date, and may not be lower than 1.65:1. 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, calculated by dividing the book equity by total assets, must not be lower than 35.0%. As at 31 December 2010, the Company's ratios are in compliance with the facility's provisions.

The facility is secured through a guarantee by the parent Company, d'Amico International Shipping S.A., and provides (i) as at 31 December 2010 mortgages on thirteen of the Company's owned vessels
(ii) assignment in favour of the lenders of the time-charter agreements entered into by the Company;
and (iii) pledge over an account opened with Crédit Agricole into which the Company undertakes to pay the proceeds of its operating activities.

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 2010.

Mizuho facility

The balance of US$ 31.6 million relates to the loan facility of up to a maximum of 10 (ten) billion Yen 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 2010 the facility has been draw down for an original amount of JPY 5 billion and the outstanding debt is of JPY 2.6 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 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 facility, the maximum amount that d'Amico Tankers Limited can borrow also depends on the EBITDA to financial costs ratio, which may not be lower than 1.65:1. Other covenants are the same as provided by the Crédit Agricole facility: (i) cash available, including undrawn credit lines of more than 12 months, must be at least US$ 40.0 million (ii) net worth must not be less than US$ 100.0 million and (iii) equity to asset ratio not be lower than 35.0%. As at 31 December 2010 the Company's ratio are in compliance with these facilities' provisions.

The facility is secured through a guarantee by the parent Company, d'Amico International Shipping S.A., and provides (i) as at 31 December 2010 mortgages on two of the Group's owned vessels, (ii) Assignment in favour of the lenders of the proceeds arising from the financed vessels and (iii) pledge over an account opened with Mizuho into which the d'Amico Tankers Limited undertakes to pay the proceeds of the operating activities related to these vessels.

The outstanding loan facility shown under current liabilities relates to the instalments to be paid during 2011.

Glenda International Shipping / Commerzbank loan

In connection with the receipt of the current financial receivable relating to the successful arbitration on the four cancelled vessels during the first half of 2010, the outstanding balance at 31 December 2009 of the facility granted by Commerzbank AG Global Shipping for Glenda International Shipping Ltd of US$ 56.3 million was fully reimbursed. This loan was transferred to current balances during the second half of 2009.

Glenda International Shipping Limited / Commerzbank – Crédit Suisse loan

A further amount of US$ 84.1 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).

The amount of US$ 168.2 million refers to the facility granted by Commerzbank AG Global Shipping and

Credit Suisse - totalling US$195 million - for the Glenda International Shipping Limited six vessels. This agreement involves single-vessel loans with a ten-year maturity from vessel delivery, for a total 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' value to loan' ratio. Collaterals mainly refer to first-priority mortgages on the vessels. The agreements also provide a covenant relating to the financed vessels' aggregate value-to-loan ratio, which should at all times be at least 130%. As at 31 December 2010 the Company's ratios are in compliance with the loan' provisions.

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 2010	As at 31 Dec 2009
Trade payables	52,828	47,155
Other creditors	5,648	1,946
Accruals & deferred income	10,379	1,071
Total	**68,855**	**50,172**

Payables and other current liabilities as at 31 December 2010, include mainly trade payables, of which an amount of US$ 11.3 million refers to the related party, Rudder SAM (bunker).

22. Other Current Financial Liabilities

US$ Thousand	As at 31 Dec 2010	As at 31 Dec 2009
Fair value of derivative instruments	11,754	12,191

The balance at the end of 2010 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 2010	As at 31 Dec 2009
Current tax liabilities	80	1,534

The balance at the end of 2010 reflects mainly the income taxes and tonnage taxes payable at year end by the subsidiaries.

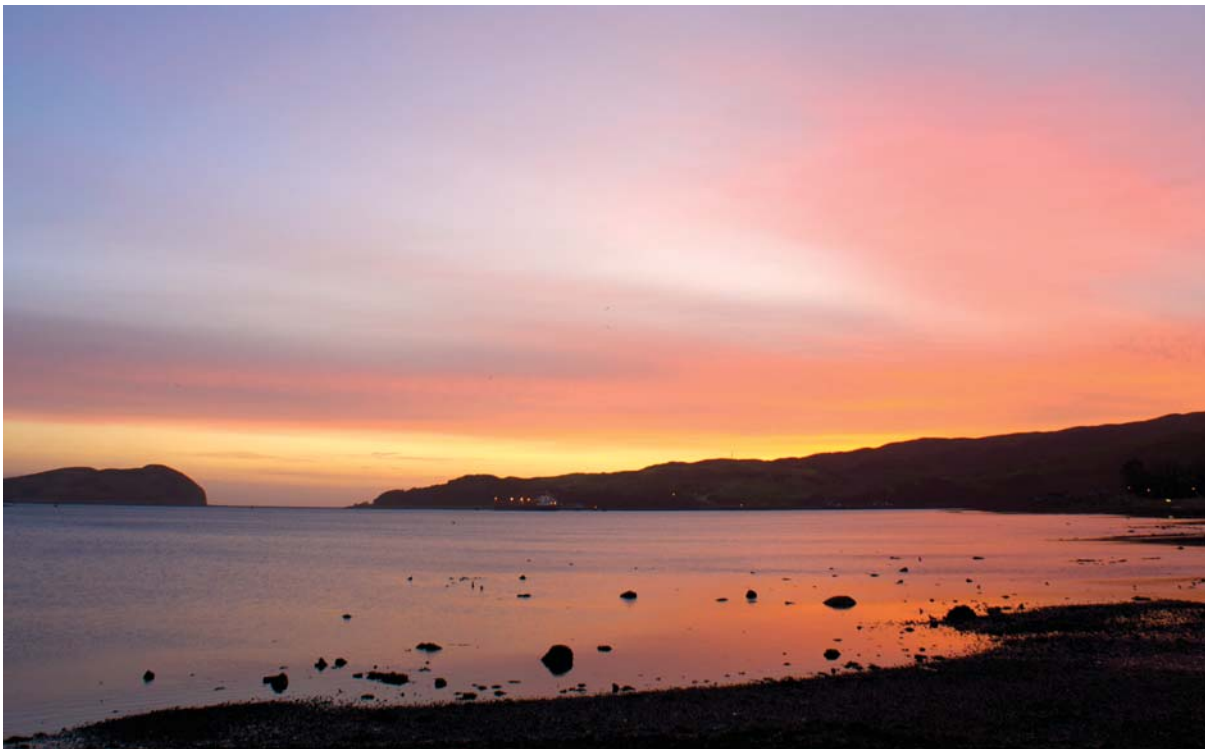
24. Derivative Instruments

As at 31 December 2010 the following derivative instruments were in place:

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)**

US$ Thousand	Fair value at 31 December 2009	Income statement financial income/(charges)	Equity hedging reserves
Hedge accounting			
Interest rate swaps	(12,191)	-	(12,191)
Total	**(12,191)**	**-**	**(12,191)**

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



Interest Rate Swaps

In the last quarter of 2007 d'Amico Tankers Ltd (IRL) signed three interest swap contracts (IRS), for a total notional amount of US$ 150 million for a period of 5 years. The IRS contracts purpose is to hedge the risks relating to interest rates on the existing Calyon revolving facility.

The IRS contracts are considered level 2 instruments in that their fair value measurement is derived from inputs other than quoted prices. The maturity of the interest rate swaps is as follows; within 1 year US$ 4.1million, after 1 year US$ 8.2 million.

Forward Currency Contracts

During the year d'Amico Tankers Limited entered into two forward currency contracts of which the next maturity is 28 February 2011, to hedge the risk of cash deposits denominated in Euro. They are considered as a level 1 instrument in that their fair value measurement is derived from inputs of 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 is susceptible to market price risk arisingfrom uncertainties about future prices. An increase in market prices of 5% at 31 December 2010 would have decreased the loss of the Group by US$ 0.4 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 2010, these payments amounted to US$ 30.6 million, representing the 10.5% of total operational, administrative, financial and fiscal expenses (US$ 24.8 million in 2009) of which 73% related to Euro transactions. Other significant currencies included Singapore Dollars (14.13%) and British Pounds (2.9 %). A 10% fluctuation, in the U.S. Dollar exchange rate against all other currencies would have resulted in a variation of US$ 3.1 million in the profit of the Group for the year (US$ 2.7 million in 2009). At 31 December 2010, had the Japanese Yen strengthened/weakened against the US Dollar by 5 per cent, with all other variables held constant, net assets and the result for the year would have respectively increased by US$ 2.9 million or decreased by US$ 3.2 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.

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$ 0.6 million (US$ 0.5 million in 2009) while a reduction in interest rates of 100 basis points would have given an equivalent positive effect. At 31 December 2010, had interest rates been 1% higher/lower, with all other variables held constant, then the valuation of the swaps would have increased/decreased net assets by approximately US$ 2.7 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.

Considering the customers, the risk essentially relates to demurrage receivable and to some charter expenses, which are analysed and written down, if needed, on an individual basis. The total specific provision at 31 December 2010 amounted to US$ 1.0 million (2009: US$ 0.9 million).
The group has significant cash deposits with Crédit Agricole Bank and Mees Pierson, which have ratings of AA - and AA3 respectively.

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 Group facility are set out in note 20, while details of the 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 consider 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 amortised cost, a fair value measurement would give rise in an increase in the carrying value of US$ 1.84 million.

26. Classification of Financial Instruments

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
Other financial current liabilities	-	11,754	-	11,754
Payables and other current liabilities	68,855	-	-	68,855
Current taxes payable	80	-		80

US$ Thousand	Loans and receivables	Derivatives used for hedging	Non financial assets	Total 2009
Assets				
Tangible assets	-	-	522,717	522,717
Inventories	-	-	15,118	15,118
Receivables and other current assets	38,730	-	-	38,730
Current financial receivables	56,332	-	-	56,332
Cash and cash equivalents	92,243	-	-	92,243
Liabilities				
Banks and other lenders	307,744	-	-	307,744
Other financial current liabilities	-	12,191	-	12,191
Payables and other current liabilities	50,172	-	-	50,172
Current taxes payable	1,534	-	-	1,534

27. Related Party Transactions

During 2010, 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$ 3.5 million. In addition, time charter hire costs for three Handy-size vessels, chartered from d'Amico Shipping Italia, for which the ultimate parent company signed in the previous years a bare boat agreement from third parties, amounted to US$ 9.3 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$ 69.0 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 2010 and 2009 are the following:

US$ Thousand	2010		2009	
	Total	of which related parties	Total	of which related parties
Revenue	305,592		260,039	-
Voyage costs	(106,249)	(68,976)	(74,488)	(38,000)
Time charter hire costs	(102,314)	(9,345)	(91,336)	(12,830)
Other direct operating costs	(53,367)	(4,950)	(45,901)	(4,933)
General and administrative costs	(18,778)	(1,184)	(21,386)	(950)
Other operating income	5,557	-	3,860	-
Net financial income (charges)	(19,018)		(5,283)	

The effects of related party transactions on the Group's consolidated statement of financial position as at 31 December 2010 and 31 December 2009 are the following:

US$ Thousand	As at 31 December 2010		As at 31 December 2009	
	Total	of which related parties	Total	of which related parties
ASSETS				
Non current assets				
Tangible assets	544,183	-	522,717	-
Financial fixed assets	-	-	-	-
Current assets				
Inventories	21,172	-	15,118	-
Receivables and other current assets	67,547		38,730	-
Current financial receivables			56,332	-
Current financial assets	8,250	-	-	-
Cash and cash equivalents	68,266	-	92,243	-
LIABILITIES				
Non current liabilities				
Banks and other lenders	284,658	-	261,220	-
Current liabilities				
Banks and other lenders	11,065	-	46,524	-
Other financial current liabilities	11,754	-	12,191	-
Payables and other current liabilities	68,855	3,876	50,172	5,496
Current taxes payable	80	-	1,534	-

The effects, by legal entity, of related party transactions on the Group's consolidated income statement for the 2010 are the following:

US$ Thousand	d'Amico International Shipping SA (consolidated)	Cogema SAM	Rudder SAM	d'Amico Shipping Italia SpA	d'Amico Società di Nav. SpA	d'Amico Ireland Ltd	Compagnia Generale Telemar SpA
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)
Generale 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 table below shows the effects, by legal entity, of related party transactions on the Group's combined income statement for the year 2009:

US$ Thousand	d'Amico International Shipping SA (consolidated)	Rudder SAM	d'Amico Shipping Italia SpA	d'Amico Società di Nav. SpA	d'Amico Ireland Ltd	Compagnia Generale Telemar SpA
Voyage costs	**(74,488)**					
of which						
Bunker	(38,000)	(38,000)	-	-	-	-
Time charter In costs	**(91,336)**					
of which						
Vessel charter agreement	(12,830)	-	(12,830)	-	-	-
Other direct operating costs	**(45,901)**					
of which						
Management agreements	(3,532)	-	-	(3,532)	-	-
Technical expenses	(1,401)	-	-	-	-	(1,401)
Generale and administrative costs	**(21,386)**					
of which						
Services agreement	(950)	-	-	(845)	(105)	-
Total		**(38,000)**	**(12,830)**	**(4,377)**	**(105)**	**(1,401)**

The effect, by legal entity, of related party transactions on the Group’s consolidated Statement of Financial Position as at 31 December 2010 are as follows:

US$ Thousand	d’Amico International Shipping SA (consolidated)	Rudder SAM	d'Amico Shipping Italia SpA	d’Amico Società di Nav. SpA	Cogema SAM	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**

The effect, by legal entity, of related party transactions on the Group’s combined Statement of Financial Position as at 31 December 2009 were the following:

US$ Thousand	d’Amico International Shipping SA (consolidated)	Rudder SAM	d'Amico Shipping Italia SpA	d’Amico Società di Nav. SpA	d'Amico Ireland Ltd	d'Amico Dry Ltd	d'Amico Shipping Singapore	Compagnia Generale Telemar
Receivables and other current assets	38,730							
of which related party	-	-	-	-	-	-	-	-
Payables and other current liabilities	50,172							
of which related party	5,496	4,992	94	131	13	103	18	145
Total		**4,992**	**94**	**131**	**13**	**103**	**18**	**145**

28. Commitments and Contingencies

Capital Commitments

As at 31 December 2010, the Group’s capital commitments amounted to US$ 70.7 million, of which payments over the next 12 months amounted to US$ 52.0 million.

US$ Million	As at 31 December 2010	As at 31 December 2009
Within one year	52.0	79.1
Between 1 – 3 years	18.7	49.2
Between 3 – 5 years	-	-
More than 5 years	-	-
Total	**70.7**	**128.3**

Capital commitments relate to the payments for five Hyundai-Mipo Dockyard 46,000 dwt Product/chemical tanker vessels not delivered yet.

Operating Leases – Chartered in Vessels [1]

As at 31 December 2010, the Group's minimum operating lease rental commitments amounted to US$ 379.5 million, of which payments over the next 12 months amounted to US$ 92.8 million.

US$ Million	As at 31 Dec 2010	As at 31 Dec 2009
Within one year	92.8	116.6
Between 1 – 3 years	147.7	158.9
Between 3 – 5 years	86.8	118.3
More than 5 years	52.3	88.7
Total	**379.6**	**482.5**

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, together with the time charter hire costs relating to the vessel chartered through pool (Handytankers). As at 31 December 2010, DIS operated 21 vessel equivalents on time charter-in contracts as lessee. These had an average remaining contract period of 3.5 years at that time (4.9 years including optional periods). Some of the charter-in contracts include options to purchase vessels in the future, details of which are included below.

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 2010	As at 31 Dec 2009
Within one year	0.8	0.7
Between 1 – 3 years	0.8	1.3
Between 3 – 5 years	0.1	0.2
More than 5 years	-	0
Total	**1.7**	**2.2**

(1) Does not include optional periods. Includes the proportion of charter expenses of vessels time chartered by the Handytankers Pool.

Purchase Options

d'Amico Tankers Ltd. currently has 7 vessel purchase options on time chartered vessels already on the water. Exercise of these options is at the discretion of the Company based on the conditions prevailing at the date of the option.

The following tables provide details of our purchase options. JPY exercise prices were converted to US$ at the 31 December 2010 closing exchange rate.

Acquisition options on Handysize Vessels

Vessel	First exercise date	Exercise price (in millions)(2)	Age at First exercise date(2)	Exercise period
Handy 1	January 2014	38.5	6.0	N/A
Handy 2	July 2014	38.5	6.0	N/A
Total		**77.0**		

Acquisition options on MR vessels (2)

Vessel	First exercise date	Exercise price (in millions)(2)	Age at First exercise date(2)	Exercise period
MR 1	March 2011	30.3	8.0	N/A
MR 2	July 2011	32.9	5.0	4 years
MR 3	October 2011	32.9	5.0	4 years
MR 4	August 2014	45.5	5.0	6 years
MR 5	March 2017	36.9	8.0	N/A
Total		**178.5**		

Ongoing Disputes

The Group is currently involved in a number of on-going commercial disputes concerning both our owned and chartered vessels. The majority of current disputes relate to cargo contamination claims. In addition, there are some collision's claims and charter parties' disputes. The disputes are mostly covered by our P&I Club insurance and we expect that our financial exposure will be limited to the value of the appropriate insurance policy deductibles.

Tonnage Tax Deferred Taxation

Effective 1 January 2007 the Company entered the Irish tonnage tax regime. 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 ongoing requirements to remain within the regime.

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

(2) Exercise price and vessel age at first exercise date. When option has an exercise period, exercise price falls throughout such period

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 %	Conso. 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
VPC Logistics Limited	London / UK	50,000	USD	100.0%	Integral
DM Shipping Ltd	Dublin / Ireland	100,000	USD	51.0%	Proportional
d'Amico Tankers Monaco SAM	Monaco	150,000	EUR	100.0%	Integral
d'Amico Tankers UK Ltd	London / UK	50,000	USD	100.0%	Integral
d'Amico Tankers Singapore Pte Ltd	Singapore	50,000	USD	100.0%	Integral

The consolidation area in 2010 does not differ with respect to the 2009 consolidated accounts.

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 2010				
Glenda International Shipping Ltd	7,567	(7,568)	299,169	128,474
DM Shipping Ltd	5,888	(7,189)	94,191	(16,535)
Year ended 31 December 2009				
Glenda International Shipping Ltd	2,707	(2,440)	361,995	171,267
DM Shipping Ltd	3,480	(2,221)	98,522	(2,438)

30. Subsequent Events

Controlled Fleet

The *M/T GLENDA Melody* and *M/T GLENDA Meryl*, medium range owned vessels, were delivered to GLENDA International Shipping Limited respectively on 27 January and 16 February 2011. The last of the six Hyundai-Mipo Dockyard chemical/product tankers vessels ordered by the Joint Venture between d'Amico and Glencore Group, the *M/T GLENDA Melissa*, is expected to be delivered at the end of February 2011, successfully completing the new building plan.

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

	As at 31 December 2010			As at 22 February 2011		
	MR	Handysize	Total	MR	Handysize	Total
Owned	14.5	3.0	17.5	16.0	3.0	19.0
Time chartered	16.0	4.0	20.0	16.0	3.0	19.0
Chartered through pools	-	1.0	1.0	-	1.0	1.0
Total	**30.5**	**8.0**	**38.5**	**32.0**	**7.0**	**39.0**


d'AMICO

d’Amico International Shipping S.A.

Management Report and Statutory Financial Statements

Year Ended 31 December 2010

RCS LUXEMBOURG B 124 790

d'Amico International Shipping S.A.

Management Report

d'Amico International Shipping S.A. (the "Company") 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. The principal activity of the Company 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 2010 financial period of the Company amounted to US$ 2.9 million. The Company's Income Statement is summarized in the following table.

US$ Thousand	As at 31 Dec 2010	As at 31 Dec 2009
Investment income (dividends)	-	5,000
Personnel costs	(627)	(1,456)
Other General and administrative costs	(2,257)	(2,714)
Financial income (charges)	(51)	(232)
Net Result	**(2,935)**	**598**

No investment income was received in 2010.

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

Balance Sheet

US$ Thousand	As at 31 Dec 2010	As at 31 Dec 2009
Investments	252,057	265,893
Current assets	12,467	490
Total assets	**264,524**	**266,383**
Shareholders' Equity	221,694	224,753
Current Liabilities	42,834	41,630
Total liabilities and shareholders' equity	**264,528**	**266,383**

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.

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

During 2010 the following changes occurred in the fleet controlled by d'Amico Tankers Limited:

- In the first half of 2010 was carried out a reorganisation process of the Handytankers pool fleet mainly focused on the rationalisation of the partners interests into the vessel chartered through the pool. In the meanwhile d'Amico Tankers decided to reduce its fleet exposure into the pool. As a result, at the end of December 2010 d'Amico Tankers Limited employed only one vessel through Handytankers. The vessels that d'Amico Tankers Limited withdrew from the pool over 2010 are currently directly employed;
- April 2010 - *M/T Cielo di Roma*, a handy-size chartered vessel, and *M/T High Trader*, a medium range chartered vessel were redelivered back to their Owners;
- July 2010 - *M/T Uzava*, a medium range product tanker vessel, was time chartered by d'Amico Tankers Limited for a 1 year period;
- September 2010 - *M/T Cielo di Milano*, a handy-size product tanker vessel, was redelivered by d'Amico to her Owners.

Controlled fleet – GLENDA International Shipping Limited

The following are the changes occurred in 2010 relating to the fleet controlled by GLENDA International Shipping Limited, the joint venture company with Glencore Group, in which DIS has a 50% interest:

- February 2010 – *M/T GLENDA Meredith*, a medium range owned vessel, was delivered to GLENDA International Shipping Limited;
- April 2010 - the *M/T Dauntless*, a medium range vessel, was time chartered by GLENDA International Shipping Limited for a 2 years period. Following the change in the ownership, the vessel was redelivered back to her Owners in mid October;
- November 2010 - *M/T GLENDA Melanie*, a medium range owned vessel, was delivered to GLENDA International Shipping Limited.

GLENDA International Shipping Limited The publication of the arbitration awards in the dispute between GLENDA and SLS Shipbuilding Co. Ltd. and related cash-in of the refund guarantee for all the instalments

On 2 February 2010 and on 27 April 2010 were respectively published the Tribunals' awards relating to the first three and to the fourth arbitrations between GLENDA International Shipping Ltd ("GLENDA"), the joint venture company between the Glencore Group and DIS, and SLS Shipbuilding Co. Ltd of Tongyeong, Korea ("SLS Shipyard") over the termination of the new building contracts relating to the 51,000 DWT product/chemical tanker vessels bearing hull nr. S510, nr. S511, nr.S512 and nr. S513, (the "Contracts"), duly executed on 7 December 2006 and novated to GLENDA on 19 November 2007. The Tribunals found that the four new building contracts were duly cancelled by GLENDA, and that GLENDA was entitled to obtain a refund of all installments paid under the respective shipbuilding contracts. Kookmin Bank of South Korea, in its position as guarantor of SLS Shipbuilding Co. Ltd of Tongyeong Korea and following to the relevant published arbitration awards, refunded GLENDA all installments paid on GLENDA's behalf under those terminated new shipbuilding contracts on 3 March 2010 and on 27 May 2010. The total refund, including interest, amounted to US$ 113.4 million. Net of the repayment to the financing bank, the amount reimbursed to GLENDA was US$ 45.3 million.

GLENDA International Shipping Limited The transfer of 2 Hyundai MR product / chemical vessels owned by GLENDA to d'Amico Tankers Limited and 2 Hyundai LR1 product / oil tankers vessels also owned by GLENDA to ST Shipping Transport PTE. LTD

On 3 March 2010 GLENDA International Shipping Limited ("GLENDA"), the joint venture company between the Glencore Group and DIS, transfers: (i) all of its rights and obligations in respect of the 2 Hyundai class M/R Product/Chemical tanker vessels bearing hull n° 2164 and hull n°2188 (the "Tanker Vessels") to d'Amico Tankers Limited - Ireland, the DIS fully owned operating subsidiary and; (ii) all of its rights and obligations in respect of the 2 Hyundai 74,000 dwt class Product/Oil tanker vessels bearing hull n°2292 and hull n° 2293 to ST Shipping and Transport Pte. Limited - Singapore. The cost for the Tanker Vessels transferred to d'Amico Tankers Limited were reduced from US$ 50.5 million to an average of US$ 45.7million per Tanker Vessel with a total, still outstanding, capital commitment amounting to US$ 56.2 million. It was further agreed with Hyundai Mipo Dockyard Co. Limited – Korea to increase the deadweight of the Tanker Vessels from 46,000 to 52,000 and, at the same time, it has also been agreed the postponement, at no extra costs, of their respective delivery date from March 2011 to the first quarter of 2012.

d'Amico Tankers Limited – The conclusion of time charter deals

In the course of the year, the operating subsidiary d'Amico Tankers Limited (Ireland), signed five Time Charter out agreements, of which two were contract renewals, with some of the main Oil Majors and Trading Houses. Three vessels were fixed for one year plus option to extend for one additional year, while the other two vessels were respectively fixed for one and three years period. Also, the pools, through which d'Amico Tankers Limited operates a significant part of its fleet, were able to secure two further Time Charter agreements with Oil Majors and Trading Houses each, for three years. These Time Charters were fixed at levels which supported the operating cash flow, increasing at the same time the coverage (revenue generated by fixed contracts).

Organisation Structure

On 8 July 2010 Michael Valentin, Chief Operating Officer (COO), left the Group. On 09 November 2010 it was announced the appointment of Flemming Carlsen to the role of Chief Operating Officer (COO). Flemming Carlsen, starting from 1st of January 2011, has taken the responsibilities for DIS chartering and operations activities, reporting to the Chief Executive Officer Marco Fiori. Flemming Carlsen has started his professional experience in A.P. Møller – Maersk Group, where he held the position of Strategic Sales and Marketing General Manager. His previous professional experiences included the role of Head of Regional Operations Europe at Neptune Orient Lines (London) and, recently, he took the position of Managing Director of UPT United Product Tankers (Hamburg).

During the last quarter of the year DIS finalized the re-organization plan relating to its operating functions. The current organization structure, apart from the holding company based in Luxembourg (DIS), is based on the following main locations:

- Dublin as head office of the key operating company d'Amico Tankers Limited, the pool companies and of the Joint Ventures;
- London and Singapore are the two offices where the chartering and operations team has been consolidated, respectively covering the West and Eastern hemisphere, supporting the Dublin office in its strategic and commercial management of the fleet.

Significant Events Since the End of the Year and Business Outlook

Controlled Fleet

The *M/T GLENDA Melody* and *M/T GLENDA Meryl*, medium range owned vessels, were delivered to GLENDA International Shipping Limited respectively on 27 January and 16 February 2011. The last of the six Hyundai-Mipo Dockyard chemical/product tankers vessels ordered by the Joint Venture between d'Amico and Glencore Group, the *M/T GLENDA Melissa*, is expected to be delivered at the end of February 2011, successfully completing the new building plan.

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

	As at 31 December 2010			As at 22 February 2011		
	MR	Handysize	Total	MR	Handysize	Total
Owned	14.5	3.0	17.5	16.0	3.0	19.0
Time chartered	16.0	4.0	20.0	16.0	3.0	19.0
Chartered through pools	-	1.0	1.0	-	1.0	1.0
Total	**30.5**	**8.0**	**38.5**	**32.0**	**7.0**	**39.0**

d'Amico Tankers Limited – The conclusion of time charter deals with an oil majors

Early in 2011, d'Amico Tankers Limited renewed for two more years, plus option to extend for one additional year, three time charter-out contracts with oil major. These contracts have been fixed at time charter rates, allowing the Company to support the operating cash flow generation. Following those agreements, the expected DIS average coverage ('revenue generated by fixed contracts') for 2011 will be around 45%.

Business Outlook

2011 has begun with better indicators and sentiment than at any point in the last three years. The IEA have once again revised their forecast for forward oil product demand for 2011 primarily on the back of improving GDP estimates from the likes of the IMF. Forward expectations of world GDP growth have been revised for entire 2011 projections based on recent unexpected positive growth within OECD regions. As the Oil Products stocks have reduced in the last quarter of 2010, excluding United States, we would expect Product tanker rates and utilization to improve this year with some product dislocation and arbitrage opportunities, albeit not too significant. The Longer term view is more positive with consolidation of refining capacity outside the OECD in the coming years leading to improved tonne mile demand and better utilization rates. This being said, d'Amico International Shipping maintains a cautious approach going into this quarter.

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 in more details below:

Product Tanker Demand

- The International Energy Agency (IEA) once again revised upwards its estimate and forecast for global oil demand in 2010 and 2011. Global oil demand in 2010 is now estimated to have averaged 87.72 million barrels per day, 280,000 barrels per day higher than previously assessed;
- 2010 demand recovered by 2.74 million barrels per day versus 2009, more than offsetting the declines recorded in 2008 and 2009;
- The forecast for 2011 has been revised up by 360,000 barrels per day to 89.13 million barrels, indicating a 1.41 million barrels per day increase year-on-year increase;
- Additional Refinery capacity will increase, with some delays, by a staggering 9 million barrels per day between 2010 and 2015, predominately in emerging Economies. This new low-cost capacity in Asia has resulted in a rationalisation of refineries in the OECD. Within the last six month 640,000 barrels per day capacity, primarily in Europe, has been permanently closed;
- This increased low-cost refinery capacity within Asia

should structurally favour more long haul products trade. So as tonne mile demand increases this should have a positive effect on product tanker demand;

- The Chinese government has directed state owned companies to curb Gasoil exports and hike imports. EU Sanctions for Iran has forced exporters such as India to find new markets which have resulted in better tonne mile voyages;
- India will add 1.1 million barrels per day of crude distillation capacity by 2015. On currents projection India will overtake Japan as the world's fourth largest refiner by 2013. This increased capacity leaves them with excess export capacity;
- With the resurgence of gasoil imports to Europe, and improved demand in China, Indian refined product exports rose to a high of more than 1 million barrels per day in December, from a low of 660,000 barrels per day in November.

Product Tanker Supply

- The order book for the last few years has been the biggest negative for the Product Tanker market; however it has become apparent that not all those ships that were scheduled to be delivered would in fact appear. The percentage of ships, in the 25-55,000 deadweight segments, that were not delivered has been scheduled but running at between 25-30% for the last three years;
- This 25-30% reduction in anticipated supply can be attributed to delivery slippage, cancellations and renegotiated contracts and conversions;
- Scrapping is a factor for the shipping industry however the phase out and relatively poor returns has accelerated the removal of ships last year. About three million seven hundred thousand (3,700,000) deadweight has been permanently removed from the 25-55,000 deadweight segments;
- The net forward growth is looking far more manageable in this segment. The reduction in deliveries and removals is reducing the growth back in to single digit percentage increase;
- The Oil price is back up to a little over us dollars one hundred per barrel; this in turns translates into much higher bunker costs, which has resulted in Owners choosing to slow steam their Ships;
- Slow steaming coupled with extended port times (delays) has positively affected the supply / demand.

The above factors are those which could affect the future development and performances. In the section 'Financial review' it has been already disclosed the financial position of the Group, its cash flows and net debt. d'Amico International Shipping, other than the relevant "cash on hand", has significant financial resources available through its credit lines. In addition, a significant portion of the revenue has been already secured and the expected fixed contract coverage percentage for 2011 is in the range of 45% on average, coming from time charter-out contracts. These resources and the balanced business development model consequently allow the Company directors to believe that, despite the current uncertain worldwide economic outlook, DIS is well positioned for the coming year.

On behalf of the Board
22 February 2011

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 2010

Statement of Comprehensive Income

US$	Note	2010	2009
Revenue	(2)	-	5,000,000
General and administrative costs	(3)	(2,873,964)	(4,157,306)
Gross operating result		**(2,873,964)**	**842,694**
Depreciation		(10,065)	(17,333)
Operating result		**(2,884,029)**	**825,361**
Net financial income (charges)	(4)	(50,567)	(227,020)
Profit / (Loss) Before Tax		**(2,934,596)**	**598,341**
Tax expense	(5)	(630)	-
Net Profit / (Loss)		**(2,935,226)**	**598,341**
Total comprehensive income for the period		**(2,935,226)**	**598,341**

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

Statement of Financial Position

US$	Note	As at 31 Dec 2010	As at 31 Dec 2009	As at 1 Jan 2009
ASSETS				
Non current assets				
Tangible assets	(6)	3,666	13,731	29,894
Financial fixed assets	(7)	252,057,334	265,879,334	252,482,334
Total non current assets		**252,061,000**	**265,893,065**	**252,512,228**
Current assets				
Receivables and other current assets	(8)	83,474	95,421	128,780
Current financial assets	(9)	8,250,169	-	-
Cash and cash equivalents	(10)	4,133,765	393,917	2,538,295
Total current assets		**12,467,408**	**489,338**	**2,667,075**
Total assets		**264,528,408**	**266,382,403**	**255,179,303**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital	(11)	149,949,907	149,949,907	149,949,907
Retained earnings	(11)	23,799,529	22,500,138	43,477,765
Other reserves	(11)	47,944,656	52,302,701	49,475,185
Total shareholders' equity		**221,694,092**	**224,752,746**	**242,902,857**
Current liabilities				
Payables and other current liabilities	(12)	12,043,975	122,044	306,812
Other current financial liabilities	(13)	30,790,341	41,237,604	11,699,625
Current taxes payable	(14)	-	270,009	270,009
Total current liabilities		**42,834,316**	**41,629,657**	**12,276,446**
Total liabilities and shareholders' equity		**264,528,408**	**266,382,403**	**255,179,303**

The financial statements on pages 89 to 110 were authorised for issue by the Board of Directors on its behalf on 22 February 2011.

Paolo d'Amico, Chairman

Marco Fiori, Chief Executive Officer

Statement of Cash Flows

US$	2010	2009
(Loss) / profit for the period	**(2,935,226)**	**598,341**
Depreciation and amortisation	10,065	17,333
Current and deferred tax	630	-
Financial charges	50,567	227,020
Cash flow from operating activities before changes in working capital	**(2,873,964)**	**842,694**
Movement in amounts receivable	11,946	33,360
Movement in amounts payable	199,782	(184,768)
Taxes (paid)	(270,009)	-
Interest received (paid)	45,704	(39,041)
Net cash flow from operating activities	**(2,866,541)**	**652,245**
Acquisition of fixed assets	-	(1,170)
Acquisition of investments	(8,250,169)	-
Movement in other financial assets	13,822,000	(13,397,000)
Net cash flow from investing activities	**5,571,831**	**(13,398,170)**
Movement in other financial payable	1,177,985	29,350,000
Treasury Shares	-	
Other reserves	(123,427)	653,628
Dividend paid	-	(19,402,081)
Net cash flow from financing activities	**1,054,558**	**10,601,547**
Change in cash balance	**3,739,848**	**(2,144,378)**
Net increase/ (decrease) in cash and cash equivalents	**3,739,848**	**(2,144,378)**
Cash and cash equivalents at the beginning of the period	393,917	2,538,295
Cash and cash equivalents at the end of the period	**4,133,765**	**393,917**

Statement of Changes in Shareholders' Equity

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**	**221,694,093**

US$	Share capital	Retained earnings	Other Reserves	Total
Balance as at 1 January 2009	**149,949,907**	**43,477,765**	**49,475,185**	**242,902,857**
Dividend paid (per share 13 cents)	-	(19,402,080)	-	(19,402,080)
Legal reserve	-	(2,173,888)	2,173,888	-
Other changes	-	-	653,628	653,628
Total comprehensive income	-	598,341	-	598,341
Balance as at 31 December 2009	**149,949,907**	**22,500,138**	**52,302,701**	**224,752,746**

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'. These financial statements therefore fall under the application of IFRS 1 – 'First Time Adoption of IFRS', as financial statements prepared for the first time according to IFRS.

d'Amico International Shipping S.A. 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 applicable International Financial Reporting Standards (IFRS). This is the first time the company has adopted International Financial Reporting standards, an explanation of how the transition to IFRS affected the financial position, performance and cash flows of the company are set out in note 19.

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

Revenue Recognition

It is represented by dividends income received from subsidiaries.

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 balance sheet 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 comprehensive income, in which case the deferred tax is also accounted for in 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 income statement.

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 Company 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 consider 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.

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.

Equity Compensation Plans (Share Based Payments)

The Company provides additional benefits to certain members of senior management through an equity compensation plan (stock option plan). In accordance with IFRS 2 – Share-based Payment, this plan represents a component of the recipient's remuneration. The compensation expense, corresponding to the fair value of the options at the grant date, is recognized in the income statement on a straight-line basis over the period from the grant date to the vesting date, with the offsetting credit recognized directly in equity.

The fair value is measured using the Black Scholes pricing model. The inputs used in the model are based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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 January 2010

The revised version of *IAS 1 - Presentation of Financial Statements* is effective for periods commencing on or after January 1, 2009 and these statements reflect the required changes. The revision is aimed at improving users' ability to analyse and compare the information given in financial statements. The changes require information in financial statements to be aggregated on the basis of shared characteristics and introduce a new statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners (such as dividends and share repurchases) separate from 'non-owner' changes (such as transactions with third parties). Comprehensive income includes the profit or loss for the period plus other comprehensive income recognised including gains and losses on hedging instruments, gains and losses on the revaluation of available for sale financial assets and changes in revaluation surplus.

Accounting principles, amendments and interpretations that are not yet effective and have not been adopted early by the Company

The following standards and amendments to existing standards have been published and are mandatory for accounting periods of the Group beginning after 1 January 2010, but which have not been adopted early by the Group:

IFRS 9, Financial Instruments - is effective for accounting periods beginning on or after 1 January 2013. The standard issued in November 2009, which was added to in October 2009, currently outlines the recognition and measurement of financial assets, financial liabilities and the derecognition criteria for financial assets. Financial assets are to be measured either at amortised cost or fair value through profit and loss, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. A financial asset can only be measured at amortised cost if the Group has a business model to hold the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding. On adoption of the standard the Group will have to redetermine the classification of its financial assets specifically for available-for-sale and held-to-maturity financial assets. Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit and loss (for example derivatives) with changes in the liabilities' credit risk to be recognised in other comprehensive income. The derecognition principles of IAS 39, 'Financial Instrument: Recognition and Measurement', have been transferred to IFRS 9, there is unlikely to be an impact on the Group from this section of the standard when it is applied.

The Company has not evaluated the full extent of the impact that the standard will have on its financial statements.

Various IFRSs have been amended by the Annual Improvements issued in 2009 and 2010. The amendments that are not yet effective are unlikely to have a material impact on the Company financial statements, unless previously stated.

2. Revenue

US$	2010	2009
Revenue	-	5,000,000

No revenues from the holding activity were realized in 2010, while a dividend of US$ 5,0 million was received in the month of April 2009 from d'Amico Tankers Limited, the key operating subsidiary.

3. General and Administrative Costs

US$	2010	2009
Wages and benefits	(626,968)	(1,455,882)
Other operating charges	(2,246,996)	(2,701,424)
	(2,873,964)	**(4,157,306)**

Employees

The Company employs two Managers and two administrative employees (2009: unchanged).

The total charge for wages and salaries amounted to US$ 626,968 (2009: US$ 1,455,882) and included the last tranche of an incentive compensation scheme to the management.

A share option plan for management remuneration was approved by an EGM on 6 September 2007, after advice of the Remuneration Committee. 2,631,774 Options were assigned to the CEO, the COO and the CFO. The adoption of this incentive compensation scheme fits the form of variable compensation (bonus) – as a percentage of the overall salary. The plan evolved over a period of 36 months through assignments in four tranches, eligible for cumulation, with physical delivery regulations. Valuation of the fair value of the equity instruments and of the corresponding services received by the company was performed at grant date.

In July 2010, at expiry date, none of the options was exercised.

Other operating charges

The amount of US$ 2,246,996 in 2010 include professional fees and advisory costs incurred by the

Company during the year: they are functional to its current presence on the stock market (2009: US$ 2,701,424).

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% witholding tax (2009: EUR 984,000 and 20% withholding tax).

4. Net Financial Income (Charges)

US$	2010	2009
Net financial income (charges)	(50,568)	(227,020)

Financial costs amount to US$ 50,568 (2009: US$ 227,020) and mainly concern the interest expense calculated on the loan received from d'Amico Tankers Limited of US$ 96,902 (2009: US$ 187,979).

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$	2010	2009
Tax expenses	(630)	-

Taxation in 2010 comprises the minimum Net Wealth Tax for the year and the part relating to the final assessment from the Luxembourg Tax Administration of the net wealth of the Company in 2008.

As dividends are not subject to the corporate income tax in Luxembourg, the holding company, d'Amico International Shipping S.A. had, at the end of 2010, cumulated tax losses to be carried forward of approximately Euro 35.5 million (US$ 47.4 millions). Due to the reversal of the share option charge cumulated during the years from 2007 to 2010 as detailed in note 11 (in accordance with Luxembourg Tax Law), a taxable profit was generated in 2010 reducing the tax losses carry forward to approximately Euro 33.5 millions. 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 2010 and for 2009 the calculated net assets generated no tax.

6. Tangible Assets

Tangible assets principally represents IT equipment for the Luxembourg office.

US$	2010	2009
Cost		
At 1 January	52,440	51,270
Additions	-	1,170
At 31 December	52,440	52,440
Depreciation		
At 1 January	38,709	21,376
Charge for the period	10,065	17,333
At 31 December	48,774	38,709
Net book value		
At 31 December	3,666	13,731

7. Financial Assets

Investment in subsidiaries

Company	Country	Ownership	Ccy	Increase (decrease)	Book value at 31 Dec 2010
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 2010	31 December 2009
Glenda International Shipping Ltd.	USD	-	13,822,000

During the year the interest free shareholders' loan (equity fund) was decreased as the result of the reimbursement of advances made to finance further instalments of some vessels finally cancelled. The shareholders' loan is going to be again increased in 2011 for the financing of further vessels under construction.

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
VPC Logistics Limited	100%	UK	Shipping
DM Shipping Limited	51%	Ireland	Shipping
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 2010	As at 31 Dec 2009
Receivables and other current assets	83,474	95,421

In 2010 and in 2009 the balance represents prepaid Company expenses and other sundry debtors.

9. Other Financial Assets

US$	As at 31 Dec 2010	As at 31 Dec 2009
Current financial assets	8,250,169	-

The amount of US$ 8,250,169 represents the fair value of the surplus cash invested during the year in highly rated bonds acquired in the year. 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 3.28%.

10. Cash and Cash Equivalents

US$	As at 31 Dec 2010	As at 31 Dec 2009
Cash and cash equivalents	4,133,765	393,917

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 result, and deductions for dividends distributed.

Other reserves

The other reserves include the following items:

US$ Thousand	As at 31 Dec 2010	As at 31 Dec 2009
Share premium reserve	60,582,975	60,582,976
Treasury shares	(15,680,151)	(15,680,151)
Share option reserve	-	4,387,962
Legal reserve	3,041,832	3,011,914
Total	**47,944,656**	**52,302,701**

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 consist of 4,390,495 ordinary shares for an amount of US$ 15.7million, corresponding to 2.93% of the outstanding share capital at the financial position date. These shares were acquired during the second half of 2007 and in the course of 2008, following the approval of the Buy-back program.

Share option reserve

On 6 September 2007 the Company approved the grant of share options to senior management. The plan had a limited term of four years and may issue up to 2,631,775 shares in four tranches, as detailed below. In all cases the options would be issued at the 'strike' price of Euro 3.50. The reserve was established for the amount correspondent to the cumulated cost at the end of each year.

The plan ended in July 2010 and at vesting date no options were exercised.

Details of the plan were as follows:

	Tranche 1 - 2007	Tranche 2 - 2008	Tranche 3 - 2009	Tranche 4 - 2010	Total
Vesting date	*Oct 1 2007*	*April 1 2008*	*April 1 2009*	*April 1 2010*	
Chief Executive Officer	263,177	350,903	350,903	350,904	1,315,887
Chief Operating Officer	210,542	280,723	280,723	280,722	1,052,710
Chief Financial Officer	52,635	70,181	70,181	70,180	263,177
	526,354	**701,807**	**701,807**	**701,806**	**2,631,774**

The total fair value of the options granted has been estimated at the granting date at Euro 3.2 million based on a fair value per option of Euro 1.23. The fair value was calculated using the Black Scholes option pricing model with the following assumptions:

Underlying Security	d'Amico International Shipping S.A.
Number of options granted	2,631,774
Vesting Period	4 tranches
Option strike price	Euro 3.5
Current share price (at granting date)	Euro 3.67
Plan termination date	31 July 2010
Implied volatility [(1)]	50%
Risk free rate	4.50%

The portion of the fair value in respect of the share option plan recognized under general and administrative costs (Personnel) in 2010 resulted from an exchange gain of US$ 123 thousand (2009: charge of US$ 0.7 million). The same amount has been accounted for under other reserves; at the end of the plan no option was exercised. Following the end of the share option plan, the share option reserve has been transferred to retained earnings.

Legal reserve

It is a legal requirement in Luxembourg and was formed through destination of 5% of 2007, 2008 and 2009 realised profits.

Reserves for own shares

It has been established for an equivalent amount of the own shares purchased on the market.

12. Payables and Other Current Liabilities

US$	As at 31 Dec 2010	As at 31 Dec 2009
Payable Glenda International Shipping S.A.	11,722,150	-
Other current liabilities	321,825	122,044
Total	**12,043,975**	**122,044**

During the year Glenda International Shipping S.A. reimbursed an amount higher than its equity fund, giving rise to a credit towards d'Amico International Shipping S.A.; this was possible thanks to the reimbursment by the shipyard of the instalments paid to finance some vessels which building was finally cancelled. The shareholders' loan is going to be again increased in 2011 for the financing of further vessels under construction.

In 2010 and in 2009 it is a residual amount from the day-to-day administrative activity of the Company.

(1) The volatility was determined in a range between 40-50%, considering the general stock market conditions and the industry.

13. Other Current Financial Liabilities

US$	As at 31 Dec 2010	As at 31 Dec 2009
Other financial current liabilities	30,790,341	41,237,604

The Company has in place a financial payable due to d'Amico Tankers Limited (DTL). The loan bears interest at US dollar LIBOR 3 months plus a margin aligned with the markets conditions; the range during 2010 of rates for the 3-month USD Libor was 0.24% – 0.53 %.

During the year there was a partial reimbursment of the payable, on 31 December 2010 the amount due was US$ 30,790,341 while on 31 December 2009 it was US$ 41,237,604.

14. Current Tax Liabilities

US$	As at 31 Dec 2010	As at 31 Dec 2009
Current tax liabilities	-	270,009

All outstanding taxation charge was paid in 2010 while the balance at the end of 2009 reflects a provision for the Net Wealth Tax.

15. Related Parties Transactions

During 2010, 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 management service agreements (for human resources, legal, IT and internal audit services) with d'Amico Group companies, a loan agreement with its subsidiary d'Amico Tankers Limited and a rental agreement with immediate parent company, for a total cost amounting to US$ 277 thousand.

The effects, by legal entity, of related party transactions on the Company's Income Statement for the 2010 are the following:

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	-	-	-	-	-
Generale 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 table below shows the effects, by legal entity, of related party transactions on the Company's Income Statement for the year 2009:

US$	d'Amico International Shipping SA	d'Amico Società di Nav. SpA	Cogema SAM	d'Amico Tankers Limited	d'Amico International S.A.
Revenue	**5,000,000**	**-**	**-**	**5,000,000**	**-**
of which					
Dividend	-	-	-	-	-
General and administrative costs	**(4,157,306)**				
of which					
Services agreement	(331,357)	(214,358)	(79,713)	-	(37,286)
Net financial income (charges)	**(227,020)**				
of which					
Financial interest	(187,979)	-	-	(187,979)	-
Total		**(214,358)**	**(79,713)**	**4,812,021**	**(37,286)**

The effect, by legal entity, of related party transactions on the Company's Statement of Financial Position as at 31 December 2010 are as follows:

US$	d'Amico International Shipping SA	d'Amico Tankers Limited	d'Amico Società di Nav. SpA	Cogema SAM
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**

The effect, by legal entity, of related party transactions on the Group's consolidated Statement of Financial Position as at 31 December 2009 were the following:

US$	d'Amico International Shipping SA	d'Amico Tankers Limited	d'Amico Tankers Monaco SAM	d'Amico International SA
Receivables and other current assets	95,421			
of which related party	(2,697)	(2,697)	-	-
Payables and other current liabilities	122,044			
of which related party	12,930		6,419	6,511
Other current financial liabilities	41,237,604			
of which related party	41,237,604	41,237,604	-	-
Total		**41,234,907**	**6,419**	**6,511**

16. Ultimate Holding Company

The immediate parent company of the group is d'Amico International S.A. a company incorporated in Luxembourg.
The ultimate holding company and controlling party is d'Amico Società di Navigazione S.p.A incorporated in Italy.

17. Subsequent Events

Controlled Fleet

The *M/T GLENDA Melody* and *M/T GLENDA Meryl*, medium range owned vessels, were delivered to GLENDA International Shipping Limited respectively on 27 January and 16 February 2011. The last of the six Hyundai-Mipo Dockyard chemical/product tankers vessels ordered by the Joint Venture between d'Amico and Glencore Group, the *M/T GLENDA Melissa*, is expected to be delivered at the end of February 2011, successfully completing the new building plan.

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

	As at 31 December 2010			As at 22 February 2011		
	MR	Handysize	Total	MR	Handysize	Total
Owned	14.5	3.0	17.5	16.0	3.0	19.0
Time chartered	16.0	4.0	20.0	16.0	3.0	19.0
Chartered through pools	-	1.0	1.0	-	1.0	1.0
Total	**30.5**	**8.0**	**38.5**	**32.0**	**7.0**	**39.0**

18. Off Balance Sheet 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 US$ 350.0 million Calyon and JPY 10 billion Mizuho facilities.

19. Explanation of transition to International Financial Reporting Standards

The company has chosen to apply IFRSs for financial reporting purposes. This is the first year that the Company has presented its financial statements under IFRS. The last financial statements under Luxembourg GAAP were for the year ended December 31, 2009 and the date of transition to IFRSs was therefore January 1, 2009.

Reconciliation of Equity at December 31, 2009 (date of last Lux GAAP financial statements) is as follows:

US$	Note	Lux GAAP 2009	Reconciliation	IFRS 2009
ASSETS				
Non current assets				
Tangible assets		13,731	-	13,731
Financial fixed assets		265,879,334	-	265,879,334
Own shares	a)	15,680,151	(15,680,151)	-
Total non current assets		**281,573,216**	**(15,680,151)**	**265,893,065**
Current assets				
Receivables and other current assets		17,138	-	17,138
Prepayments and accrued income		78,283	-	78,283
Cash and cash equivalents		393,917	-	393,917
Total current assets		**489,338**	**-**	**489,338**
Total assets		**282,062,554**	**(15,680,151)**	**266,382,403**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' Equity				
Share capital		149,949,907	-	149,949,907
Retained earnings		22,500,138	-	22,500,138
Legal reserve		3,011,914	-	3,011,915
Share premium account	a)	44,902,825	15,680,151	60,582,975
Reserve for own shares	a)	15,680,151	(31,360,302)	(15,680,151)
Reserve for stock options		4,387,962	-	4,387,962
Total Shareholders' Equity		**240,432,897**	**(15,680,151)**	**224,752,746**
Current liabilities				
Payables and other current liabilities		122,044	-	122,044
Other current financial liabilities		41,237,604	-	41,237,604
Current taxes payable		270,009	-	270,009
Total current liabilities		**41,629,657**	**-**	**41,629,657**
Total liabilities and shareholders' equity		**282,062,554**	**(15,680,151)**	**266,382,403**

Notes

a) In the transition from Lux GAAP to IFRS this is the adjustment for own shares: under Luxembourg GAAP, Treasury Shares are shown under "Financial assets – own shares" and a non-distributable reserve must be constituted under Shareholders' Equity as a specific reserve. Under IFRS, Treasury Shares are directly deducted from Shareholders' Equity.

Reconciliation of profit reported under previous Lux GAAP for the year ended December 31, 2009 to profit under IFRS for the same, is as follows:

US$	Note	Lux GAAP 2009	Reconciliation	IFRS 2009
CHARGES				
Value adjustments in respect of fixed assets		17,333	-	17,333
Staff costs	b)	1,447,793	(1,447,793)	-
Other operating charges	b)	2,696,111	(2,696,111)	-
General and Administrative costs		-	4,157,305	4,157,305
Interest payable and similar charges	b)	325,135	(13,401)	311,734
Profit for the financial period		598,341	-	598,341
Total charges		**5,084,713**	**-**	**5,084,713**
INCOME				
Income from participating interest		5,000,000	-	5,000,000
Other interest receivable and similar income		84,713	-	84,713
Total income		**5,084,713**	**-**	**5,084,713**

Notes

b) *Reclassification of expenses as part of IFRS restatement* - Under IFRS all *Staff costs* are recognised under General&Administrative costs while in Lux GAAP there is a specific item of costs indicating the cost of the personnel employed and related social security contribution; *Director fees* under IFRS are considered to be part of the Personnel of the Company/Staff costs and are therefore reclassified among G&A (under Lux GAAP they were recorded among the Other operating charges). *General&Administrative* costs under IFRS include also *Bank charges* (Lux GAAP: within Interest payable and similar charges)

Reconciliation of Equity at January 1, 2009 is as follows:

US$	Note	Lux GAAP 1 Jan 2009	Reconciliation	IFRS 1 Jan 2009
ASSETS				
Non current assets				
Tangible assets		29,894	-	29,894
Financial fixed assets		252,482,334	-	252,482,334
Own shares	c)	15,680,151	(15,680,151)	-
Total non current assets		**268,192,379**	**(15,680,151)**	**252,512,228**
Current assets				
Receivables and other current assets		22,301	-	22,301
Prepayments and accrued income		106,479	-	106,479
Cash and cash equivalents		2,538,295	-	2,538,295
Total current assets		**2,667,075**	**-**	**2,667,075**
Total assets		**270,859,454**	**(15,680,151)**	**255,179,303**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' Equity				
Share capital		149,949,907	-	149,949,907
Retained earnings		43,477,765	-	43,477,765
Legal reserve		838,026	-	838,026
Share premium account	c)	44,902,825	15,680,151	60,582,976
Reserve for own shares	c)	15,680,151	(31,360,302)	(15,680,151)
Reserve for stock options		3,734,334	-	3,734,334
Total Shareholders' Equity		**258,583,008**	**(15,680,151)**	**242,902,857**
Current liabilities				
Payables and other current liabilities		306,812	-	306,812
Other current financial liabilities		11,699,625	-	11,699,625
Current taxes payable		270,009	-	270,009
Total current liabilities		**12,276,446**	**-**	**12,276,446**
Total liabilities and shareholders' equity		**270,859,454**	**(15,680,151)**	**255,179,303**

Notes

c) In the transition from Lux GAAP to IFRS this is the adjustment for own shares: under Luxembourg GAAP, Treasury Shares are shown under 'Financial assets – own shares' and a non-distributable reserve must be constituted under Shareholders' Equity as a specific reserve. Under IFRS, Treasury Shares are directly deducted from Shareholders' Equity.

Other Disclosures

The following disclosures are included as part of the Italian Exchange Commission 'CONSOB' requirements for the company listed on the Milan Stock Exchange

Compensation to the members of the board of the directors and to senior managers of the Company with strategic responsibilities

(Article 78 of the Consob Regulation 11971/99) (US$ Thousand)

Name	Office held	Period of time in charge of the position	Date of expiry [(1)]	Compensation for the position held in the Company	Non- Cash Benefits	Bonus and other incentives [(2)]	Other fees [(3)]
Mr. Paolo d'Amico	Chairman	2009	2011	331	-	-	278
Mr. Marco Fiori	Chief Executive Officer	2009	2011	192	-	159	778
Mr. Cesare d'Amico	Executive Director	2009	2011	73	-	-	-
Mr. Massimo Castrogiovanni	Non-Executive Director	2009	2011	73	-	-	7
Mr. Stas Jozwiak	Non-Executive Director	2009	2011	73	-	-	-
Mr. Giovanni Battista Nunziante	Non-Executive Director	2009	2011	73	-	-	-
Mr. John J. Danilovich	Non-Executive Director	2009	2011	73	-	-	-
Mr. Heinz Peter Barandun	Non-Executive Director	2009	2011	73	-	-	-
Senior Managers with strategic responsibilities [(4)]		2009		-	-	340	2,516

(1) Date of the General Shareholders' Meeting approving the Company's Annual Accounts for 2010 Financial Year

(2) Variable portion of the compensation

(3) It includes the compensation as Board members and the wages received from other Group companies

(4) It includes 6 Managers of d'Amico International Shipping Group

Participations held directly or indirectly in the Company's and its subsidiaries' share capital by members of the board of directors and by senior managers of the Company

(Article 79 of the Consob Regulation 11971/99)

"Mr. Paolo d'Amico and Mr. Cesare d'Amico, respectively the Chairman and the Executive Director of the Board of Directors of the Company and both members of the Executive Committee of the Company, are the ultimate beneficial owners of the Company. Mr. Paolo d'Amico holds 5,000,000 voting shares constituting 50% of the share capital of d'Amico Società di Navigazione S.p.A.. Mr. Cesare d'Amico holds 1,793,350 voting shares constituting 17.93% of the share capital of d'Amico Società di Navigazione S.p.A. and, through a controlling (54%) shareholding in Fi.Pa. Finanziara di Participazione S.p.A. (a company owned by Mr. Cesare d'Amico and his sisters, Mrs. Maria Cristina d'Amico and Mrs. Giovanna d'Amico), indirectly holds a further 3,206,350 voting shares constituting 32.07% of the share capital of d'Amico Società di Navigazione S.p.A.. d'Amico Società di Navigazione S.p.A. holds 100% of the share capital of d'Amico International S.A. and the latter holds 65.09% of the Company's share capital. As a result, Mr. Paolo d'Amico and Mr. Cesare d'Amico indirectly beneficially own 65.09% of the Shares of the Company and its Subsidiaries.

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.

22 February 2011

Alberto Mussini, Chief Financial Officer


HIGH ENDEAVOUR
HIGH ENDEAVOUR

MOORE STEPHENS

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the shareholders of d'Amico International Shipping S.A.

25C Boulevard Royal, Luxembourg

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, 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended December 31, 2010, and a summary of significant accounting policies and other explanatory information.

This report is made to you in accordance with the terms of our engagement. Our work has been undertaken so that we might audit the financial statements that we have been engaged to audit, report to you that we have done so, and state those matters that we have agreed to state to you in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than d'Amico International Shipping S.A. for our audit work for this report.

Responsibility of 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 Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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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 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 judgement of the réviseur d'entreprises agréé, 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 S.A. as of December 31, 2010, and of its financial performance and its cash flows for the year then ended December 31, 2010, 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.

Horst Schneider

March 14, 2011
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

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

We have audited the accompanying consolidated financial statements of d'Amico International Shipping S.A., which comprise the statement of financial position as at December 31, 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended December 31, 2010, and a summary of significant accounting policies and other explanatory information.

This report is made to you in accordance with the terms of our engagement. Our work has been undertaken so that we might audit the consolidated financial statements that we have been engaged to audit, report to you that we have done so, and state those matters that we have agreed to state to you in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than d'Amico International Shipping S.A. for our audit work for this report.

Responsibility of 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 Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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MOORE STEPHENS
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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 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 judgement of the réviseur d'entreprises agréé, 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 consolidated financial statements give a true and fair view of the financial position of d'Amico International S.A. as of December 31, 2010, and of its financial performance and its cash flows for the year then ended December 31, 2010, 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.

Horst Schneider

March 14, 2011
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