

REPORT ON CORPORATE GOVERNANCE AND
OWNERSHIP STRUCTURE
2009

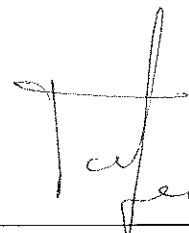
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related to the Financial year ended on 31 December 2009



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DEFINITIONS

In this document the following expressions have the meaning indicated below:

- **“Articles of Association”**: the Company’s Articles of Association approved upon incorporation of the Company and subsequent amendments.
- **“Board of Directors”**: the Company’s Board of Directors.
- **“Borsa Italiana Code”**: the Corporate Governance Code of Conduct for the Italian Listed Companies approved on March 14th, 2006 by the Corporate Governance Committee and issued by Borsa Italiana S.p.A. and subsequent amendments.
- **“Borsa Italiana Instructions”**: the Instructions to the Rules of the Markets organized and managed by Borsa Italiana S.p.A. and subsequent amendments.
- **“Borsa Italiana Rules”**: the Rules of the Markets organised and managed by Borsa Italiana S.p.A. and subsequent amendments.
- **“Company”**: d’Amico International Shipping S.A.
- **“Consob Regulation on Issuers”**: Consob Regulation n. 11971 of May 14th, 1999, implementing the provisions on issuers of TUF, and subsequent amendments.
- **“Consob Regulation on Markets”**: Consob Regulation n. 16191 of October 29th, 2007, implementing the provisions on issuers of TUF, and subsequent amendments.

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- “Financial Year”: the 2009 financial year which the Report refers to.
- “d’Amico Group”: the group of which the Company is part.
- “Decree 231”: Italian Legislative Decree of June 8th, 2001, n. 231 and subsequent amendments
- “Report”: the 2009 Annual Report on Corporate Governance and ownership structure drafted in compliance with the recommendations of the Borsa Italiana Code and the provisions of the Borsa Italiana Instructions.
- “Shareholders”: the shareholders of the Company.
- “Subsidiary/ies”: the subsidiary/ies of the Company.
- “Supervisory Director”: Executive Director responsible for supervising the properly functioning and effective implementation of the Internal Control System.
- “Transparency Law”: the Luxembourg law of 11 January 2008 on transparency obligations and subsequent amendments.
- “TUF”: the Italian Legislative Decree n. 58 of February 24th, 1998 (Testo Unico della Finanza) and subsequent amendments.
- “Website”: the Company’s website, www.damicointernationalshipping.com

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1. COMPANY PROFILE AND INFORMATION ON COMPLIANCE

The Company is a company duly incorporated on February 9th, 2007, existing under Luxembourg laws and, having completed its initial public offering (hereinafter, the "IPO") of shares on May 3rd, 2007, is today listed on the Segmento Titoli Alti Requisiti (hereinafter, the "STAR segment") of the Italian Stock Exchange Market and particularly on the Mercato Telematico Azionario (hereinafter, the "MTA") organized and managed by Borsa Italiana S.p.A. (hereinafter, "Borsa Italiana").

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.

The Company is organized in compliance with the applicable Luxembourg laws and regulations on companies and, as per resolution of its Board of Directors of February 23rd 2007, resolved to adopt and still adopts the Borsa Italiana Code (available at the Borsa Italiana S.p.A. website being www.borsaitaliana.it and also at the Website) not being obliged to comply with the corporate governance regime of the Grand Duchy of Luxembourg. If, however, with regard to specific issues, the system of corporate governance should not be in compliance with the abovementioned recommendations and practices adopted on a voluntary basis, the Report will outline the specific reasons of failure to comply. The Company is further subject to the disclosure obligations related to corporate actions and periodic information established by the Transparency Law and, where applicable due to its listing on the Italian market, also to those established by the Italian laws and regulations.

In accordance with the provisions of the Borsa Italiana Instructions, on the occasion of the Annual General Shareholders' Meeting called to approve the Company's Annual Financial Statements, the present Report is filed with Borsa Italiana and Société de la Bourse de Luxembourg S.A. in its quality of Official Appointed Mechanism for the central storage of regulated information (hereinafter, the "OAM"), then made available both at the registered office of the Company and at the Investor relations section of the Website which also contains other documents regarding the Company's Corporate Governance system.

2. INFORMATION ON OWNERSHIP STRUCTURE (at 31 December 2009).

a) Capital structure.

The authorized capital of the Company amounts to US\$200,000,000 represented by 200,000,000.00 shares without nominal value. All shares pertain to the category of ordinary shares.

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The subscribed and fully paid-up capital of US\$149,949,907.00 is represented by 149,949,907 shares without nominal value.

Classes of shares:

	n° of shares	% of the share capital	Listed / not listed	Rights and obligations
Ordinary shares	149,949,907	100%	65.335.765 shares listed on the STAR segment of the MTA managed and organized by Borsa Italiana S.p.A.	Voting and dividends rights and in general those provided by the Company's Articles of Association and by the applicable Luxembourg laws
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-

On September 6th, 2007, the Extraordinary General Shareholders' Meeting of the Company approved a **Stock Option Plan**, previously approved by the Board of Directors in its meeting of August 1st, 2007 after hearing the proposals formulated by the Remuneration Committee duly held on July 31st, 2007. The Stock Option Plan is granted to the Chief Executive Officer, the Chief Financial Officer and the Chief Operation Officer who are senior manager of the Group and who, due to the strategic significance and criticality of their role, to the position in the line and staff structure and to the effect of their office on the corporate results, hold positions considered as "key" within the Company. At the date of the Report no option has been exercised. The Stock Option Plan is going to expire on July 31st, 2010. Further information on the Stock Option Plan can be found in the Information Document available at the Investors Relations section of the Website as well as in the relevant paragraph of the Report on Operations of the 2009 Financial Statements of the Company.

b) Restrictions on the transfer of securities.

The Company's shares are freely transferable.

c) Significant direct and indirect holding

Shareholders of the Company remain subject to disclosure and reporting obligations of transparency both in Luxembourg and in Italy.

- Under the Luxembourg law, to which the Company is subject by reason of its incorporation in Luxembourg, the shareholders of the Company are bound by the applicable provisions of the

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Transparency Law. Pursuant to the latter, a natural or legal person holder of voting shares, of certificates representing voting shares or of financial instruments giving an entitlement to buy voting shares of the Company, must file a notification both to the Company and to the Commission de Surveillance du Secteur Financier, the Luxembourg financial regulator (hereinafter, the "CSSF") in case the percentage of voting rights held in the Company reaches, exceeds or falls below the following thresholds: 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3 %, following the purchase or sale of voting shares of the Company as well as the increase or decrease of the total amount of voting shares or share capital in the Company. Such notification must be filed as soon as possible, but at least within the sixth (6^o) Luxembourg trading day following a transaction or the fourth (4^o) trading day following information of an event changing the breakdown of voting rights by the Company. The notification shall be addressed to the Company's registered office and to the CSSF in compliance with its applicable provisions. The content of the notification will be made public by the Company within three (3) Luxembourg trading day following its reception. The Transparency Law allows postponement of shareholders' general meetings if the above mentioned notification is made within fifteen (15) days prior to such a meeting.

- In light of the listing of the Company's shares on the STAR segment of the MTA managed by Borsa Italiana S.p.A., the Shareholders are also bound by the terms of its Articles of Association and reported hereinafter:

"Natural persons or legal entities who acquire, dispose or hold a holding in the Company's capital represented by voting shares, shall inform the Company, which shall inform Borsa Italiana where: a) the percentage of the voting rights held by that person exceeds one of the following thresholds: 2 per cent., 5 per cent., 7.5 per cent., 10 per cent. and subsequent multiples of 5, b) the percentage of the voting rights held by that person falls below one of the thresholds specified in subparagraph a)" within five trading days of the date of transaction triggering the requirement, regardless of the date on which it is to take effect. Intermediaries that have acquired a holding of more than 2% and less than 5% in the course of their asset management activity may inform the Company within seven days of the publication of the notice convening the first shareholders' meeting following the acquisition. In such case, they shall also specify their holding at the date of the information. For the purpose of this specific provision, a person's holding shall be deemed to include both the shares owned by him, even if the voting rights belong or are assigned to third parties, and the shares of which the voting rights belong or are assigned to him. For the same purposes, a person's holding shall also include both the shares owned by nominees, trustees or subsidiary companies and the shares of which the voting rights belong or are assigned to such persons. Shares registered in the names of or endorsed to trustees and those of which the voting rights are assigned to an intermediary in connection with asset management services shall not be counted by the persons controlling the trustee or the intermediary."

According to the above and based on the latest shareholdings communicated by investors at December 31st, 2009, the following individuals and institutions have significant direct and/or indirect holdings exceeding 2% of the Company's total ordinary outstanding shares (149,949,907 shares):

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Declarant	Direct shareholder	% of the capital	% of the voting capital
Kairos Partners SGR S.p.A.	Kairos Partners SGR S.p.A.	2.23%	2.23%
d'Amico International S.A.	d'Amico International S.A.	64.28 %	64.28 %

d) Securities with special control rights.

The Company has not been issuing Securities with special control rights.

e) Employee share scheme: mechanism for the exercise of voting rights.

The Company provides additional benefits to certain members of senior management through an equity compensation plan (see under letter - a - above "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.

f) Restrictions on voting rights.

Each share entitles the owner thereof to the casting of one vote, subject to any limitations imposed by the Luxembourg laws and regulations and by the Articles of Association.

In particular, a freezing in the exercise of the voting rights attached to the Company shares is provided by the Transparency Law as well as by the Articles of Association in case of failure of compliance with the respective notification requirements triggered by the exceeding, the reaching or the falling below certain thresholds as a consequence of acquisitions, disposals or even increase or decrease of the total amount of voting shares or share capital. No other restrictions are applicable to the Company's shares.

g) Shareholders agreements.

The Company has not been notified with and is not aware of any agreements entered into by and among its Shareholders.

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h) Appointment and replacement of directors and amendments to the Articles of Associations.

The Company complies with the provisions of the Luxembourg laws and regulations, with the Articles of Association, with what provided for in the IPO Prospectus and, consistently with the above, with the recommendations of the Borsa Italiana Code.

In particular, the appointment of directors is regulated by a transparent procedure which ensure, inter alia, timely adequate information on the personal and professional qualifications of the candidates with an indication, where appropriate and upon proposal of the Nomination & Remuneration Committee, of their eligibility to qualify as independent as per the provisions of the Borsa Italiana Code and Instructions. The Articles of Association establish that the annual general meeting of Shareholders will elect members for a period not exceeding six (6) years. Members are eligible for re-election and may be removed at any time, with or without cause, by means of a resolution of a general meeting of Shareholders. In case of a vacancy on the Board of Directors, the Board of Directors may appoint a new director, provided that the next following general Shareholders' meeting confirm such appointment. The "list of candidates" mechanism for appointment of directors recommended by the Borsa Italiana Code is not applicable to the Company.

Any amendments to the Articles of Association is resolved by an extraordinary general meeting of Shareholders whose quorum shall be at least one half of all the shares issued and outstanding. If the said quorum is not present, a second meeting may be convened at which there shall be no quorum requirement. In order for the proposed resolutions to be adopted, and save as otherwise provided by the Laws, a 2/3 majority of the votes cast by the Shareholders present or represented is required at any such general meeting of Shareholders.

i) Delegated powers regarding share capital increases and authorization to the buy back.

The Articles of Association permit the Board of Directors to issue new shares within the limits of the authorised share capital of the Company (US\$ 200,000,000) in one or several tranches, for any reasons whatsoever including for defensive reasons following, as the case may be, the exercise of subscription and/or conversion rights granted by the Board of Directors under the terms and conditions of warrants (which may be separate or attached to shares, bonds, notes or similar instruments), convertible bonds, notes or similar instruments issued from time to time by the Company. The new shares may be issued with or without share premium, against payment in cash or in kind, by conversion of claims on the Company or in any other manner. The Board of Directors is authorized to remove or limit the preferential subscription rights of the Shareholders in case of issue of shares against payment in cash.

The Company's extraordinary Shareholders' meeting held on January 27th, 2009 renewed the authorization to the Board of Directors to the repurchase - in one or more tranches over the regulated market organized and managed by Borsa Italiana S.p.A and in compliance with any

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applicable laws and regulations - of the Company's own shares for a maximum number of 14,994,991 ordinary shares of the Company without nominal value (corresponding to 10% of the share capital of the Company, including the ordinary shares without nominal value of the Company already repurchased and held in the Company's portfolio being n. 4,390,495 and corresponding to 2.93% of the Company's share capital) for a total maximum outlay of Euros 75 million and for a maximum period of eighteen (18) months from the date of the relevant extraordinary Shareholders' meeting resolving upon it. The Shareholders' identified the following buy back purposes:

- to constitute - in conformity with the market practices accepted on the Italian regulated market - a "treasury" stock available eventually as a means of payment, exchange, transfer, contribution, pledge, assignment or other action of disposal within the framework of transactions linked to the Company's operation and of any projects constituting an effective opportunity of investment in line with the strategic policy of the Company such as agreements with strategic partners, acquisition of shareholdings or shares' packages or other transactions of extraordinary finance that imply the allocation or assignment of Own Shares (like merger, demerger, issuance of convertible debentures or warrant, etc.);
- to put the Company in a position to be able to intervene on the market in order to sustain the stock's liquidity or investment policies in conformity with the market practices accepted on the Italian regulated market by providing support for the price of the Company's shares during a limited time period if they come under selling pressure, thus alleviating sales pressure generated by short term investors and maintaining an orderly market;
- to help stabilize the market price of the Company's shares, if deemed appropriate and/or necessary, according to article 7 and ff. of the EU Regulation and/or any other applicable law and provision.

The Board of Directors in its meeting of February 18th, 2009 resolved to start the buy-back program. At the time of this Report the Company still holds n. 4,390,495 own shares as no buy back transaction has been carried out since February 18th, 2009 although the Company duly charged an independent investment company with coordinating the buy-back program according to article 6 point 3 letter b) of the Commission Regulation (EC) n° 2273/2003 of December 22nd, 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council.

l) Change of control clauses.

Neither the Company nor any of its subsidiaries have entered into relevant agreements whose efficacy, modification or expiry is subject to a change of control of any of the contracting parties.

m) Directors' indemnities in the event of resignation, dismissal without just cause or termination of the employment contract as a result of a takeover bid.

The Company has not been entering into any agreements with none of its directors which

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envisage indemnities in the event of resignation, dismissal without just cause or termination of their employment contract as a result of a takeover bid.

3. BOARD OF DIRECTORS

As already evidenced in the 2008 report on corporate governance the Company's system of corporate governance hinges on the central and active role of the Board of Directors.

3.1. Composition

The Articles of Association provide for the Company to be managed by a Board of Directors, composed of no less than three (3) members, who need not to be shareholders and that the general meeting of Shareholders will determine the Board of Directors' members' number. The annual general Shareholders' meeting held on March 31st, 2009 fixed that number at eight (8) and appointed two (2) new members.

The current members of the Board of Directors were elected, in accordance with the Articles of Association, by the annual general meetings of Shareholders held respectively on April 29th, 2008 and on March 31st, 2009. Each member of the Board of Directors was elected for a term of office that will end with the annual general Shareholders' meeting called to approve the 2010 Company's financial statements. The appointment of Directors was resolved following to a transparent procedure which ensures, inter alia, timely and adequate information on the personal and professional qualifications of the candidates with an indication, where appropriate and upon proposal of the former Nomination Committee, of their eligibility to qualify as independent as per the provisions of the Borsa Italiana Code and Instructions. All the appointed Directors are aware of the duties and responsibilities relating to their office and have sufficient knowledge of reality and business dynamics so as to carry out their role effectively also due to the periodic reports issued by the delegated persons and bodies in the occasion of the approval of the quarterly and annual accounts. Moreover, the Directors are regularly kept informed on any changes in the relevant regulatory framework as applicable from time to time to the Company.

On this purpose, at the end of the Financial Year the Chairman promoted the participation of the two (2) newly appointed independent directors to a meeting of the Audit Committee held on December 3rd, 2009 during which the head of the Group Safety Quality and Environmental (hereinafter "SQE") department of the indirect controlling Shareholder presented the audit activity that its function carries out for the d'Amico Group. It was an initiative aimed at increasing the non executive directors knowledge of the reality and business dynamics, also having regard to the relevant regulatory framework, so that that they may carry out their role effectively, especially the newly appointed ones.

At the end of the Financial Year 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 number of Independent Directors, further to a prior assessment carried out by the former Nomination Committee, was judged adequate with reference to the size of the Board and the activity of the Company.

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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 dimension of the Company and the d'Amico Group as well as the participation of the directors of the Company in several committees established within its members, resolved that each director, so as to be able to grant an effective performance of their duties, may hold no 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 d'Amico Group and to consider as one all the offices held at companies belonging to a same group other than the d'Amico's one.

The following schemes evidence the composition of the Board of Directors and of the various Committees established within the Board of Directors as well as the number of relevant offices held by each of the Directors in the said other companies which is consistent with what established by the Board of Directors itself.

Name	Office	In office from	Executive	Non-Executive	Independent	% of attendance	n° of other relevant offices
d'Amico Paolo	Chairman	23.02.2007	X			75%	7
Fiori Marco	Chief Executive Officer	09.02.2007	X			100%	-
d'Amico Cesare	Director	23.02.2007	X			100%	6
Jozwiak Stas Andrzej	Director	23.02.2007		X	X*	100%	-
Castrogiovanni Massimo	Director	23.02.2007		X	X	100%	-
Nunziante Gianni	Director	23.02.2007		X		100%	1
Barandun Heinz Peter	Director	31.03.2009		X	X	100%	3
Danilovich John Joseph	Director	31.03.2009		X	X	100%	-

*Lead Independent Director

Name	Office	Executive Committee	% EC	Nomination & Remuneration Committee*	% N&RC	Audit Committee	% AC
d'Amico Paolo	Chairman	X	100%				
Fiori Marco	Chief Executive Officer	X	100%				
d'Amico Cesare	Director	X	100%				

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Jozwiak Stas Andrzej	Director			X**	100%	X	100%
Castrogiovanni Massimo	Director			X	100%	X**	100%
Nunziante Gianni	Director			X	100%	X	100%
Barandun Heinz Peter	Director						
Danilovich John Joseph	Director						

* Result of the merger between the former Nomination Committee and the former Remuneration Committee resolved by the Board of Directors in its meeting of April 28th, 2009.

**President of the Committee.

In the following scheme all the offices are duly specified and updated at December 31st, 2009:

Director	Offices held in the boards of companies other than the Company	Type of company
Cesare d'Amico	Member of the Board of Directors (CEO) and member of the Executive Committee of d'Amico Società di Navigazione S.p.A.	d'Amico Group
	Member of the Board of Directors (Executive President) of d'Amico Shipping Italia S.p.A.	d'Amico Group
	Member of the Board of Directors (CEO) of CO.GE.MA S.A.M.	d'Amico Group
	Member of the Board of Directors of MIDA Maritime Company Limited	d'Amico Group
	Sole Director of Saemar S.A.	d'Amico Group
	Member of the Board of Directors of d'Amico Dry Limited	d'Amico Group
	Member of the Board of Directors of ACGI Shipping Inc. (formerly Anglo Canadian Shipping Company Ltd)	d'Amico Group
	Member of the Board of Directors (President) of 137 Seabright Holding Limited	d'Amico Group
	Member of the Board of Directors of Ishima Pte Limited	d'Amico Group
	Member of the Board of Directors (Vice-President) of Compagnia Generale Telemar S.p.A.	Large size
	Member of the Board of Directors (Executive President) of d'Amico International S.A.	d'Amico Group
	Member of the Board of Directors (Vice-President) and of the Executive Committee of The Baltic and International Maritime Council (BIMCO)	Large size
	Member of the Board of Directors of The Standard Steamship Owners' Protection and Indemnity Association (Bermuda) Limited	Insurance
	Member of the Board of Directors of Milano Finanziaria Immobiliare S.p.A.	Financial
Member of the Board of Directors (Non-Executive Director) of Tamburi Investment Partners S.p.A.	Listed	

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	Member of the Board of Directors of Società Laziale Investimenti e Partecipazioni S.p.A.	Investment
	Sole Director of Casle S.r.l.	Real estate
	Sole Director of Fi.Pa. Finanziaria di Partecipazione S.p.A.	Financial
	Member of the Board of Directors (President) of Marina Cala Galera Circolo Nautico S.p.A.	Service
Paolo d'Amico	Member of the Board of Directors (President) and of the Executive Committee of d'Amico Società di Navigazione S.p.A.	d'Amico Group
	Member of the Board of Directors (CEO) of d'Amico Shipping Italia S.p.A.	d'Amico Group
	Member of the Board of Directors (President) of Compagnia Generale Telemar S.p.A.	Large size
	Member of the Board of Directors of Milano Finanziaria Immobiliare S.p.A.	Financial
	Member of the Board of Directors of The Shipowners' Mutual Strike Reinsurance Association (Bermuda) Limited	Insurance
	Member of the Council of The International Association of the Independent Tankers Owners (Intertanko)	Large size
	Member of the Board of Directors (Vice-President) of Confitarma	Large size
	Member of the Board of Directors of d'Amico Tankers Limited	d'Amico Group
	Member of the Board of Directors of d'Amico Tankers Monaco S.A.M.	d'Amico Group
	Member of the Board of Directors of Secontip S.p.A.	Financial
	Member of the Board of Directors of Sator S.p.A.	Financial
Marco Fiori	Member of the Board of Directors of DM Shipping Limited	d'Amico Group
	Member of the Board of Directors of d'Amico Tankers U.K. Limited	d'Amico Group
	Member of the Board of Directors of d'Amico Tankers Singapore Pte Limited	d'Amico Group
	Member of the Board of Directors of CO.GE.MA S.A.M.	d'Amico Group
	Member of the Board of Directors of COMARFIN S.A.M.	d'Amico Group
	Member of the Board of Directors of d'Amico Tankers Limited	d'Amico Group
	Member of the Board of Directors (Executive President) of d'Amico Tankers Monaco S.A.M.	d'Amico Group
	Member of the Board of Directors of d'Amico Shipping U.K. Limited	d'Amico Group
	Member of the Board of Directors of d'Amico Finance S.A.	d'Amico Group
	Member of the Board of Directors of Glenda International Management Limited	d'Amico Group
	Member of the Board of Directors of High Pool Tankers Limited	d'Amico Group
	Member of the Board of Directors of VPC Logistics Limited	d'Amico Group
	Member of the Board of Directors of Glenda International Shipping Limited	d'Amico Group
	Member of the Board of Directors of Hanford Investment Inc.	d'Amico

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	Member of the Board of Directors of St Andrew Estates Limited	Group d'Amico Group
Massimo Castrogiovanni	Member of the Board of Directors of d'Amico Tankers Limited	d'Amico Group
Gianni Nunziante	Member of the Board of Directors (President) of Eems S.p.A.	Others
	Member of the Board of Auditors (President) of Moody Italia S.r.l.	Large Company
	Member of the Board of Directors of Castello di Spaltenna S.p.A.	Others
	Member of the Board of Directors of Vignamaggio S.r.l.	Others
	Member of the Board of Directors of S.L.I.P. S.r.l.	Others
	Member of the Board of Directors of d'Amico Società di Navigazione S.p.A.	D'Amico Group
Heinz Peter Barandun	Member of the Board of Directors (President) of Gryphon Hidden Values VIII Ltd	Financial
	Member of the Board of Directors (President) of Gryphon Hidden Values IX Ltd	Financial
	Member of the Board of Advisors (President) of Gryphon Hidden Values VIII LP Ltd	Financial

3.2. Meetings

In the Financial Year the Board of Directors met four (4) times with a percentage of attendance of 97,5% as better specified in the above schemes. Moreover, the Directors signed one (1) written decision duly documented according to the provisions of the Articles of Association. Prior to any Board of Directors meeting or decision, the supporting documentation permitting effective participation in the proceedings was normally provided as also advised by the Independent Directors during their annual meeting.

On October 29th, 2009 the Company released a calendar showing the scheduled dates for the 2010 Board of Directors' meetings either for the approval of the first and third interim management statements, the half-yearly report and the draft of the financial statements or for the presentation of the respective accounting data to the financial analysts. This financial calendar is available at the "investors relations" section of the Website. On the same date, in compliance with the applicable Italian laws and regulations in force, the Board of Directors resolved to avail itself of the exemption from publishing the fourth (4th) 2009 interim management statement considering that the 2009 draft annual financial statements of the Company are scheduled to be published within seventy-five (75) days from the end of the Financial Year.

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3.3. Role and tasks

The Board of Directors is vested with broad powers to perform any action necessary or useful for accomplishing the Company's object with the ultimate purpose of creating value for its Shareholders, providing strategic guidance of the Company and control of operations with powers to direct the business as a whole and intervening in a series of decisions necessary to promote the Company's purpose and the transparency of operational decisions within the Company and in relation to the market.

On these purposes, among the powers and tasks entrusted to it by the Articles of Association, the applicable laws and regulations and the best practice, the following are especially noteworthy:

- The examination and approval of the strategic, industrial and financial plans of the Company and its subsidiaries (the Board of Directors approved the first plan for the 2007, 2008 and 2009 financial years on its meeting held on February 23rd, 2007).
- The examination and approval of the corporate structure of the Company and its subsidiaries (upon the listing on the Company as disclosed in the IPO Prospectus).
- The adoption of the Company's corporate governance rules (the Board of Directors resolved to adopt the corporate governance set out in the Borsa Italiana Code in its meeting held on February 23rd, 2007 and subsequently each year with the approval of the present Report).
- The examination and/or approval of the Company and its subsidiaries' transactions with a significant impact on the Company activity in view of their nature, strategic importance or size (Major Transactions) with particular reference to transactions in which one or more directors have an interest, directly or on behalf of third parties and to transactions with related parties (Significant Transactions with Related Parties) both the Major Transactions and the Significant Transactions with Related Parties being identified for their respective value/amount and/or type. The above according to the Company's Rules on Major Transactions and Significant Transactions with Related Parties approved by the Board of Directors in its meeting of February 7th, 2007 and subsequently amended on February 18th, 2009, in both cases upon previous favorable opinion of the Audit Committee.
- The evaluation of the adequacy of the organizational, administrative and accounting general structure of the Company and its strategically relevant subsidiaries (the book value of the holding in the subsidiary represents more than 50% of the Company's assets as shown in the latest approved annual financial statements) drafted by the bodies with delegated powers with special reference to the Internal Control System and to the management of the conflict of interests (the Board of Directors performs this kind of evaluation annually with the approval of the present Report).

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- The delegation and revocation of powers and the relevant definition of a model for delegation of powers.
- The assessment of the overall performance of operations on the basis of reports by the bodies with delegated powers and periodically comparing the results achieved with those planned (the Board of Directors does this kind of evaluation quarterly together with the approval of the accounting documents and annually with the approval of the present Report).
- The evaluation of the Board of Directors and its Committees' size, composition and performance as well as the periodic assessment of the Directors' independence in line with the international best practice and in particular with the provisions of the Borsa Italiana Code, Rules and Instructions (the Board of Directors of February 18th, 2009 resolved for a positive assessment upon previous opinion released by the Nomination Committee).
- The determination of the compensation of those members of the Board of Directors vested with particular offices in the framework of the aggregate amount for compensation of all the Directors as determined by the Shareholders' meeting and the splitting of this aggregate amount among all the Directors (according to the Articles of Association and to the Borsa Italiana Code, the Board of Directors of April 28th, 2009 resolved for the allocation of fees among the Executive and Non-Executive Directors upon previous positive opinion released by the Remuneration Committee).

3.4. Model for delegation of powers

The Articles of Association provide for the Company to be bound towards third parties by the single signature of the Chairman of the Board of Directors or the joint signature of any two members of the Board of Directors, by the joint signatures or single signature of any people to whom the daily management of the Company has been delegated, within such daily management, or by the joint signatures or single signature of any people to whom special signatory power has been delegated by the Board of Directors, within the limits of such special power. As envisaged in Article 13 of the Articles of Association, the Board of Directors may delegate the daily management of the Company and the power to represent the Company within such daily management to one or more persons or committees of its choice specifying the limits to such delegated powers and the manner of exercising them. The Board of Directors may also delegate other special powers or proxies or entrust permanent or temporary functions to persons or committees of its choice.

According to the Articles of Association, the Board of Directors meeting held on February 23rd, 2007 established that people and corporate bodies with delegated powers shall report to the Board of Directors, at least once in each quarter, on the occasion of the Board of Directors' and Executive Committee's meetings or in a written memorandum. The subject of such reports are the activities carried out, the general performance of operations and their foreseeable development, and the transactions of greatest economic, financial and equity-related significance entered into by the Company or its Subsidiaries; in particular transactions in which Directors have an interest, directly or on behalf of third parties, or that are influenced by the party that performs management and

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coordination activities, if any. The reports of the delegated people and bodies are the basis for the drafting of the quarterly and annual accounting documents.

Executive directors

At the end of the Financial Year the Board of Directors consists of eight (8) directors, of whom the three (3) Executives are Mr. Paolo d'Amico (Chairman and member of the Executive Committee), Mr. Cesare d'Amico (member of the Executive Committee) and Mr. Marco Fiori (Chief Executive Officer and member of the Executive Committee).

a) Chairman

The Board of Directors held on May 6th, 2008 resolved to confirm the appointment of Mr. Paolo d'Amico as Chairman without a specific delegation of powers. The latter, however, indirectly jointly controls the Company and, as member of the Company's Executive Committee, plays a specific role in the definition of the business strategies and is systematically involved in the day-to-day management of the Company. In the same meeting, moreover, the Board of Directors resolved to identify again in the Chairman the Supervisory Director.

b) Chief Executive Officer

The Board of Directors meeting held on May 6th, 2008 resolved to appoint Mr. Marco Fiori as Chief Executive Officer 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) million.

c) Executive Committee

The Board of Directors meeting held on May 6th, 2008 confirmed the setting up of the Executive Committee, the members' number at three (3) and the appointment of Mr. Paolo d'Amico (Chairman), Mr. Cesare d'Amico (Executive Director) and Mr. Marco Fiori (Chief Executive Officer). The Board of Directors' meeting held on April 28th, 2009 confirmed the Executive Committee 2009 expenditure budget at Euro 20,000.00 considered appropriate in order for it to discharge its duties and resolved upon the delegation of the following special powers:

- 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 abovementioned documents.

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- 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.

In the Financial Year the Executive Committee held four (4) meetings with a 100% attendance of all its appointed members. Moreover, 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.

3.5. Non-Executive Directors

At the date of the Report the Board of Directors consists of eight (8) directors, of whom the five (5) Non-Executives are: Mr. Massimo Castrogiovanni, Mr. Stas Andrzej Jozwiak Mr. Heinz Peter Barandun, Mr. John Joseph Danilovich and Mr. Gianni Nunziante. These Non-Executive Directors bring their specific expertise to Board of Directors discussions and contribute to the taking of decisions that are consistent with the Shareholders' interests. The number and standing of the Non-Executive Directors is such that their views carry significant weight in taking Board of Directors decisions.

Independent Directors

An adequate number of Independent Directors is essential to protect the Shareholders' interests, particularly minority ones' and third parties' interests, assuring that potential conflicts between the Company's interests and those of the controlling Shareholder are assessed impartially. The contribution of Independent Directors is also fundamental to the composition and functioning of advisory committees entrusted to do a preliminary examination and formulate proposals regarding risks. These committees represent, indeed, one of the most effective means for fighting eventual conflicts of interest. Moreover, Independent Directors contribute specific professional expertise to Board of Directors meetings and help it to adopt resolutions that are consistent with Company's interest.

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At the end of the Financial Year, further to the resolutions passed by the annual general Shareholders' meeting held on March 31st, 2009, the Board of Directors consists of eight (8) directors and, according to the declarations made by the parties concerned, four (4) of them qualify as independent namely, Mr. Massimo Castrogiovanni Mr. Heinz Peter Barandun, Mr. John Joseph Danilovich and Mr. Stas Andrzej Jozwiak.

In line with the Borsa Italiana Code provisions the former Nomination Committee in its meeting held on February 17th, 2009 considered that - in view of the development of the activity of the Company, the number and composition of the Company's internal committees and in order to continue preserving a necessary autonomous management ensuring thus an impact on the Board decisions - was opportune to propose an increase in the number of Independent Directors from two (2) to four (4), a number that considering the size of the Board of Directors was considered sufficient to ensure that their opinion had a significant impact on the decision-making process of the Board of Directors in the best interest of the generality of Shareholders.

On the basis of the information provided by the Directors concerned and what's in the Company's possession, the Board of Directors in its meeting held on April 28th, 2009 duly verified at the time of the appointment of the self-declared Independent Directors that each of them satisfied the independence requirements set forth in the Article 3.C.1. and 3.C.2. of the Borsa Italiana Code. The results of the assessment process were disclosed to the market through a press release according to the provisions of the Italian laws and regulations. This kind of assessment is then annually done with the approval of the present Report and, as a consequence, it can be affirmed that no existing relation involving both the Independent Directors is such as to jeopardize their autonomy of judgement.

Lead Independent Director

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 ultimate controlling Shareholders, the Board of Directors in its meeting of May 6th, 2008, designated and appointed Mr. 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. The Lead Independent Director may call special meetings of the Independent Directors in order to discuss issues related to the working of the Board of Directors or to the management of the business. At the end of the Financial Year one (1) Independent Directors' Executive Sessions was held; the subject discussed was the general management of the Company and the efficiency and timing of the information's flow from the Executive Directors to the Board of Directors.

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4. TREATMENT OF CORPORATE INFORMATION

Processing of Corporate Information

In compliance with applicable Luxembourg and especially Italian laws and regulations and following to the reception of the European Parliament and Council's Market Abuse Directive n. 2003/06/CE of January 28th, 2003, the Chief Executive Officer on March 8th, 2007, upon specific delegation of powers released by the Board of Directors in its meeting of February 23rd, 2007, set up an **Insider Register** of persons working for it or one of its subsidiaries, under an employment contract or otherwise, who, by reason of their job, professional activity or offices discharged on behalf of the Company, have regularly or occasionally access to insider information serving to monitor access to and circulation of insider and confidential information prior to their disclosure to the public and to ensure compliance with statutory and regulatory confidentiality requirements both for the Company itself and on behalf of all its subsidiaries. The Insider Register is finalized to prevent any misuses of inside information and to avoid market abuse situation considering that transparent relations with the market and the provision of accurate, clear and complete information are standards for the conduct of the members of the governing bodies, the management and all the employees of the Company and its subsidiaries.

On March 8th, 2007 the Chief Executive Officer, upon the same delegation of power, appointed a person in charge of the keeping of such Register on behalf of the Company and its Subsidiaries. The Board of Directors of November 6th, 2007 then ratified both the setting up of the Insider Register and the appointment of a person in charge of keeping it.

The Board of Directors in its meeting held on July 29th, 2008 then resolved to ratify the Insider Register Regulation, governing the keeping of the Register and the internal handling and public disclosure of the inside information within the Company and its participated subsidiaries with special reference to those price sensitive information, set up on the basis of the delegation conferred by the Board of Directors on November 6th, 2007.

Internal Dealing

In order to fully comply with the applicable Luxembourg and Italian laws and with the regulations and practice governing in securities' trading of public companies, the Board of Directors, in its meeting of April 3rd, 2007, approved the Internal Dealing Code of the Company setting out rules that the Company and certain "key persons" are to comply with when dealing in Company's shares so as to assure the transparency of transactions involving those shares or financial instruments linked thereto carried out directly or through a nominee by relevant persons or persons closely associated with relevant persons. The Internal Dealing Code is finalized to protect directors, officers and employees of the Company and its Subsidiaries from the serious liabilities and penalties that could arise from any breaches of the applicable laws and to prevent the appearance of improper conduct on the part of anyone employed by or associated with the Company and its Subsidiaries.

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According to the applicable laws, the Internal Dealing Code imposes disclosure obligation on so called "people discharging managerial responsibilities within the issuer" for the insider-dealing transactions involving shares of the Company or financial instruments linked thereto. Furthermore, the Internal Dealing Code provisions impose some additional restrictions to certain identified people because of their position or their actual or potential access to information judged material. As such, those people are regularly informed about the dealing and non-dealing periods.

The Board of Directors in its meeting of July 29th, 2008 approved some amendments to the Internal Dealing Code aimed at better define the so-called black-out periods according to what established by the Borsa Italiana Rules. The amended Internal Dealing Code, which also summarize the main procedures governing the internal handling and public disclosure of the inside information within the Company and its participated Subsidiaries with special reference to the price sensitive ones, is available at the Investors Relations section of the Website.

5. INTERNAL COMMITTEES OF 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, a Remuneration and an Audit Committee. As per the abovementioned resolution, all the above mentioned Committees are composed of three Non-Executive members of the Board of Directors being namely, Mr. Massimo Castrogiovanni, Mr. Stas Andrzej Jozwiak and Mr. Gianni Nunziante. Two (2) of them (Mr. Massimo Castrogiovanni and Mr. Stas Andrzej Jozwiak) are Independent and one of them (Mr. Massimo Castrogiovanni) has an adequate and recent experience in accounting and finance as assessed by the Board of Directors resolving upon the relevant appointment. The number of Independent Directors were considered adequate so as to permit the constitution of the above mentioned Committees. All the above Committees in the performance of their duties, were given a chance to access the necessary Company's information and functions, according to the procedures established by the Board of Directors, as well as to avail themselves of external advisors. Moreover, upon proposal of the respective Committees, the Board of Directors approved a Regulation for each of the above Committees governing their 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 former Nomination Committee and the former Remuneration one. The so merged committee is composed of the same three (3) members.

5.1. Nomination & Remuneration Committee

By means of the abovementioned Board of Directors resolution, the following Non-Executive Director were appointed: Mr. Gianni Nunziante and the Independent Directors Mr. Massimo Castrogiovanni and Mr. Stas Jozwiak.

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As per the above resolution the Nomination Committee was supplied with an annual expenditure budget of Euro 10,000.00 considered appropriate in order for it to discharge its duties and is entitled to:

- Designate candidates to the position of Independent Director to be submitted to the Shareholders' Meeting of the Company, taking into account any recommendation received in his regard from the Shareholders (especially where the Board of Directors sees that it is difficult for shareholders to make proposals, as may be the case in listed companies with a broad shareholder base).
- Propose candidates for election to the office of director in case of substitution of an Independent Director.
- Express opinions to the Board of Directors with respect to the size and composition of the same and, eventually to the professional expertise and skills whose presence within the Board of Directors is considered appropriate.
- Propose candidates to the position of member of the Supervisory Committee to be submitted to the approval of the Board of Directors.
- Submit proposals to the Board of Directors, in the absence of the persons directly concerned, regarding remuneration of the managing directors and other directors who cover particular offices.
 - Examine the managing directors' indications and submit proposals for:
 - stock options' plans or shares' allotment;
 - general criteria adopted for the remuneration of executives with strategic responsibilities;
- Submit general recommendations and monitor the execution and application of the resolutions adopted by the Board of Directors on the above subject matter.
- Report on the performance of its activities to the Board of Directors called to approve the draft of the annual accounts of the Company.

At the end of the Financial Year the former Nomination Committee held one (1) meeting duly recorded with a 100% attendance of all its appointed members. Nobody other than the respective members attended it. During such meeting it performed, with positive results, the annual assessment on the size and composition of the Board of Directors, recommended candidates for the office of Independent Director and released its annual report on performances. On the other hand the former Remuneration Committee held two (2) meetings duly recorded with a 100% attendance of all its appointed members. Nobody other than the respective members attended the relevant meetings. During such meetings, among other things, it reviewed and submitted proposals with respect to compensation and incentive plans applicable to

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senior managers and performed, with positive results, the assessment on the execution of the Board decision with reference to the fees allocation and the management and implementation of the stock option plan. The newly merged Nomination & Remuneration Committee signed one (1) written decision duly documented according to the provisions of its governing Regulation approved on July 29th, 2009 recommending a candidate for the office of member of the Supervisory Committee.

5.1.1. Remuneration of Directors

The Articles of Association provide that the management fees (*tantièmes*) payable to the members of the Board of Directors shall be determined by the Shareholders' meeting and will be effective until the Shareholders' meeting resolves otherwise. The compensation of the Directors vested with particular functions shall be determined by the Board of Directors, upon proposal submitted by the Nomination & Remuneration Committee. Nevertheless, the Shareholders' meeting shall determine an aggregate amount for compensation of all the Directors, including those vested with particular functions.

As approved by the annual general Shareholders' meeting held on March 31st, 2009 the maximum total annual remuneration of the Board of Directors for 2009 Financial Year was set at Euro 710,000.00 which was considered a sufficient amount so as to motivate the directors in consideration of their professional expertise. The Board of Directors was then empowered and authorized to allocate such amount between its members.

The Board of Directors - in its meeting held on April 28th, 2009, upon previous recommendation of the former Remuneration Committee of the Company held in that respect on April 27th, 2009 - resolved, the Non-Executive Directors abstaining from voting, to allocate, in equal amounts, the total amount of Euro 275,000.00 among the five (5) Non-Executive Directors judged proportional to the engagement requested to each of them taking into consideration their duties. The Non-Executive Directors remuneration is not linked to the economic results achieved by the Company as Non-Executive directors are not beneficiaries of stock option or equity based remuneration plans.

At the same meeting and upon previous recommendation of the same former Remuneration Committee meeting mentioned above, the Board of Directors considered the residual amount of Euro 435,000.00 compatible with the ultimate objective of creating value for Shareholders in the medium and long period and resolved, the Executive Directors abstaining from voting, upon the allocation of that amount among the three Executive Directors of the Company as follows:

- Euro 250,000.00 to be paid to the Chairman and Member of the Executive Committee (Mr. Paolo d'Amico);
- Euro 145,000.00 to be paid to the Chief Executive Officer and Member of the Executive Committee (Mr. Marco Fiori);
- Euro 40,000.00 to be paid to the Director and Member of the Executive Committee (Mr. Cesare d'Amico).

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In resolving the above, the Board of Directors took into consideration (i) the work and duties performed by each Executive Director (ii) the powers with which each Executive Director has been entrusted so far by the Board of Director in the conduct of the business of the Company (iii) the allocation of fees resolved by the Board of Directors for the year 2008 as well as (iv) the average remuneration in line with the market practice for similar positions.

Further information on the compensation paid to the Directors and the senior managers with strategic responsibilities of the Company and its Subsidiaries can be found in the relevant table in the "Other Disclosures" section of the Company's 2009 Financial Statements.

On September 6th, 2007, the extraordinary general Shareholders' meeting of the Company approved a Stock Option Plan, previously approved by the Board of Directors in its meeting of August 1st, 2007 after hearing the proposals formulated by the Remuneration Committee duly held on July 31st, 2007. The Stock Option Plan is granted to the Chief Executive Officer, the Chief Financial Officer and the Chief Operation Officer who are senior managers of the d'Amico Group and who, due to the strategic significance and criticality of their role, to the position in the line and staff structure and to the effect of their office on the corporate results, hold positions considered as "key" within the Company. At the date of the Report no option has been exercised. The Stock Option Plan is going to expire on July 31st, 2010.

Further information on the Stock Option Plan can be found in the Information Document available in the Investors Relations section of the Website as well as in the relevant paragraph of the Report on Operations of the 2009 Financial Statements of the Company.

5.2. Audit Committee

By means of the Board of Directors resolution of May 6th, 2008 the following Non-Executive Directors were re-appointed: Mr. Gianni Nunziante and the Independent Directors Mr. Stas Andrzej Jozwiak and Mr. Massimo Castrogiovanni, the latter having an adequate and recent experience in accounting and finance, according to what assessed by the Board of Directors and in compliance with the relevant rules of the Borsa Italiana Code.

As per the resolution of the Board of Directors meeting held on April 28th, 2009 the Audit Committee was supplied with an annual expenditure budget of Euro 10,000.00 considered appropriate in order for it to discharge its duties. It is entitled to assist the Board of Directors in discharging its own duties by providing it with assistance, advice and proposals on the following:

- The definition of the guidelines for the Internal Control System and the evaluation of the adequacy, effectiveness and functioning of the latter.

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- The work plan prepared by the Internal Control Officer having received the latter's periodic reports.
- The adequacy and correct utilization of the accounting principles adopted and their consistency for the purpose of the preparation of the consolidated financial statements (together with the responsible executive and the external auditor) and the validity of the accounting audit process.
- The proposals submitted by the auditing firms to obtain the audit engagement.
- The work plan prepared for the audit and the results thereof set out in the external auditor's report and , eventually in their letter of suggestions.
- The appointment and the revocation of the Internal Control Officer in charge of the management of the Internal Control System and the definition of his/her remuneration in line with the Company's policies.
- The identification of the Supervisory Director.
- The rules which assure the transparency and the substantial and procedural fairness of those identified 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 Significant Transactions carried out by the Company or its Subsidiaries with Related Parties.
- The identified Major Transactions and the Significant Transactions with Related Parties over which the Company or its Subsidiaries are competent.
- A periodic - at least once every six months, at the time the annual report and first-half report are approved - assessment on the appropriate and actual functioning of the Internal Control System.

At the end of the Financial Year the Audit Committee held three (3) meetings duly recorded with 100% of attendance of the Directors. According to the Audit Committee Regulation provisions several meetings were attended by the Internal Control Officer without right of vote and all the persons other than the Audit Committee members and the Internal Control Officer

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attended upon invitation with reference to specific items on the meeting's agenda and with no right to vote.

During such meetings, among other things, the Audit Committee expressed favorable advice with reference to the amendments to the Regulation on transparency and fairness of Transactions with Related Parties, the confirmation of the external auditors and the appointment of the new Internal Control Officer.

6. THE INTERNAL CONTROL SYSTEM

The Company is following the necessary steps in order to implement an efficient and adequate System of Internal Control by means of establishing a set of rules, processes and organizational structures in order to monitor the efficiency of the Company's operations, the reliability of the financial information, the compliance with law and regulation for the safeguard of the Company's assets. The Board of Directors, as the body responsible for the Internal Control System, is performing its duties based on a model derived from the COSO Report, the Borsa Italiana Code and the national and international best practices. The Company, having evaluated the functioning of the Internal Control System during the 2009 Financial Year, considers it adequate and effective.

6.1. Guidelines for 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 February 18th, 2009, upon positive advice by the Audit Committee, approved the main terms 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 (see Annex 1).

6.2. Supervisory Director

The Board of Directors meeting held on May 6th, 2008 resolved to again identify in the Chairman of the Company the Supervisory Director. Such Supervisory 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:

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- 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.
- The implementation of the Guidelines approved by the Board of Directors.
- The planning, the operation and the managing the System of Internal Control.
- Monitoring the efficiency, adequacy and effective implementation of the System of Internal Control.
- 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 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 Supervisory Director deems it necessary in connection with the occurrence of specific problems.

6.3. Internal Control Officer

The Company's Board of Directors meeting held on July 29th, 2008, due to the interruption of the employment relationship between the Company and the responsible of the Internal Audit Function also covering the role of Internal Control Officer, resolved to appoint, upon proposal of the Chairman, in his capacity as Supervisory Director, and further advise 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 a cost reduction and structural reorganization, to entrust its duties to a person external to the Company endowed with adequate professionalism and independence which is a subsidiary fully owned by the controlling shareholder of the Company acting through the services rendered by one of its employees. The current Internal Control Officer is again also in charge of the Internal Audit Function, and he is not responsible for any operational unit, does not report to any manager of an operational unit and have direct access to each information useful for the performing of his tasks. Due to the fact that the Internal Control Officer is also the Internal Audit Manager, the Company, in line with its policies, considered that the amount allocated as budget of the Internal Audit Function could be sufficient and appropriate for the Internal Control Officer to perform the following tasks:

- Verifying the efficiency, adequacy and effective implementation of the System of Internal Control.
- Reporting to the Supervisory Director and the Audit Committee about the management of risk profiles and the correct implementation of plans for risk monitoring.

According to the provisions of the Audit Committee Regulation, the Internal Control Officer attends the meetings of the Audit Committee and during the 2009 Financial Year he acknowledged the audit activity carried out by the d'Amico Group SQE Department on tankers vessels.

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6.4. Compliance Program pursuant to Decree 231

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 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 people who hold functions of representation, administration or direction of the legal entity or its respective bodies or one of its organizational units having financial and functional autonomy as well as by people who exercise, even "de facto", the management or control of the same ("Top Level Subjects") or by persons subject to the direction or supervision of one of the Top Level Subjects ("Employees"). The Decree, however, provides for a specific form of exemption from liability if the legal entity proves to have adopted and effectively implemented:

- 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 identified under the Italian Criminal Code (the so-called "Model of Organization, Management and Control" or "Model").
- That 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, with the assistance of its external advisors and upon evaluation of the Audit Committee, on March 12th, 2008, has formally adopted the Model and on January 13th, 2009 released specific operating procedures in order to prevent the commission of crimes. The Board of Directors in the same 2008 meeting also approved and adopted the **Code of Conduct** which contains the business ethics fundamental principles to which the Company conforms and which directors, statutory auditors, employees, consultants, partners and in general all those who act in the Company's name and on its behalf are required to comply with. The Code of Conduct is available at 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:

- Supervising the effectiveness of the Model, putting in place control procedures for specific

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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.

- 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.
- Evaluating the advisability of updating the Model when necessary to update it in relation to corporate requirements or conditions.
- 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 honorableness.

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 & Remuneration Committee, on June 19th, 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 members of the Supervisory Committee were appointed for a term ending at the annual general meeting of Shareholders to be held on 2011. The Board of Directors meeting held on April 28th, 2009 resolved also on the setting up of the annual expenditure budget of the Supervisory Committee amounting to Euro 20,000.00 considered appropriate in order for it to discharge its duties. 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.

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 for the 2009 Financial Year.

6.5. 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.

The annual general Shareholders' meeting held on March 31st, 2009 resolved to re-appoint Moore Stephens S.à.r.l., Luxembourg, as **External Independent Auditor** (*"Réviseur*

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d'entreprises”) of the Company’s consolidated and statutory accounts for a one year term, expiring on the date of the general Shareholders’ meeting approving the Company’s Annual Accounts for 2009 Financial Year. Moore Stephens S.à.r.l. has been dealing with the external audit for the Company since 2007.

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

7. DIRECTORS’ INTERESTS AND 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 remain 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 2009 Financial Year the Company duly implemented the provisions of the above mentioned internal Rules by previously approving and/or assessing, according to the above explained procedure, all the Major Transactions and Significant Transactions with Related Parties mainly carried out by the Company’s operating subsidiaries.

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8. RELATIONS WITH THE SHAREHOLDERS

The Company policy is to ensure and maintain a constant and on-going dialogue with its Shareholders and institutional investors, pursuing a policy of fair communication with them through its Investor relations Team. The annual Investor relations program includes conference calls after the delivering of Group results, several Analysts meetings, an Investors Day or Analysts/Investors presentation, together with the attendance at the relevant events that the Italian Stock Exchange (STAR Segment) organizes. According to the Group's disclosure policy, the Company edits a quarterly Investor News, seeking to keep all stakeholders updated about business developments, market opportunities, strategies and projects, operating performance, financial results and share trends. Moreover the Company created and recently revised a dedicated section (the "Investor Relations Section") of the Website so as to allow an easy and timely Investors' access to relevant Company's information such as share and institutional information, periodic and extraordinary operating and financial information, the calendar for corporate events, historical financial data, press releases, institutional presentations, periodic publications and analyst coverage and corporate governance documents.

On July 29th, 2008, the Board of Directors, due to the resignation of the former Investor relations Manager being also the Chief Financial Officer of the Company, appointed Ms. Anna Franchin, as head of the Company's structure in charge of the handling of relation with investors of the Company.

More information is available at the Website.

9. GENERAL MEETINGS OF SHAREHOLDERS

During the Financial Year, apart from the annual general Shareholders' meeting held on March 31st, 2009, the Company held only one (1) extraordinary Shareholders' meeting duly convened on January 27th, 2009 in order to authorize the buyback of the Company's ordinary own shares as proposed and explained by the Board of Directors in its report to the shareholders duly approved in its meeting held on November 5th, 2008. Shareholders' meetings provide regular opportunities to meet and communicate with Shareholders while complying with the regulations that govern the handling of price sensitive information. That's why the Company encourages the active and broad involvement of its Shareholders and, on this purpose, in compliance with the provisions of the Consob Regulation on Issuers, the Borsa Italiana Rules, the IPO Prospectus, the Articles of Association and the Luxembourg Laws, a notice of the Shareholders' meeting is published at least eight (8) days before the date of the meeting in a daily newspaper, having a national circulation in Italy and a copy of it is sent to Borsa Italiana no later than the day before that scheduled for its publication in the press. Such notice indicates the Articles of Association's rules governing attendance at meetings, contains information regarding the availability of the documentation at the registered office of the Company Borsa Italiana and the Website and

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specifies that Shareholders may obtain a copy thereof at their expenses. Moreover the Directors of the Company manage to give to the Shareholders' all the necessary information for them to take the decisions that are in their competence so as to exercise their rights easily and in a conscious way by means of preparing a report on the proposals contained in the agenda. Such Board of Directors report is deposited with the registered office of the Company and with Borsa Italiana and posted on the Website at least fifteen (15) days before the date of the scheduled Shareholders' meeting or within the time prescribed by the applicable laws as indicated below.

People holding their shares through a securities settlement system may attend and vote at a general meeting of Shareholders by presenting at the place indicated by the Board of Directors at least five (5) days prior to the date set for the meeting a certificate indicating, "inter alia", the number of shares held and delivered by a qualified intermediary, with which the shares are held and the fact that the shares which are the object of such a certificate, are blocked until after the holding of the general meeting of Shareholders and may be transferred only after the holding of such meeting.

In order to reduce the boundaries and procedures that make it difficult for the Shareholders to attend to the relevant meetings the Board of Directors in its meeting of February 23rd, 2007 resolved to delegate the Chairman and the Chief Executive Officer the power to draw up a set of rules so as to ensure the orderly and effective conduct of the general Shareholders' meetings, while guaranteeing the right of each shareholder to speak on the matters on the agenda. Such **Shareholders' meetings Regulation** was approved by the Shareholders meeting called to approve the Company's Accounts for Financial Year 2007 and, in addition to what established by the Articles of Association, ensures that Shareholders meetings run in an orderly and efficient way so as to give the fullest possible guidance on the organizational and procedural aspects of this important moment in Shareholders' participation in the life of the Company. On this purpose the Regulation determines all the conditions that must be fulfilled so as to allow Shareholders to take part and speak in a general meeting of Shareholders and exercise their voting rights such as the provision for access cards, proxy forms and ballot papers ("formulaire"). The Regulation ensure also the Shareholders' possibility to participate in a Shareholders' meeting by video-conference or any other telecommunication methods allowing for their identification provided that the latter satisfy such technical requirements so as to enable the effective participation in the meeting and the retransmission on a continuous basis of the deliberations of the meeting.

This Regulation which defines the rights and obligations of all parties attending a Shareholders meeting and provides clear and unambiguous rules, without limiting the right of individual Shareholders to voice their opinions and demand explanations about items on the agenda is duly posted and available at the Investor relations section of the Website.

10 SIGNIFICANT CHANGES SINCE THE END OF THE FINANCIAL YEAR.

None.

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ANNEX 1 - Main characteristics of the risk management and internal control systems existing in relation to the financial information process flow.

The Company's activities expose it to a variety of financial risks and the risk management is part of the Company's 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 Company's earnings exposure to cyclical fluctuations.

Market Risk

The Company 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 d'Amico 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 d'Amico 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. The Company and its operative Subsidiary d'Amico Tankers Ltd do not normally use derivative financial instruments to manage their exposure to vessel spot market rates.

Technical and Operational Risks

The d'Amico Group is exposed to operating costs risk arising from the variable costs of vessel operations. The key areas of operating cost risk are Crew Costs, Bunkers, Dry dock and repair costs and Insurance. The Risk management includes the following strategies: (i) The crew policy is coordinated through the support of d'Amico Group, to have synergies and economies of scale, making reference to the d'Amico expertise in crewing (training school, company specialised in this kind of service), looking on the opportunities available in different area to keep the high crew quality, but controlling the costs; the Safety, Quality & Environmental (SQE) Department, whose focus is to ensure that the vessels and its staff comply fully with external requirements such as regulatory requirements and certifications, etc; (ii) The Company and its operative Subsidiary d'Amico Tankers Ltd (excluding some very limited transactions periodically carried out at Handytankers Pool) do not use derivative financial instruments to manage the exposure to 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 52 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

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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 the Company and its operative Subsidiary d'Amico Tankers Ltd, 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, the Company and its operative Subsidiary d'Amico Tankers Ltd 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 d'Amico 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, the Company (through its operating Subsidiary d'Amico Tankers Ltd) 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 US Dollars; (v) In the case that dividends are declared and paid in Euro, the amount payable is hedged by the holding of a specific Euro balance.

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Interest Rates

The d'Amico 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 Company and its operative Subsidiary d'Amico Tankers Ltd facilities if 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 considers 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 the Company and its operative Subsidiary d'Amico Tankers Ltd 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 d'Amico 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, the Company and its operative Subsidiary d'Amico Tankers Ltd maintain adequate facilities and standby credit lines to meet forecast expenditure. Management regularly reviews group facilities and cash requirements.

Credit Risk

The d'Amico 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 the Company and its operative Subsidiary d'Amico Tankers Ltd have the following risk management strategies: (i) The management of this risk includes that 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 the Company 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. As far the 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 d'Amico Group also refers, for the payments to be made to the port agents, to DA Desk, a professional and external organisation specialised in managing the tasks; (iv) Pool partners: for High Pool and Glenda Pool, responsibility for management of credit risks remains with the Group; (v) Banks: the policy of the Company is to have relationships only with large banks with strong credit ratings, specialised in shipping and with first class reputation; (vi) Group reviews total exposure under agreements.

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Fraud Risk

The d'Amico Group is exposed to fraud risk resulting from the significant volume and value of transactions processed. To minimise the risk the Company and its operative Subsidiary d'Amico Tankers Ltd have the following risk management strategies: (i) Limits of powers and authority set for all individuals (e.g. power of attorneys restricted in object, limit amount for transactions); (ii) Controls over bank signatories (e.g. four eyes principle for specific transactions); (iii) Controls over tendering process; (iv) The Internal Audit Function is operating, together with the Audit Committee; (v) The Company, due to Stock market in STAR segment rules of Borsa Italiana, on May 3rd, 2007, had to apply the Decree 231, which has introduced the administrative liability of the company and of other bodies for specific types of crime committed by its directors or employees. Decree 231 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 231 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. The Company, on March 12th, 2008, has formally adopted this Model of organization and now is implementing specific operating procedures in order to prevent the commission of crime.