



d'Amico
INTERNATIONAL SHIPPING S.A.



Annual Report 2016
d'Amico International Shipping S.A.

d'Amico International Shipping S.A.

2016 Annual Report

CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS

Year ended 31 December 2016

d'Amico International Shipping S.A.
Registered office at 25C Boulevard Royal, Luxembourg
RCS B124790
Share Capital US\$ 42,851,035.60 as at 31 December 2016

This document is available on www.damicointernationalshipping.com

Contents

LETTER TO SHAREHOLDERS	4
BOARD OF DIRECTORS AND AUDITORS	6
KEY FIGURES	7
ALTERNATIVE PERFORMANCE MEASUREMENTS (APM)	8
d'AMICO INTERNATIONAL SHIPPING CONSOLIDATED MANAGEMENT REPORT	10
Group Structure	11
d'Amico International Shipping Group	12
Shareholders Information	16
Human Resources	18
Ship Management	20
Operational Risk	22
Corporate Social Responsibility	23
Financial review of the Group	24
Quarterly results	32
Significant events in the Year	34
Significant events since the end of the period and Business Outlook	38
Corporate Governance and Ownership Structure	44
d'AMICO INTERNATIONAL SHIPPING GROUP CONSOLIDATED FINANCIAL STATEMENTS	45
Consolidated Income Statement	46
Consolidated Statement of Other Comprehensive Income	46
Consolidated Statement of Financial Position	47
Consolidated Statement of Cash Flows	48
Consolidated Statement of Changes in Shareholders' Equity	49
Notes	50
d'AMICO INTERNATIONAL SHIPPING S.A. MANAGEMENT REPORT AND STATUTORY FINANCIAL STATEMENTS	97
Management Report	98
Significant events in the Year	100
Significant events since the end of the period and Business Outlook	104
d'Amico International Shipping S.A. Financial Statements and Notes for the year ended 31 December 2016	109
AUDITORS' REPORTS	132

LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present our Company's Annual Report. 2016 was a challenging year for DIS with spot rates for product tankers softening through the year and reaching historically low levels in Q3 and Q4. The weaker markets were largely attributable to the large product inventories built in 2015 and the first half of 2016, which dampened refinery activity and growth in demand for the seaborne transportation of such products in the second half of the year. Furthermore, the high influx of newbuildings coming into the market in 2016, put additional downward pressure on freight rates.

I am, however, satisfied by the results achieved by the Company in such a difficult market. Firstly, our high level of 'time charter-out' coverage (46% of DIS' available vessel days, fixed at a daily average rate of US\$ 15,214) limited our exposure to the weak spot markets. Secondly, we gradually reduced our short-term and relatively more expensive 'time charter-in' fleet during the year, lowering our break-even rates. The contract coverage and flexible approach to chartering-in and chartering-out vessels, allows DIS to reduce earnings volatility and better position itself to confront a weak market as well as to benefit from a recovering one.

In fact in 2016 DIS managed to limit its net loss to US\$ 12.8 million (or US\$ 6.2 million excluding the impairment on 5 'assets held for sale'), to achieve a full-year EBITDA of US\$ 55 million (21% margin on TCE Earnings) and to generate a positive operating cash flow of US\$ 55.7 million.

I firmly believe the product tankers market has very strong fundamentals. On the demand side, the world refining capacity has been moving away from the main consuming regions, mainly due to an increase in refinery capacity in the Middle East and Asia. The new and more competitive refineries in the Middle East, Asia and North America are leading to a drop in utilisation and to the closure of refineries in Europe and Australia. This dislocation in refineries has been driving and will continue to drive an increase in the ton-mile demand for product tankers. On the supply side, we can count a historically low fleet growth expected over the next two years, with the current MR orderbook close to its 20 years' low. Very few shipyards are able to build complex vessels such as product tankers and there is currently limited availability for deliveries before 2019. This should structurally limit the increase in the size of the fleet near-term. In addition, new environmental rules, such as IMO's ballast water management convention and sulphur emission regulations, are gradually coming into force, which should lead to an increase in the demolition of older vessels, limiting supply growth and benefitting owners of very young fleets such as DIS.

Given the positive outlook for the next few years, I am convinced DIS' investment program, which consisted in 22 new-build orders placed between 2012 and 2015, at historically low prices, for a total investment of US\$ 755 million, was well timed. In 2016, DIS took delivery of five new-buildings, investing US\$ 151 million mostly for these vessels as well as for yard instalments for those still under construction. As at the end of the year, DIS' remaining capital outlay amounted to US\$ 223.4 million, of which 74% will be financed with bank debt, fully secured as of today.

At the same time, we have been very active also on the sale market. We recently announced the disposal of two of our oldest ships and we are currently working on other similar deals. These disposals are in line with our long-term strategy of controlling a very young and modern fleet, and will contribute to strengthen our balance sheet and provide greater financial flexibility to the Company.

I am convinced that our long-term strategy, of controlling a very modern and well-maintained fleet, together with our proven ability of riding different market cycles, will allow DIS to take full advantage of the favourable market outlook, generating positive returns and increasing value for you, Shareholders.

Thank you for your continued support and trust.

A handwritten signature in black ink, appearing to read 'Paolo d'Amico'. The signature is stylized and cursive, with a prominent vertical stroke on the right side.

Paolo d'Amico, Chairman of the Board of Directors

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Chairman

Paolo d'Amico

Chief Executive Officer

Marco Fiori

Directors

Cesare d'Amico

Massimo Castrogiovanni

Stas Andrzej Jozwiak

Giovanni Battista Nunziante

Heinz Peter Barandun

John Joseph Danilovich

Antonio Carlos Balestra di Mottola

Independent Auditors

PricewaterhouseCoopers, Société Coopérative

KEY FIGURES

Financials

US\$ thousand	2016	2015
Time charter equivalent (TCE) earnings	261,386	310,711
EBITDA	54,989	97,132
as % of margin on TCE	21.04%	31.26%
EBIT	10,134	63,800
as % of margin on TCE	3.88%	20.53%
Net profit / (loss)	(12,838)	54,473
as % of margin on TCE	(4.91)%	17.53%
Earnings / (loss) per share (US\$)	(0.031)	0.132
Operating cash flow	55,667	68,495
Gross capital expenditure (CapEx)	(151,198)	(164,420)
	As at 31 December 2016	As at 31 December 2015
Total assets	989,204	909,964
Net financial indebtedness	527,793	422,547
Shareholders' equity	363,366	384,713

*see Alternative Performance Measurements on page 7

Other operating measures

	2016	2015
Daily operating measures		
TCE earnings per employment day (US\$) ¹	14,534	17,159
Fleet development		
Total vessel equivalent		
- Owned	27.7	23.3
- Chartered	22.4	28.0
Off-hire days/ available vessel days ² (%)	2.0%	3.3%
Fixed rate contract/ available vessel days ³ (coverage %)	45.9%	46.0%

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

² This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

³ Fixed rate contract days/available vessel days (coverage ratio): this figure represents how many vessel days were employed on time charter contracts, inclusive of off-hire days.

ALTERNATIVE PERFORMANCE MEASUREMENTS (APM)

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

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

EBITDA Earnings before interest, taxes, depreciation and amortization. It is equivalent to the gross operating profit, which indicates the Company's revenues from sales less its cost of the services (transport) sold.

EBIT Earnings before interest and tax. It is equivalent to the net operating profit.

Gross Capital expenditure The expenditure for the acquisition of fixed assets as well as expenditures capitalised as a result of the intermediate or special surveys of our vessels, or of investments for the improvement of our vessels; it gives an indication about the strategic planning (expansion) of the Company (capital intensive industry).

Net Indebtedness Comprises total borrowing arrangements and financial liabilities, less cash and cash equivalents and liquid financial assets or short-term investments available to service those debt items. It is a metric indicating the overall debt situation of a company.

Time charter equivalent earnings It is equal to voyage revenues less voyage expenses. It allow a period-to-period comparison of revenues, which is not influenced by whether the vessels were employed on Spot charters, Voyage charters or Contracts of affreightment (please see Non-Financial APM definitions below).

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

Available vessel days Total theoretical number of days a vessel is available for sailing during a period It provides an indication of the Company's fleet earnings potential during a period, which takes into account the date of delivery to and redelivery from the Company of the vessels in its fleet.

Bareboat charter A charter of a vessel under which the ship owner is usually paid a fixed amount of charter hire for a certain period of time during which the charterer is responsible for the vessel operating expenses and voyage expenses of the vessel and for the management of the vessel, including crewing. A bareboat charter is also known as a "demise charter" or a "time charter by demise".

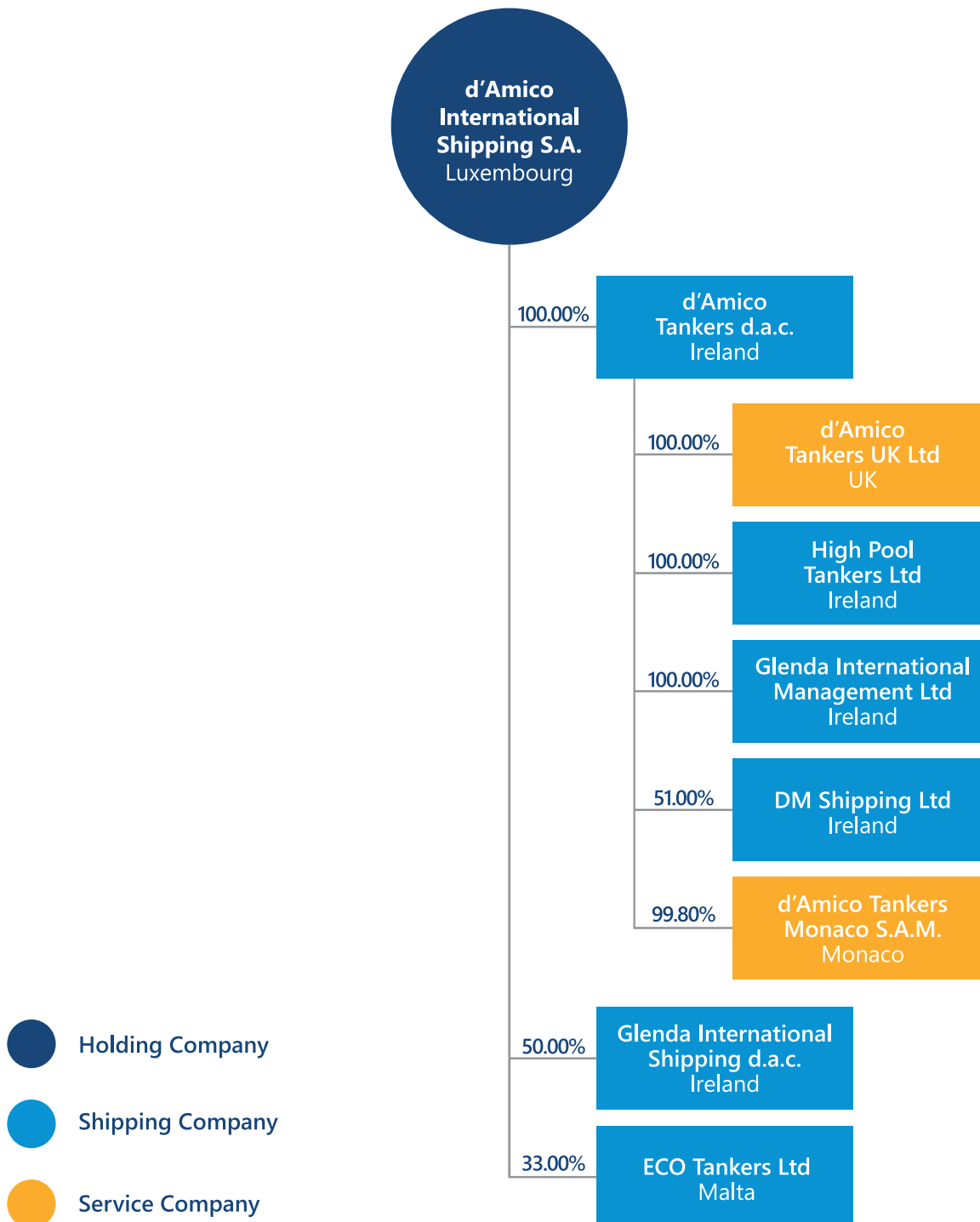
Charter	The hire of a vessel for a specified period of time or to carry a cargo from a loading port to a discharging port. The contract for a charter is commonly called a charter party.
Contract of affreightment (COA)	An agreement between an owner and a charterer which obliges the owner to provide a vessel to the charterer to move specific quantities of cargo, at a fixed rate, over a stated time period but without designating specific vessels or voyage schedules, thereby providing the owner with greater operating flexibility than with voyage charters alone.
Coverage	Ratio indicating how many available vessel days are already covered by fixed rate contracts (time charter contracts or contracts of affreightment). It provides an indication of how exposed the Company is to changes in the freight market during a certain period.
Fixed-rate contracts	Time Charter Contracts or Contracts of Affreightment. Please see respective definitions of these Non-Financial APMs in this section.
Off-hire	The period in which a vessel is unable to perform the services for which it is immediately required under a time charter. Off-hire periods can include days spent on repairs, dry-docking and surveys, whether or not scheduled. It can help to explain changes in Time-charter equivalent earnings between different periods.
Spot charter or Voyage charter	The hiring of a vessel for a voyage between a load port and a discharge port. The charterer pays the vessel owner on a per-ton or lump-sum basis. The payment for the use of the vessel is known as freight.
Time charter	A charter under which the ship owner is paid charter hire on a per-day basis for a specified period of time (a fixed rate contract). Typically, the ship owner is responsible for providing the crew and paying vessel operating expenses while the charterer is responsible for paying the voyage expenses and additional voyage insurance.
Time charter equivalent earnings per day	It is a measure of the average daily revenue performance of a vessel on a per voyage basis. The DIS Group's method of calculating time charter equivalent earnings per day is consistent with industry standards and is determined by dividing voyage revenues (net of voyage expenses) by voyage days for the relevant time period. Time charter equivalent earnings per day is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance despite changes in the mix of charter types (i.e. spot charters, time charters and contracts of affreightment) under which the vessels may be employed during specific periods. It allows comparison of the Company's performance with industry peers and market benchmarks.
Vessels equivalent	The number of vessels equivalent in a period is equal to the sum of the products of all vessels controlled by the Company by the total available vessel days over that period and the participation of the Company (direct or indirect) in that vessel, divided by the number of calendar days in that period. It provides an indication of the Company's fleet size and earnings potential over a period.
Voyage charter	A charter under which a ship owner is paid freight on the basis of moving cargo from a loading port to a discharging port. The ship owner is responsible for paying both vessel operating expenses and voyage expenses. Typically, the charterer is responsible for any delay at the loading or discharging ports.

**d'AMICO INTERNATIONAL SHIPPING
CONSOLIDATED MANAGEMENT REPORT**



Group structure

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



d'Amico International Shipping Group

d'Amico International Shipping S.A. (DIS, the Group or d'Amico International Shipping) is an international marine transportation company, part of the d'Amico Group that traces its origins to 1936. d'Amico International Shipping operates, mainly through its fully owned subsidiary d'Amico Tankers d.a.c. (Ireland), a fleet with an average age of approximately 7.7 years, compared to an average in the product tankers industry of 10.2 years (source: Clarkson). All DIS vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to major oil companies and trading houses. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), with the requirements of oil-majors and energy-related companies and other relevant international standards. Based on MARPOL/IMO rules, cargoes such as palm oil, vegetable oil and other chemicals can only be transported by vessels that meet certain requirements (IMO Classed). As at December 31 2016, 69% of the DIS fleet was IMO Classed, allowing the Group to transport a large range of products.

Fleet

The following tables set forth information about the DIS fleet as at December 31, 2016, which consists of 52.8 vessels (December 31, 2015: 50.8)

MR fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
Owned				
High Wind	50,000	2016	Hyundai Mipo, South Korea	IMO II/III
High Trust	49,990	2016	Hyundai Mipo, South Korea	IMO II/III
High Trader	49,990	2015	Hyundai Mipo, South Korea	IMO II/III
High Loyalty	49,990	2015	Hyundai Mipo, South Korea	IMO II/III
High Voyager	45,999	2014	Hyundai Mipo, South Korea	IMO II/III
High Fidelity	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Sun	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Discovery	50,036	2014	Hyundai Mipo, South Korea	IMO II/III
High Freedom	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Tide	51,768	2012	Hyundai Mipo, South Korea	IMO II/III
High Seas	51,678	2012	Hyundai Mipo, South Korea	IMO II/III
GLENDAMelissa	47,203	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDAMeryl	47,251	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDAMelody ²	47,238	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDAMelanie ³	47,162	2010	Hyundai Mipo, South Korea	IMO II/III
GLENDAMeredith ³	46,147	2010	Hyundai Mipo, South Korea	IMO II/III
GLENDAMegan ²	47,147	2009	Hyundai Mipo, South Korea	IMO II/III
High Prosperity	48,711	2006	Imabari, Japan	-
High Venture	51,087	2006	STX, South Korea	IMO II/III
High Presence	48,700	2005	Imabari, Japan	-
High Performance	51,303	2005	STX, South Korea	IMO II/III
High Progress	51,303	2005	STX, South Korea	IMO II/III
High Valor	46,975	2005	STX, South Korea	IMO II/III
High Courage	46,975	2005	STX, South Korea	IMO II/III

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

² Vessels owned by GLENDAMelody International Shipping Limited (in which DIS has 50% interest) and time chartered to d'Amico Tankers Limited

³ Vessels owned by GLENDAMelanie International Shipping Limited (in which DIS has 50% interest)

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
Owned				
High Priority	46,847	2005	Nakai Zosen, Japan	-
High Endeavour	46,992	2004	STX, South Korea	IMO II/III
High Endurance	46,992	2004	STX, South Korea	IMO II/III
Time chartered with purchase option				
High Pearl	48,023	2009	Imabari, Japan	-
High Enterprise	45,800	2009	Shin Kurushima, Japan	-
Time chartered without purchase option				
Carina	47,962	2010	Iwagi Zosen, Japan	-
High Strength	46,800	2009	Nakai Zosen, Japan	-
High Force	53,603	2009	Shin Kurushima, Japan	-
High Efficiency1	46,547	2009	Nakai Zosen, Japan	-
High Current	46,590	2009	Nakai Zosen, Japan	-
High Beam	46,646	2009	Nakai Zosen, Japan	-
Freja Baltic	47,548	2008	Onimichi Dockyard, Japan	-
High Glow	46,846	2006	Nakai Zosen, Japan	-
Citrus Express	53,688	2006	Shin Kurushima, Japan	-
Freja Hafnia	53,700	2006	Shin Kurushima, Japan	-
High Power	46,874	2004	Nakai Zosen, Japan	-
Port Said	45,999	2003	STX, South Korea	IMO II/III
Port Stanley	45,996	2003	STX, South Korea	IMO II/III
Port Union	46,256	2003	STX, South Korea	IMO II/III
Port Moody	44,999	2002	STX, South Korea	IMO II/III

Handysize fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
Owned				
Cielo di Salerno	39,043	2016	Hyundai Mipo, South Korea	IMO II/III
Cielo di Hanoi	39,043	2016	Hyundai Mipo, South Korea	IMO II/III
Cielo di Capri	39,043	2016	Hyundai Mipo, South Korea	IMO II/III
Cielo di Ulsan	39,060	2015	Hyundai Mipo, South Korea	IMO II/III
Cielo di New York	39,990	2014	Hyundai Mipo, South Korea	IMO II/III
Cielo di Gaeta	39,990	2014	Hyundai Mipo, South Korea	IMO II/III
Cielo di Guangzhou	38,877	2006	Guangzhou, China	IMO II
Cielo di Milano	40,081	2003	Shina Shipbuilding Co., South Korea	IMO II/III
Cielo di Guangzhou 2	38,877	2006	Guangzhou, China	IMO II
Time chartered without purchase option				
Port Stewart	38,877	2003	Guangzhou, China	-
Port Russel	37,808	2002	Guangzhou, China	IMO II/III
SW Cap Ferrat I	36,032	2002	STX, South Korea	IMO II/III

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

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

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

Fleet Employment and Partnership

As at December 31 2016, d'Amico International Shipping directly employed 52.8 Vessels: 18.8 MRs ('Medium Range') and 4 Handy-size vessels on fixed term contracts, whilst 23 MRs and 7 Handy-size vessels are currently employed on the spot market. In addition, the Group employs a portion of its controlled vessels through some joint ventures.

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

DM Shipping Limited, a 51/49 jointly controlled entity with the Mitsubishi Group. The JV company owns 2 MR vessels, built respectively in July and October 2009.

Eco Tankers Limited, a joint venture with Venice Shipping Logistics S.p.A., in which d'Amico International Shipping S.A. has a 33% shareholding. The JV company owns an eco-design MR product tanker of 50,000 dwt built at Hyundai-Vinashin Shipyard Co., Ltd and delivered in May 2014. The d'Amico Group is responsible for the commercial, technical and administrative management of the vessel.

d'Amico International Shipping is part of the d'Amico Group (d'Amico), one of the world's leading privately-owned marine transportation companies with over 70 years of experience in the shipping business, whose ultimate parent company is d'Amico Società di Navigazione S.p.A. (Italy). At the closing of the period, the entire d'Amico Group controls a wide fleet of owned and chartered-in vessels, of which 52.8 are part of the DIS fleet, operating in the product tanker market. d'Amico International Shipping benefits from a strong brand name and a well-established reputation in the international markets due to the long operating history of the d'Amico Group. In addition, it benefits from the expertise of the d'Amico Group, which provides support for technical management services, as well as safety, quality and technical products and services to DIS' vessels, including crewing and insurance arrangements.

d'Amico International Shipping operates from Luxembourg, Ireland, UK, Monaco, Singapore and the USA. As at December 31 2016, the Group employed 740 seagoing personnel and 35 onshore personnel.

The Product Tankers Industry

Product tankers have coated tanks and primarily carry a range of refined petroleum products, typically gasoline, jet fuel, kerosene, fuel oil, and naphtha. Provided they are classified to IMO II/III they can also carry easy chemicals and edible oils. The seaborne movement of refined oil products between different world regions addresses demand and supply imbalances, mainly caused by the lack of resources or refining capacity in consuming countries. Additional 'arbitrage' also occurs, taking advantage of differences in price and specific product demand between refining centres.

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

Product tanker class (dwt)	Short range (SR) 10,000 – 25,000	Medium range (MR) 25,000 – 55,000	Long range (LR) 55,000 – 120,000
Characteristics	Trades in specialised market regionally	Access to more ports than larger vessels	Better economies of scale over longer haul voyages
	Focused primarily on the distribution side	Better economies of scale over medium and longer distances versus small vessels	
Voyages	Only short	Short and long	Short and long
Flexibility	Low	High	High
Arbitrage Voyages	No	Yes	Yes
% world fleet ¹	19%	43%	38%



¹ Source: Clarksons Research, as of January 1 2016. Percentage of total product tankers (4,831 vessels) excludes vessels with stainless steel tanks.

Shareholders Information

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

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

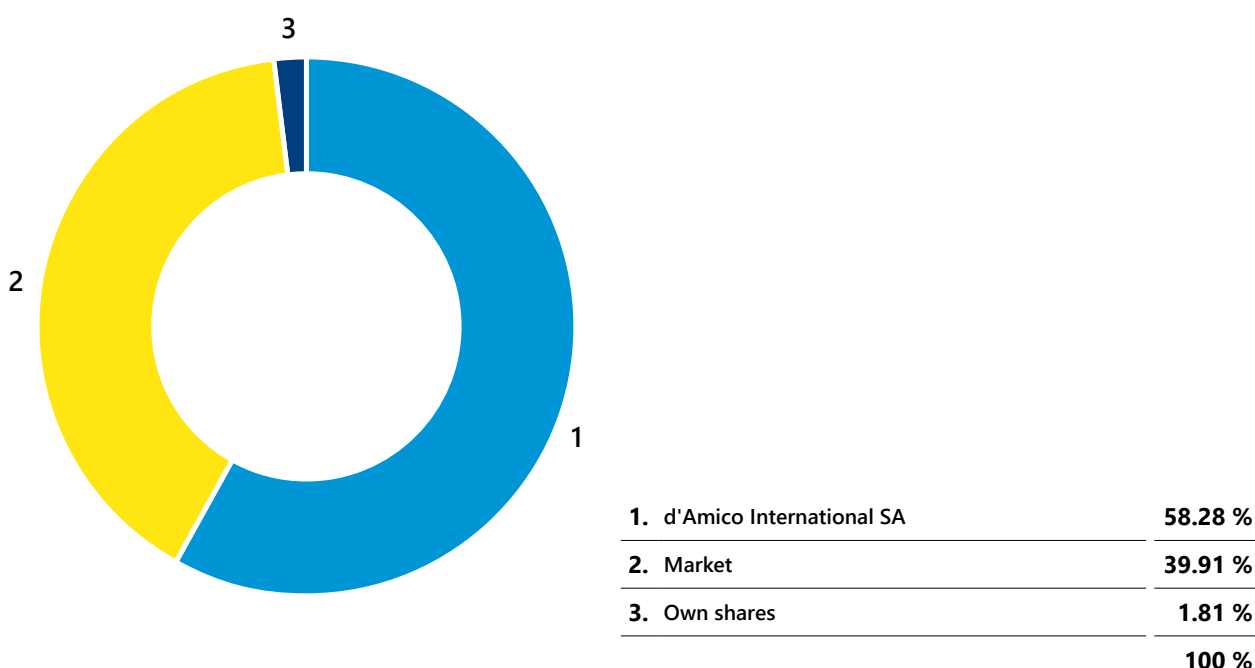
More information are available on the Group's institutional website <http://investorrelations.damicointernationalshipping.com>. The Investor Relations section provides share information, historical financial data, press releases, institutional presentations, periodic publications and analyst coverage.

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

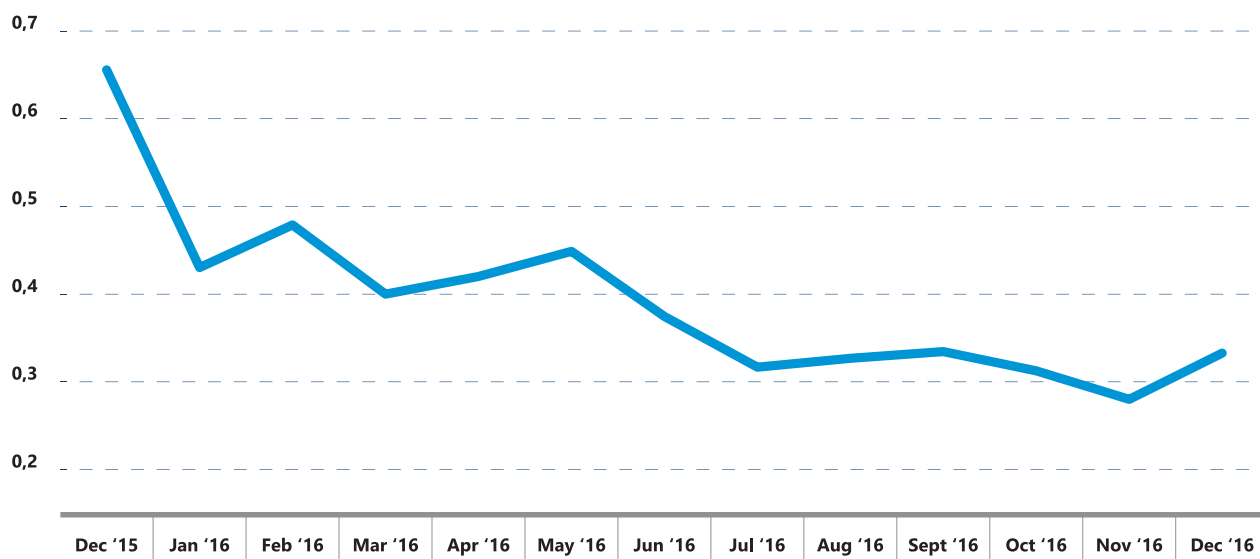
Shareholders

d'Amico International Shipping S.A. share capital consists of 428,510,356 ordinary shares. The shares are issued to bearer and listed on Borsa Italiana SpA in the STAR segment.

Based on the latest shareholdings communicated by investors, in accordance with applicable rules and Art.6 of our Articles of Association, the following individuals and institutions have holdings exceeding 5% of d'Amico International Shipping's total ordinary outstanding shares:



Share price performance



In 2016, DIS' share price fell by 52%, ending the year at € 0.3328, versus € 0.6935 at the end of 2015. The market capitalization of the Company's shares was € 140.0 million at the end of 2016. The average daily volumes during the year were 1.0 million shares.

Financial calendar

The 2017 Company's Financial Calendar is the following:

2016 Annual Financial Statements	March	Thursday 02
Annual General Meeting	April	Wednesday 19
2017 First Interim Management Statements	May	Wednesday 04
2017 Half Yearly Report	July	Thursday 28
2017 Third Interim Management Statements	November	Wednesday 09

Dividend Policy

The dividend policy is based on the current results and estimated future liquidity requirements, taking into account the Group's development strategy, the expected future market developments and the maximization of the Shareholders' return.

Human Resources

As at 31 December 2016, the Group employed a workforce of 740 seagoing personnel and 35 onshore personnel.

The average number of seagoing personnel in 2016 was 664, while the average onshore personnel was 35.

In 2016 the Group has confirmed its strategy and focus on the developing human capital, since the contribution of our people (at any level of organization) is the real distinctive competitive advantage in the market.

The complexity of the scenario markets in which the Company operate requires to it to foster a continuously investment on in the development of its employees' professionalism in order to face effectively the business challenge knowledge and skill-set, being to always be compliant with the stringent regulatory framework which affects the in which it Group operates. On the other hand HR policy and initiatives have been addressed developed to reinforce strengthen the organizational climate, and to promoting promote a high level of people personnel engagement, and therefore the contributing to the Company's results.

The majority (58%) of the delivered training hours have been focused on the consolidation development of management and core shipping skills.

The Group, through corporate leadership programs, is fostering organizational trust to improve seeks to increase both onshore and seagoing personnel employees' productivity, collaboration, engagement and individual accountability in the Company for onshore as well seagoing personnel. A continuous attention is dedicated to the retention and development of the key staff for the management of the fleet, with an overall average job retention rate of 94% for the in 2016.

Over the last months of 2016 the people performance management system (a key process for evaluation of personnel performance talent management and for incentive system establishment of incentives) has been dramatically reviewed in order to consolidate align the process according it to the newest most recent and best practices.

In 2016 the Group has structured the rewarding system introducing a long- term incentive systems (Stock Option Plan or the Plan). The purpose of the Plan is to strengthen and enhance the participation and links is to foster team-work and between Company loyalty the Group and as well as to establish additional incentives for its respective directors and key managers personal performance. In this respect, the Plan wants to reinforce the alignment of the interests of the people involved strengthen the alignment between in the Plan (the "Beneficiaries") incentives of the beneficiaries of the Plan to and the those of the shareholders of the Company, with the objective of creating achievement of the priority goal of creating value for the Shareholders in the medium to -long- term, and to focus the attention on strategic factors among which the performance of the Company's share price.

The scale and complexity of the Group and the challenge of the industry has required uses several to work on every communication tool channels in order to consolidate promote its image and the image of the Group and enhance awareness of the Company among different constituencies about. In this regard, as far as the communication activities are concerned, the new web site of the Group has been was developed, to be launched in 2017.

Seagoing personnel are one of the plays a key elements in role in the safe and efficient operation of the fleet. The crewing policy implemented by the Group, which boasts counts on years of experience in the sector, aims to promote on-board safety and environmental protection, while whilst also maintaining conditions of promoting crew efficiency and reliability.

The Group continues to follow its recruitment program based on the effective personnel strategy that has resulted in the consolidation and further successful development of its base of operations in the Indian market in Mumbai, India.

The Indian market has an established track record of providing highly professional and skilled seafarers with proficiency in the English language as a provider of a quality English-speaking crew. The Group also has established an important partnership in Manila, so as in order to maintain a strong representation presence in the Philippines market.

Important milestone for the d'Amico Group is seeks to ensure that its staff always meets the highest standards of professionalism essential required for the effective execution of their duties and responsibilities. Hence, through a continuous training programs the Group supports the development of its talents workforce, and reinforces its retention policy. People performance and Appraisals appraisal management systems continuous to be are effective among the tools to use to capture and promote the development of seafarers' full potential and improve the human performance.

In addition, over the last months of 2016 a new project has been started with the aim to promote of promoting and consolidate consolidating the effective communication, leadership and teamwork on board of our vessels. Competitive challenges constantly require productivity gains and the development of the latest know-how.

The d'Amico Group aim to develop its crew from the very beginning of their career, when they join as cadets, with the aim of forming in-house its future officers. «Home With this purpose Grown Officers» philosophy that live the d'Amico's Core Values is a fundamental aspect of the personnel strategy. To implement this strategy the d'Amico Group develops and realizes specific constantly updates personalised personnel career development and manning requirements plans, which are constantly monitored and updated. The starting point is the cadet strategy that underpins our global manning strategy. Seafarers' career development in-fact starts at the very beginning. In support to this addition, it is the d'Amico choice to Group co-operates with nautical institutes for the education of its cadets, who are the future officers of the Group fleet.

As part of initiatives aimed at supporting educational institutions. In this respect, d'Amico Società di Navigazione, holding company of the Group, along together with other Italian institutional partners, has consolidated its direct effort in an supports the advanced technical education school - ITS Fondazione G. Caboto - for the training of specialized technical staff.

Ship Management

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

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

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

d'Amico Società di Navigazione S.p.A. gives its assistance to arrange insurance cover for the fleet and operates the Tanker Management and Self-Assessment programme (TMSA), launched in 2004 by the OCIMF (Oil Companies International Marine Forum), and the Health Safety Quality and Environment (HSQE) Management System. The ship manager's responsibilities include those of performing general vessel maintenance, ensuring compliance with regulatory and classification society's requirement, satisfying oil majors vetting procedures, supervising the maintenance and promoting the efficiency of vessels, arranging and supervising dry-docks and repairs, purchasing supplies and spare parts, and appointing supervisors and technical consultants.

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

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

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

In particular, in respect of ISO 14001, to demonstrate its commitment to protect people and the environment, the d'Amico Group tracks and analyzes energy consumption on its vessels, using lessons learned and general guidelines and procedures, to improve energy efficiency while reducing emissions.

To promote crew safety, the d'Amico Management System includes also the certification of compliance with the international standard OHSAS 18001, aimed at improving health and safety on board vessels and in any work environment. Through the regular use of a detailed risk assessment any dangerous situation is properly evaluated and proper preventive measures are implemented.

Increased energy efficiency remains the cheapest and effective means of protecting the environment. The Ship Energy Efficiency Management Plan in line with the guideline of IMO on ship efficiency has been implemented on board of group vessels since the beginning of 2013, to optimize operational processes and improve profitability through the efficient use of people and assets. It is a guide for all the d'Amico Group's personnel to increase energy efficiency in our vessel systems and operational processes.

d'Amico's management is committed to:

- Increasing energy efficiency
- Reducing emissions
- Investing in clean, energy efficient technologies where financially viable.
- Reducing environmental impacts arising from consumption of energy.
- Raising staff awareness and commitment to reduce energy consumption.

The performances are analyzed within the annual HSQE (Health, Safety, Quality and Environment) System Management Review.

In this regard, d'Amico Società di Navigazione, has also obtained the certification ISO 50001, the international standard, that recognize Management Systems aimed at promoting energy efficiency.

During the year d'Amico Società di Navigazione has also implemented all the procedures and practices in order to be in compliance with new ILO convention, the Maritime Labour Convention 2006 that wants to guarantee the respect of the crew under contractual, health, and safety aspects.

In 2016 the technical management has strengthened the control of vessel performance monitoring by a dedicated team of resources and the adoption of specific on-board tools (sensors and data platform) integrated with software system such as BMT and RINA Ego. This will definitively allow a more accurate vessel performance analysis to optimize vessel efficiency, bunker savings and gas emission abatement.

In addition, with the scope of always seeking continuous improvement and of achieving higher machinery reliability, a condition-based maintenance (CBM) approach has been implemented, through the use of specific tools and software. CBM has been specifically adopted on main engine turbo chargers, with the goal of identifying upcoming failures. This in turn will lead to an improvement in equipment reliability, reducing cost of asset failures, and improving workers safety.

Operational Risk

Technical and Operational risks

The Group is exposed to operating costs risks 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 Group's risk management includes the following strategies: (i) Crewing of vessels is managed with the support of the d'Amico Group, to obtain synergies and economies of scale, allowing DIS to benefit from d'Amico's expertise in this area (which includes a training school and a company specialised in this service), aiming always to hire high quality crew, while controlling such costs. The Safety & Quality Department (SQE), focuses on ensuring vessels and its staff fully comply with external requirements such as those imposed by Oil Major Companies (ii) Dry-docks and repairs – the management of dry-docks and repairs is coordinated through the d'Amico Group, allowing economies of scale to be achieved and for a proper benchmarking of the cost and quality of such services. The Group's policy to control a young fleet also helps to minimize such risks. (iii) DIS' insurance plan provides coverage for a wide range of risks which may arise from ship ownership and management and which may expose the Company to financial losses. With regards to the vessels' operation and transportation of cargoes the coverage includes personal injury, environmental damage and pollution, third-party casualty and liability, hull and engine damage, total loss, war risks and piracy risks; (iv) Piracy risk is a major issue both in the Gulf of Aden, in the Indian Ocean and in the Gulf of Guinea economic zone north of Latitude 3 North (including Nigeria, Togo and Benin). In this respect DIS has taken measures to: (a) minimize the risk during transit in the Gulf of Aden, to promote a safer navigation; (b) check the suitability of the insurance policies currently in force to ensure such risks are adequately covered. A detailed analysis of the situation has allowed the Company, together with the d'Amico Group, to prepare guidelines to be followed by any vessel while in the risk zone. Moreover, to obtain as much information as possible and be kept updated on all issues, the d'Amico Group monitors websites dedicated to piracy issues regularly. Regarding insurance, on the basis of a risk assessment the Company ascertained that the main piracy risks are adequately covered through: (a) loss of hire insurance, which covers the Company for the loss of income resulting from physical damages to the vessel caused by a piracy attack (risk 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) kidnap and ransom insurance, which covers the perils of kidnap, wrongful detention, hijacking; (c) piracy loss of hire, which covers the payment of hire during the period of detention by pirates; (d) third parties liabilities – included in the P&I cover.

Fraud risk

The Group is exposed to fraud risk resulting from the significant volume and value of transactions processed. To minimise these risk DIS and d'Amico Tankers d.a.c. have implemented the following risk management policy: (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 combined oversight of the Internal Audit function, the Control and Risk Committee, the Chief Control and Risk Officer, the manager in charge of the preparation of the Company's financial reports and the Supervisory Committee; (v) The Company, due to its listing on the STAR segment of the Italian Stock Exchange complies with the Italian Legislative Decree n.231 of 8 June 2001, (the "Decree 231") which introduced the administrative liability of companies and of their governing bodies for specific types of crime committed by their directors or employees. The 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 Internal Audit principles and 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), to reduce and prevent in a material way the risk of commission of the different types of crimes. DIS, since 12 March 2008, has adopted this Model of Organization Management and Control subsequently amended on 30 July 2015 and is continuously improving the implementation of specific control activities (COSO Framework) to prevent the commission of crimes.

Corporate Social Responsibility

The d'Amico Group is firmly committed not only to a strict compliance with the applicable regulations in force and to operational, safety and environmental procedures, but also to contribute to a sustainable development.

Over the last years the d'Amico Group has implemented a newly drafted Corporate Social Responsibility strategy. Monitored on an ongoing basis, this strategy reflects the extent to which d'Amico understands and appreciates the environmental and social aspects of its business and is an expression of the full range of the energies and resources that it employs in protecting the environment and helping those in need.

d'Amico has always been involved in backing charitable efforts and events which support human life, scientific research and reconstruction in the wake of natural disasters.

One of the most important principles in d'Amico is to promote the education and professional development of its employees and to provide them with vocational guidance. Moreover, by funding a variety of projects at various level of education, d'Amico helps to pave the way for students to successfully start out on their careers and to progress in their chosen field. d'Amico supports also the training of its younger employees by offering scholarships to the most deserving students for prestigious masters and post-diploma courses.

d'Amico has always been ready to support and sponsor culture and art worldwide, while aiming to promote greater public awareness of social, cultural, economic and environmental topics. The d'Amico Group aims to establish links with the various local communities where it is present, promoting the made in Italy brand across the globe, while prompting the preservation of the local artistic, historical and cultural heritage.

Protection and respect of the environment is a core value for d'Amico. The Group's business is surrounded by the environment and, in particular, the sea, and therefore one of the Group's priorities is to care for the oceans. The Group is involved in several projects is that aim to protect the marine environment from pollution and excessive exploitation. Furthermore, the Group adopts and actively encourages responsible behaviour in relation to the environment.

The d'Amico Group processes and procedures are often far more restrictive than the regulations in force in the countries it operates in. The strategies and policies on safety, and on protection and respect of the environment are reflected in an Integrated Management System for personnel safety, quality, environment and energy.

The implementation of an Integrated Management System originates from a y choice by the Company, which places primary importance in the quality of the services provided to its clients, health and safety at the workplace, energy efficiency, environmental preservation and social responsibility, through the adoption of recognized international standards and certifications. Moreover, the Integrated Management System, developed with an approach based on Company processes, allows the d'Amico Group to identify, maintain and improve a dynamic organizational management model. Continuous monitoring, suitable measurement of performance indicators, scrupulous execution of internal inspections, in-depth analysis of the data gathered and timely implementation of corrective actions and actions for improvement, allow the continuous growth of our Company's performance in terms of safety, customer and stakeholder satisfaction and environmental practices.

The flexibility of the Integrated Management System allows us to ensure compliance with the numerous national and international regulations and legislations. Such a system, already compliant with the ISM International Safety Management Code has been extended in accordance with the following international standards: ISO 9001, 14001, 50001 and OHSAS 18001, which has a statement confirming the use of the ISO 26000 as reference document to integrate social responsibility. The Company received the RINA Best 4 Plus certificate, which acknowledges the compliance with all applied standards.

Financial review of the Group

Summary of the results in the fourth quarter and twelve months of 2016

The IMF said in their January 2017 update that after a subdued global growth in 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging markets and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the incoming U.S. administration and its global ramifications. The IEA in their most recent February 2017 report, revised upwards for the third consecutive month 2016 oil demand growth, to 1.6 million b/d. Although oil demand growth is still forecast to decelerate in 2017 to 1.4 million b/d, recent improvements in industrial activity are providing some support.

Oil product stocks are still at historically high levels. OECD industry refined product stocks, however, after rising in the first part of the year and peaking in August at 1.58 billion barrels, started falling thereafter reaching 1.50 billion barrels in December 2016, recording an overall decline in the period of around 80 million barrels (-5.1%). OECD Refined product stocks are still significantly higher than in December 2014, when they are amounted to 1.40 billion barrels, but are at back to levels last seen at the end of 2015 (1.50 billion barrels).

In Q1 2016, freight markets were mixed. In the first two months of the year the market still benefited from the buoyant markets at the end of 2015. However, as the oil prices started rising in February and refining margins declined, refinery throughput dropped. At the end of Q2 and beginning of Q3 a pick-up in refining activity was not enough to compensate for the fast pace of vessel deliveries. As refineries went into maintenance refinery throughput fell again with the freight market following suit. In Q4 2016 product freight rates West of Suez improved, reflecting the return of many refineries from maintenance and open arbitrage windows for several oil product markets. In this period freight on the UK Continent-US Atlantic Coast route strengthened significantly. Rates at the end of December were 55% higher than the beginning of the month. They continued to improve into January with arbitrage opportunities to export gasoline from Europe to the US. However, freight on the US Gulf Coast-UK Continent route fell in December with below-normal shipments of diesel linked to an oversupply situation in Europe. December naphtha shipments from the Middle East also improved. The Asian naphtha market was buoyant in early January, leading to increasing activity and higher freight rates. Freight on the Middle East - Singapore route also rose in January with generally higher demand for oil products linked to colder temperatures.

The one year perceived time-charter rate is always the best indicator of spot market expectations. In Q4 the one year rate for a conventional (non-eco design) MR went from US\$ 13,500 to \$ 12,500 per day.

DIS' Net Result was negative for US\$ (12.8) million in full-year 2016, mainly due to the weak product tanker market experienced in Q3 and at the beginning of Q4. This results compares with a US\$ 54.5 million Net Profit posted in 2015.

The variance compared with the previous year is largely due to a much weaker freight market in 2016. In fact, **DIS' daily spot rate was US\$ 13,302 in the full-year 2016** vs. US\$ 18,814 achieved in the prior year.

At the same time, 45.9% of DIS' total employment days in 2016, were covered through 'time charter' contracts at an average daily rate of US\$ 15,989, which represents approximately the same percentage as the previous year but at a higher average rate (full-year 2015: 46.0% coverage at an average daily rate of US\$ 15,214). Such high level of time charter coverage is one of the pillars of DIS' commercial strategy and allows it to mitigate the effects of spot market volatility, securing a certain level of earnings and cash generation. In fact, DIS' total daily average rate (which includes both spot and time charter contracts) was US\$ 14,534 in 2016 compared with US\$ 17,159 achieved in the previous year.

In comparison with the previous year, 2016 results were also negatively impacted by: i) US\$ 6.6 million impairment booked in 2016 on three vessels, which are currently under advanced sale negotiations. In fact, based on IFRS 5 these three vessels were classified as 'assets held for sale' and the difference between their appraised market value and their book value was charged to the current year profit and loss; ii) US\$ 5.8 million positive Result on disposal achieved in 2015, following the sale of one of DIS' owned vessels last year; iii) US\$ 7.5 million extraordinary positive result generated in 2015 from the Company's treasury and risk management.

These negative variances year-on-year, were partially compensated with a more efficient cost structure, with significant savings achieved on 'Time charter hire' costs (partially due to fewer TC-In vessels managed during the period) and on daily 'Other direct operating cost'.

This explains why DIS was able to achieve a **FY 2016 EBITDA of US\$ 55.0 million** and an **'EBITDA Margin on TCE Earnings' of 21%**, despite the weak spot market characterizing a significant part of the second-half of the year (full-year 2015: US\$ 97.1 million and EBITDA margin of 31.3%). Such level of EBITDA together with an efficient management of the working capital, led DIS to generate a **positive operating cash flow of US\$ 55.7 million in FY 2016** (US\$ 68.5 million in FY 2015).

In 2016, DIS had **US\$ 151.2 million in 'capital expenditures'**, mainly in relation to its new-building plan. Since 2012, DIS has ordered a total of **22 'Eco design' product tankers** (10 MR, 6 Handy-size and 6 LR1 vessels), of which 151 vessels have been already delivered as at the end of the year. This corresponds to an overall **investment plan** of approximately **US\$ 755.0 million** and is in line with the Company's strategy to modernize its fleet through new-buildings with an eco-design. In addition, DIS has already fixed 14 of its new-building vessels on long-term time-charter contracts with three oil-majors and a leading refining company, all at profitable levels.



¹ Including M/T High Sun, an MR vessel ordered at Hyundai Mipo Dockyard Co. Ltd. and owned by Eco Tankers Limited (in which DIS has 33% interest, in JV with Venice Shipping and Logistics S.p.A.)

Operating performance

US\$ thousand	2016	2015
Revenue	347,110	414,877
Voyage costs	(85,724)	(104,166)
Time charter equivalent earnings	261,386	310,711
Time charter hire costs	(117,198)	(138,758)
Other direct operating costs	(73,509)	(65,847)
General and administrative costs	(15,690)	(15,141)
Other operating Income	-	328
Result from disposal of vessels	-	5,839
EBITDA	54,989	97,132
Depreciation and impairment	(44,855)	(33,332)
EBIT	10,134	63,800
Net financial income	1,767	9,138
Net financial (charges)	(24,134)	(17,153)
Share of profit (loss) of equity accounted investee	230	339
Profit / (loss) before tax	(12,003)	56,124
Taxes	(835)	(1,651)
Net profit / (loss)	(12,838)	54,473

Revenue was US\$ 347.1 million in 2016 compared to US\$ 414.9 million realized in the previous year. The decrease in gross revenues compared with the previous year was mainly a consequence of the weaker product tankers market in 2016. The percentage of off-hire days in 2016 (2.0%) was lower than the previous year (3.3%), mainly due to the timing of dry-docks.

Voyage costs reflected the vessel employment mix, in the form of spot and time charter contracts. These costs, which occur only for vessels employed on the spot market, amounted to US\$ 85.7 million in 2016 compared with US\$ 104.2 million recorded in 2015.

Time charter equivalent earnings were US\$ 261.4 million in 2016 vs. US\$ 310.7 million in 2015. The variance compared with last year is due to the softer product tanker market of 2016.

In particular, DIS realized a **Daily Average Spot Rate of US\$ 13,302 in 2016** compared with US\$ 18,814 achieved in the previous year. After a very positive first quarter of the year (Q1 2016: US\$ 18,076), the spot market softened in the second quarter (Q2 2016: US\$ 15,560) and hit historically low levels between September and November, with DIS achieving a Daily average Spot Rate of US\$ 10,101 in Q3 2016 and US\$ 10,120 in the last quarter of the year. The market started firming up again in the last part of Q4 and going into January 2017.

Following its strategy, in 2016 DIS maintained a **high level of 'coverage'** (fixed contracts), securing an average of **45.9%** (2015: 46.0%) of its available vessel days at a **Daily Average Fixed Rate of US\$ 15,989** (2015: US\$ 15,214). In addition to securing revenue and supporting the operating cash flow generation, these contracts enabled DIS to strengthen its historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

DIS' Total Daily Average TCE (Spot and Time Charter) was US\$ 14,534 in 2016 vs. US\$ 17,159 in 2015.

DIS TCE daily rates (US\$)	2015					2016				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Spot	18,503	19,533	21,219	15,673	18,814	18,076	15,560	10,101	10,120	13,302
Fixed	15,010	15,153	15,220	15,461	15,214	15,706	16,059	16,106	16,085	15,989
Average	16,939	17,619	18,411	15,570	17,159	16,970	15,803	12,904	12,601	14,534

Time charter hire costs relate to the chartered-in vessels and amounted to US\$ 117.2 million in 2016 vs. US\$ 138.8 million in 2015. The significant US\$ 21.6 million decrease compared with the previous year is due to the lower average number of chartered-in vessels operated in 2016 (2016: 22.4 vs. 2015: 28.0).

Other direct operating costs mainly consist of crew, technical and luboil relating to the operation of owned vessels together with insurance expenses for both owned and chartered-in vessels. These costs were US\$ 73.5 million in 2016 vs. US\$ 65.8 million in 2015. The increase in absolute values compared with the previous year, is only due to the larger number of owned vessels in 2016, following the delivery of 5 'eco-design' new-building tankers in the year. DIS constantly monitors its operating costs, while focusing on crew with appropriate skills, high SQE (Safety, Quality & Environment) standards and remaining in full compliance with very stringent market regulations. Maintaining a 'high quality' fleet represents an essential part of d'Amico's vision and strategy.

General and administrative costs were US\$ 15.7 million in 2016 substantially in line with US\$ 15.1 million posted in the previous year. These costs relate mainly to onshore personnel, together with office costs, consultancies, travel expenses and others.

Other operating income was zero in 2016 (US\$ 0.3 million in 2015). This amount refers to chartering commissions from third party vessels operated through pools until 2015.

Result on disposal of vessel. There were no vessel sales completed in 2016, whilst DIS sold a 2002-built Handy-size vessel in the previous year, generating a net gain on disposal of US\$ 5.8 million.

EBITDA was US\$ 55.0 million in 2016 compared with US\$ 97.1 million achieved in 2015 (of which US\$ 5.8 million related to gain on disposal). The reduction relative to last year, is mainly due to lower 'TCE Earnings', partially compensated by lower 'Time charter hire costs'. Consequently, **DIS' EBITDA Margin was 21.0% in 2016** compared with 31.3% in 2015.

Depreciation and Impairment amounted to US\$ 44.9 million in 2016 vs. US\$ 33.3 million in 2015. Such increase compared with the previous year is partially attributable to the higher number of owned vessels in 2016, following the new-building tankers delivered during the last two years. In addition, the total amount for 2016 includes an impairment of US\$ 6.6 million booked on three vessels, which are currently under advanced sale negotiations. In fact, based on IFRS 5 these three ships were classified as 'assets held for sale' and the difference between their appraised market value and their book value was charged to the current year profit and loss.

EBIT was positive for US\$ 10.1 million in 2016 compared to US\$ 63.8 million in 2015.

Net financial charges were negative, amounting to US\$ (22.4) million in full-year 2016 vs. US\$ (8.0) million in 2015. Last year's amount included a US\$ 7.5 million positive impact arising from the Company's treasury and risk management activity (mainly on foreign exchange, bunker costs and pre-hedge interest rate swaps (IRS) agreements).

DIS recorded a **Loss before tax of US\$ (12.0) million in 2016** vs. US\$ 56.1 million profit in 2015.

Income taxes amounted to US\$ 0.8 million in 2016 vs. US\$ 1.7 million in 2015. The high expenses for this item in 2015 is attributable to the taxation of a part of d'Amico Tankers' financial income, which is not included in the tonnage tax scheme and is therefore subject to the Irish standard corporate tax rate of 12.5%.

The **Net Profit for 2016 was US\$ (12.8) million** compared with a Net Profit of US\$ 54.5 million posted in the same period of 2015 (2015 was the most profitable year for DIS since 2008).

Consolidated Statement of Financial Position

US\$ thousand	As at 31 December 2016	As at 31 December 2015
ASSETS		
Non-current assets	837,055	797,831
Current assets	152,149	112,133
Total assets	989,204	909,964
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	363,366	384,713
Non-current liabilities	435,724	396,337
Current liabilities	190,114	128,914
Total liabilities and shareholders' equity	989,204	909,964

Non-current assets mainly relate to DIS' owned vessels net book value and it includes also the portion relating to its new-buildings under construction. The balance at the end of 2016 is higher than the previous year, mainly due to the yard instalments paid on DIS' new-building program during the period (including the last instalments due in connection with the delivery of five new-building vessels in 2016). In Q4 2016, the book values of 5 owned vessels were classified as 'assets held for sale' (as disclosed under the below Current Assets). According to the valuation report provided by a primary broker, the estimated market value of DIS' owned fleet as at December 31 2016 was of US\$ 749.8 million.

Gross Capital expenditures (Capex) were US\$ 151.2 million in 2016. This amount mainly comprises the instalments paid on the new-building vessels under construction at Hyundai-Mipo. Dry-dock costs pertaining to owned vessels are also capitalized.

Current assets as at December 31 2016 amounted to US\$ 152.1 million. Other than the working capital items (inventories and trade receivables amounting to US\$ 12.9 million and US\$ 41.2 million respectively), current assets include 'Cash and cash equivalent' of US\$ 31.6 million, current financial receivables of US\$ 0.1 million and assets held for sale for US\$ 66.4 million, which comprises the book value of 2 MR vessels (M/T High Endurance and M/T High Endeavour), whose sale contract signed early in 2017 and the value of 3 further MR vessels (M/T High Priority, M/T High Presence, M/T High Prosperity), which are currently under sale negotiations. The value of these 3 last vessels is reported net of US\$ 6.6 million impairment recorded at the end of the year to reflect the difference between their appraised market value and their year-end net book value.

Non-current liabilities were US\$ 435.7 million as at December 31 2016 and mainly consist of the long-term portion of debt due to banks, disclosed under the Net Indebtedness section of the report.

The balance of **Current liabilities**, other than the debt due to banks and other lenders (disclosed under the Net Indebtedness section of the report), includes working capital items amounting to US\$ 43.1 million (essentially relating to trade and other payables) and US\$ 8.9 million of financial liabilities. The total balance of Current liabilities includes also US\$ 42.5 million outstanding debt on the 5 vessels classified as 'assets held for sale'.

The **Shareholders' equity** balance as at December 31 2016 was of US\$ 363.4 million (US\$ 384.7 million as at December 31 2015). The variance with the previous year is primarily due to the Net Result generated in the current year, the valuation of cash-flow hedges and the capital increase in connection with the Third and Final Exercise Period of the 'd'Amico International Shipping Warrants 2012 – 2016', ended in January 2016.

Net Indebtedness

DIS' Net debt as at December 31 2016 amounted to US\$ 527.8 million vs. US\$ 422.5 million at the end of 2015. The increase compared to the previous year is mainly due to the implementation of DIS' **US\$ 755.0 million new-building plan**, with total investments of US\$ 151.2 million made in 2016.

US\$ thousand	As at 31 December 2016	As at 31 December 2015
Liquidity - Cash and cash equivalents	31,632	45,485
Current financial assets	95	1,038
Total current financial assets	31,727	46,523
Bank loans and other lenders – current	124,975	86,775
Shareholders' loan	10,001	-
Other current financial liabilities – third parties	11,885	8,547
Total current financial debt	146,861	95,322
Net current financial debt	115,134	48,799
Other non-current financial assets – third parties	2,213	2,000
Other non-current financial assets – related party DMS	20,853	20,589
Total non-current financial assets	23,066	22,589
Bank loans non-current	427,304	381,017
Other non-current financial liabilities – third parties	8,420	15,320
Total non-current financial debt	435,724	396,337
Net non-current financial debt	412,658	373,748
Net financial indebtedness	527,792	422,547

The balance of **Total Current Financial Assets (Cash and cash equivalents** together with some short-term financial receivables) was of US\$ 31.7 million as at the end of 2016.

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

The total outstanding bank debt (**Bank loans**) as at December 31 2016 amounted to US\$ 552.3 million, of which US\$ 125.0 million are due within one year (including also US\$ 42.5 million outstanding debt on the 5 vessels classified as 'assets held for sale'). Other than some short term credit lines, DIS' debt structure as at December 31 2016 is mainly

based on the following long-term facilities granted to d'Amico Tankers d.a.c. (Ireland), the key operating company of the Group: (i) US\$ 250 million Term Loan facility granted by a pool of nine primary financial institutions (Crédit Agricole Corporate and Investment Bank, Nordea Bank, ING Bank, Banca IMI, Commonwealth Bank of Australia, Skandinaviska Enskilda Banken (SEB), The Governor and Company of the Bank of Ireland, Credit Industriel et Commercial, DnB), to refinance 8 existing vessels and provide financing for 6 new-building vessels, with an outstanding debt of US\$ 118.7 million; (ii) Intesa loan medium-term facility with an outstanding debt of US\$ 45.0 million; (iii) Crédit Agricole-CIB and DnB NOR Bank 7 years term loan facility to finance 2 MR vessels built and delivered in 2012 for a total outstanding debt of US\$ 31.6 million; (iv) Danish Ship Finance 6 years term loan facility to finance the purchase of the second-hand vessel M/T High Prosperity in 2012 and for an MR vessel built and delivered in January 2016, for an outstanding debt of US\$ 27.3 million; (v) ING Bank 6 years term loan facility to finance 2 MR vessels built in 2005 for a total outstanding debt of US\$ 15.1 million; (vi) Crédit Agricole-CIB 6 years term loan facility to finance 2 MR vessels built in 2014 for total outstanding debt of US\$ 33.5 million; (vii) Danish Ship Finance 7 years term loan facility to finance 2 MR vessels built in 2014 and 2015 for a total outstanding debt of US\$ 33.8 million; (viii) DnB NOR Bank 5 years term loan facility to finance 1 MR vessel built in 2014 for a total outstanding debt of US\$ 19.1 million; (ix) ABN Amro 6 years term loan facility to finance 1 Handysize vessel built in 2014 for a total outstanding debt of US\$ 18.8 million; (x) IMI (Intesa Group) 7 years term loan facility to finance 2 Handy-size vessels built respectively in 2015 and 2016 for a total outstanding debt of US\$ 42.8 million; (xi) Skandinaviska Enskilda Banken (SEB) 6 years term loan facility to finance 1 MR vessel built in 2015 for a total outstanding debt of US\$ 20.9 million; (xii) Crédit Agricole CIB 4 years term loan facility to finance 1 Handy-size vessel built in 2006 and purchased in 2015 for a total outstanding debt of US\$ 8.8 million; (xiii) Monte dei Paschi di Siena 5 year term loan facility to finance 2 LR1 vessels under construction at Hyundai-Mipo and expected to be delivered in 2017, with an outstanding debt of US\$ 17.3 million; (xiv) Century Tokyo Leasing 6 years loan facility to finance 2 Handy-size vessel delivered respectively in July and October 2016, with an outstanding debt of US\$ 47.9 million; (xv) ING 12 months facility to finance 1 Handy-size vessel built in 2003 and purchased in July 2016 for a total outstanding debt of US\$ 8.6 million. In addition, DIS' debt comprises also: its portion of the bank loans of its joint venture 'Glenda International Shipping d.a.c.' with Commerzbank AG Global Shipping and Credit Suisse amounting to US\$ 50.8 million, to finance the 6 Glenda International Shipping d.a.c. vessels, delivered between 2009 and 2011.



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

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

Cash Flow

DIS' **Net Cash Flow for 2016 was negative for US\$ 20.1 million**, mainly due to US\$ 151.2 million gross capital expenditures, partially compensated by US\$ 55.7 million positive operating cash flow and US\$ 73.4 million positive financing cash flow.

US\$ thousand	2016	2015
Cash flow from operating activities	55,667	68,495
Cash flow from investing activities	(149,197)	(151,572)
Cash flow from financing activities	73,407	60,179
Change in cash balance	(20,123)	(22,898)
Cash and cash equivalents net of bank overdrafts at the beginning of the year	40,287	68,383
Cash and cash equivalents	31,632	45,485
Bank overdrafts	(11,468)	(5,198)
Cash and cash equivalents net of bank overdrafts at the end of the year	20,164	40,287

Cash flow from operating activities was **positive for US\$ 55.7 million in 2016** vs. US\$ 68.5 million in 2015. Taking into account a very different market scenario relative to the previous year, 2016 positive operative cash flow was also the result of a prudent management of the working capital in addition to a still healthy level of EBITDA.

The net **Cash flow from investing activities** was US\$ 149.2 million (outflow) in 2016 and comprises US\$ 151.2 million capital expenditures in connection with the installments paid on the new-building vessels under construction at Hyundai-Mipo, as well as dry-dock expenses. The total net amount of investing cash flow includes also US\$ 1.6 million received from Eco Tankers Limited (a JV Company in which DIS has 33% interest), as returned capital.

Cash flow from financing activities was positive for US\$ 73.4 million in 2016. This figure mainly includes: (i) US\$ 2.9 million arising from the Third Exercise Period of the "d'Amico International Shipping Warrants 2012 – 2016" ended on January 31 2016, in which 17,003,874 Warrants were exercised, equivalent to 5,667,958 warrant shares at a price of € 0.46 per ordinary share; (ii) US\$ 0.6 million investment from DIS' buyback program; (iii) US\$ 270.6 million bank loan drawdown mainly in relation to the refinancing of 8 existing vessels and the financing of instalments for 6 new-buildings (as part of the total US\$ 250 million Term Loan facility granted by a pool of nine financial institutions), the refinancing of 1 Handy-size vessel built in 2014 for US\$ 18.8 million and of 1 MR vessel built in 2014 for US\$ 19.1 million, together with the financing of the vessels delivered during the year; (iv) US\$ 195.9 million in bank debt repayments; (v) US\$ 12.4 million in dividends for shareholders paid in the second quarter of 2016; and (vi) US\$ 10.0 million in subordinated loans granted in December 2016 by DIS' parent company d'Amico International S.A.

Quarterly Results

Fourth Quarter results

US\$ thousand	Q4 2016	Q4 2015
Revenue	86,137	91,101
Voyage costs	(27,703)	(23,507)
Time charter equivalent earnings	58,434	67,594
Time charter hire costs	(27,310)	(31,509)
Other direct operating costs	(20,665)	(15,614)
General and administrative costs	(3,533)	(4,044)
Other operating income	-	60
Result from disposal of vessels	-	5,839
EBITDA	6,926	22,326
Depreciation and impairment	(16,932)	(10,109)
EBIT	(10,006)	12,217
Net financial income	2,773	7,441
Net financial (charges)	(11,397)	(9,787)
Share of profit (loss) of equity accounted investee	63	68
Profit / (loss) before tax	(18,567)	9,939
Income taxes	(355)	(239)
Net profit / (loss)	(18,922)	9,700

Market and key operating measures review by Quarter

	Q1	Q2	Q3	Q4	FY
Total vessel equivalent					
2016	49.5	49.0	50.2	51.7	50.1
2015	52.1	52.1	50.8	50.3	51.3
Off-hire days/available vessel days (%)					
2016	1.8%	1.5%	1.9%	2.5%	2.0%
2015	3.1%	2.8%	1.2%	6.3%	3.3%
TCE earnings per employment day (US\$)					
2016	16,970	15,803	12,904	12,601	14,534
2015	16,939	17,619	18,411	15,570	17,159

Financials by Quarter

The 2016 quarterly financials largely reflect the trend in freight markets during that period.

US\$ thousand	Q1	Q2	Q3	Q4	FY
Revenue	93,374	86,517	81,082	86,137	347,110
Voyage costs	(18,294)	(17,118)	(22,609)	(27,703)	(85,724)
Time charter equivalent earnings	75,080	69,399	58,473	58,434	261,386
Time charter hire costs	(31,435)	(29,417)	(29,036)	(27,310)	(117,198)
Other direct operating costs	(18,128)	(17,147)	(17,569)	(20,665)	(73,509)
General and administrative costs	(3,979)	(4,217)	(3,961)	(3,533)	(15,690)
Other operating Income	48	(48)	-	-	-
EBITDA	21,586	18,570	7,907	6,926	54,989
Depreciation and impairment	(8,863)	(9,348)	(9,712)	(16,932)	(44,855)
EBIT	12,723	9,222	(1,805)	(10,006)	10,134
Net financial income	1,616	2,742	523	(3,114)	1,767
Net financial charges	(7,011)	(5,415)	(6,198)	(5,510)	(24,134)
Share of profit (loss) of equity accounted investee	(20)	85	102	63	230
Profit / (loss) before tax	7,308	6,634	(7,378)	(18,567)	(12,003)
Income taxes	(117)	(234)	(129)	(355)	(835)
Net profit / (loss)	7,191	6,400	(7,507)	(18,922)	(12,838)

The following table shows the Net Debt at the end of the fourth quarter 2016 compared with the figures at end of the third quarter of the same year:

US\$ thousand	As at 31 December 2016	As at 30 September 2015
Cash and cash equivalents	31,632	34,787
Current financial assets	95	204
Current financial debt	(124,975)	(80,203)
Shareholders' loan	(10,001)	-
Other current financial liabilities	(11,885)	(10,343)
Non-current financial assets	23,066	26,092
Non-current financial debt	(427,304)	(436,754)
Other non-current financial liabilities	(8,420)	(19,346)
Net financial indebtedness	527,792	485,563

The substantial increase in current financial debt from 30 September 2016 is due to the reclassification of US\$ 42.5 million outstanding debt on the five vessels classified under Assets held for sale in the month of December.

Significant events in the year

d'Amico International Shipping:

- **Results of d'Amico International Shipping Warrants 2012-2016 – Third and Final Exercise Period ended in January 2016:** In February 2016 – d'Amico International Shipping S.A. announced that the third and final exercise period of the “d'Amico International Shipping Warrants 2012 – 2016” (ISIN code LU0849020044) had ended on 29 January, 2016. During this third and final exercise period 17,003,874 warrants, reaching a conversion rate in the third period of 80%, were exercised at the price of € 0.46 per ordinary share. In accordance with the terms and conditions of the Warrant Regulations, DIS issued on the 8th of February 2016, based on the warrants ratio of one (1) Warrant Share for every three (3) warrants exercised, no. 5,667,958 warrant shares with same rights (including that to dividends) and features of DIS ordinary outstanding shares at the issue date. In accordance with the Warrant Regulations, warrants which were not exercised during the recently ended third and last exercise period automatically lapsed. After the capital increase occurred at the end of the third and final exercise period, DIS' share capital now amounts to US\$ 42,851,035.60 divided into 428,510,356 ordinary shares without unit value.
- **Buyback program:** In accordance with the authorization issued by the Shareholders' meeting of 29 March 2011 and following the Board of Directors resolution of 5 July 2011, d'Amico International Shipping S.A. - disclosed that during the period between January 11 and March 11 2016, it repurchased on the regulated market managed by Borsa Italiana S.p.A., 1,180,000 own shares, representing 0.275% of the outstanding share capital of the Company, at the average price of €0.467, for a total consideration of €551,116. The five years period for the execution of the repurchase of DIS own shares expired on 29 March, 2016. At the end of the authorized period the Company held 7,760,027 own shares (including those repurchased during previously authorized periods) without nominal value corresponding to 1.81% of the Company's current share capital (the “Treasury Stock”). In May 2016, the Board of Directors of d'Amico International Shipping S.A., resolved to start the new buy-back program pursuant to the authorization issued by the annual general meeting of shareholders held on 20 April 2016 and no buy back was performed so far, the Company's own shares still amounting to 7,760,027.
- **Long-Term Incentive Plan:** In March 2016, the Board of Directors of d'Amico International Shipping S.A. approved, with prior approval of the Nomination and Remuneration Committee, the guidelines of a long-term incentive plan called “Stock Option Plan DIS 2016/2019”, submitted and approved by the Annual Shareholders' General Meeting on 20 April 2016. The Incentive Plan is designed for directors, employees and contractors of DIS (or its subsidiaries) that were selected among those persons who hold important roles or serve relevant functions in, or for, the Company and for whom it is justified an action that reinforces loyalty and greater involvement with a view to long- term value creation. The Incentive Plan is based on the free allocation of options, not-transferable, which grant the beneficiaries the right to (i) acquire treasury shares of the Company or (ii) subscribe newly issued shares of the Company in the ratio of one share for each exercised option, or (iii) at the choice of the Board of Directors, receive a payment equal to the difference between (a) the market value of each share at its exercise date (corresponding to the arithmetic average of the official price of DIS shares on the month before the exercise date) and (b) the exercise price of each share. The exercise price of the options will be determined based on the arithmetic average of the closing prices of the share in the last thirty days before the date of approval of the Plan by the Annual Shareholders' General Meeting and is equivalent to €0.452823 per share. The exercise of the options by the beneficiaries is subject to the achievement of certain quantitative objectives (stock market performance of the shares and financial results in terms of cumulative operating profit (EBIT) during the period 2016-2018). The exercise of the options may take place — if the abovementioned quantitative targets have been achieved — within the period between 1 June 2019 and 31 May 2020 (or such other period as may be determined by the Board of Directors). The maximum number of options dedicated to the Plan is 8,500,000 for the purchase/subscription of a maximum number of 8,500,000 shares of the Company.

The number of Options granted as at 30 June 2016 was of 7,970,000. If all options were exercised and the Company decided to meet all the requests received by granting the right to subscribe newly issued shares, the overall increase of 8,500,000 shares would result in a dilution of the share capital of 1.945%.

- **Annual General Shareholders' Meeting:** On 20 April 2016 the Annual General Shareholders' meeting of d'Amico International Shipping S.A. approved the 2015 statutory and consolidated financial statements of the Company and resolved the payment of a dividend of US\$ 0.0295 gross per issued share to be paid out of the distributable reserves including the share premium reserve.
- The Annual General Shareholders' meeting of DIS further resolved the following: to grant discharge to the members of the Board of Directors for the proper exercise of their mandate for the fiscal year ended 31 December 2015, in accordance with applicable Luxembourg laws; to approve the aggregate fixed gross amount of the Directors' fees (tantièmes) for the 2016 fiscal year and acknowledge the Company's 2016 general remuneration policy as described in section I of the 2015 Board of Directors' report on remuneration; to approve the stock option plan of the Company as illustrated in the Information Document and related report of the Board of Directors both approved on 3 March 2016 and available on the Company's web site; to authorise the renewal of the authorization to the Board of Directors of the Company to effect on one or several occasions – for the purposes illustrated in the report of the board of directors, as available on the Company website, and according to all applicable laws and regulations – repurchases and disposals of Company shares on a regulated market on which the Company shares are admitted for trading, or by such other means resolved by the Board of Directors during a period of five (5) years from the date of the current Annual General Shareholders' meeting, up to 42,851,356 ordinary shares of the Company, within a price range from: i) a price per share not lower than 10% below the shares' official price reported in the trading session on the day before carrying out each individual transaction; to ii) a price per share no higher than 10% above the shares' official price reported in the trading session on the day before carrying out each individual transaction.
- **Dividend Payment:** On 25 May 2016, d'Amico International Shipping S.A. paid to its shareholders a gross dividend of US\$ 0.0295 per issued share (US\$ 0.025075 net of the maximum applicable 15% withholding tax) for a gross total of US\$ 12.4 million with related coupon n. 4 detachment date occurring on 23 May 2016 and record date on 24 May 2016 (no dividend was paid with reference to the 7,760,027 shares repurchased by the Company, since treasury shares do not carry a dividend right).

d'Amico Tankers d.a.c.:

- **New-building Vessels:** In January 2016, M/T High Trust, an 'Eco' new-building MR (Medium Range – 50,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to d'Amico Tankers d.a.c. Starting from March 2016, the Vessel is employed with one of the main oil-majors on a 3 years' time charter contract, at a profitable daily rate.

In May 2016, M/T Cielo di Capri, an 'Eco' new-building Handy-size (39,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to d'Amico Tankers d.a.c. Starting from May 2016, the Vessel is employed with one of the main oil-majors on a 24-35 months' time charter contract, at a profitable daily rate.

In July 2016, M/T Cielo di Hanoi, an 'Eco' new-building Handy-size (39,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to d'Amico Tankers d.a.c.

In October 2016, M/T Cielo di Salerno, an 'Eco' new-building Handy-size (39,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to d'Amico Tankers d.a.c.

In November 2016, M/T High Wind, an 'Eco' new-building MR (Medium Range – 50,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to d'Amico Tankers d.a.c. Starting from December 2016, the Vessel is employed with one of the main oil-majors on a 3 years' time charter contract, at a profitable daily rate.

- **'Second-Hand Owned Vessels':** in March 2016, d'Amico Tankers d.a.c. purchased M/T Cielo di Milano, a 40,081 dwt Handy-size product tanker, built in 2003 by Shina Shipbuilding shipyard (South Korea), from d'Amico Shipping Italia S.p.A., for a consideration of US\$ 14.0 million. Such consideration was determined according to a market value estimate by a specialized independent company; moreover, since it is considered as "operation with related parties" it was approved by the Board of Directors and evaluated by the Control and Risk committee in accordance with company procedures. M/T Cielo di Milano was delivered to d'Amico Tankers d.a.c. in July 2016.
- **New financing:** In March 2016, d'Amico Tankers d.a.c. (Ireland) has secured a new US\$ 250 million Term Loan Facility at very attractive terms with a pool of nine primary financial institutions: Crédit Agricole Corporate and Investment Bank, Nordea Bank, ING Bank, Banca IMI, Commonwealth Bank of Australia, Skandinaviska Enskilda Banken (SEB), The Governor and Company of the Bank of Ireland, Crédit Industriel et Commercial, DnB. The purpose of this new Facility is to: i) refinance 8 existing vessels (all built between 2004 and 2006) extending their current debt maturity from 2017 to 2021; and ii) provide financing for 6 new-building vessels. The Facility has a very competitive interest rate and a final maturity of five years from the drawdown date for the existing vessels and from the delivery date for the new-building vessels. The covenants and other conditions are consistent with the d'Amico Tankers d.a.c.'s existing credit facilities, duly guaranteed by the Company. As of today and following this last loan facility, d'Amico Tankers d.a.c. has already secured 100% of its long-term debt requirements for the US\$ 755.0 million investment plan started in 2012.
- **'Time Charter-Out' Fleet:** In January 2016, d'Amico Tankers d.a.c. extended a time charter contract with an oil major due to expire in February 2016 for another year, at a very profitable rate. In the same month, d'Amico Tankers d.a.c. extended another time charter contract with a leading refining company due to expire in January 2016 for another year, at a very profitable rate.

In November 2016, d'Amico Tankers d.a.c. fixed one of its MR chartered-in vessels with an Oil Major, for 1 year Time Charter contract at a profitable rate.

In December 2016, d'Amico Tankers d.a.c. extended a time charter contract with a leading refining company and due expire in February 2017 for an additional 3 years.

- **'Time Charter-In' Fleet:** In January 2016, M/T Baizo, an MR vessel built in 2004 and time-chartered-in by d'Amico Tankers d.a.c. since 2014, was redelivered back to her Owners.

In February 2016, M/T Cielo di Roma, a Handy-size vessel built in 2003 and time-chartered-in by d'Amico Tankers d.a.c. since 2014, was redelivered back to her Owners.

In February 2016, the contract on M/T Carina, an MR vessel built in 2010 and time-chartered-in by d'Amico Tankers d.a.c. for 3 years since 2013, was extended for a further 2 year period with an option for an additional year.

In March 2016, M/T Port Louis, a Handy-size vessel built in 2002 and time-chartered-in by d'Amico Tankers d.a.c. since 2014, was redelivered back to her Owners.

In March 2016, the contracts on: M/T Port Moody (MR vessel built in 2002), M/T Port Said (MR vessel built in 2003), M/T Port Union (MR vessel built in 2003), M/T Port Stanley (MR vessel built in 2003), M/T Port Russel (Handy-size vessel built in 2002) and M/T Port Stewart (Handy-size vessel built in 2003), all time chartered-in by d'Amico Tankers since Q3/Q4 2014 were extended until 2017/2018.



Significant events since the end of the Period and Business Outlook

d'Amico International Shipping:

- **Amendments to the bylaws of the Company and increase in the authorized share capital:** In January 2017 – d'Amico International Shipping S.A. announced that further to recent, important changes to the Luxembourg law of 10 August 1915 on commercial companies by the law of 10 August 2016 (the “Company Law”), governing law of d'Amico International Shipping S.A., the board of directors of the Company (the “Board of Directors”) resolved to convene an extraordinary general meeting of shareholders to be held on 3 March 2017 (the “EGM”) to modify the articles of association of the Company in order to align its provisions with the amended Luxembourg Company Law, and at the same time take the opportunity to set the authorised share capital, including the existing issued share capital of the Company at a total amount of one hundred million US dollars (US\$ 100,000,000) enabling the Board of Directors to increase the share capital of the Company within the next five years with a view to strengthen the Company’s share capital and financial flexibility. Any such future share capital increase being coherent with the strategy historically pursued by the Company could represent another relevant step in its path of continuous growth and expansion in its traditional markets. Proceeds from such future capital increases, if approved, could serve a variety of the Company’s and its subsidiaries needs as may arise over time, including, but not limited to, increasing the financial flexibility of the Company, seizing investment opportunities, supporting the Company’s stock option plan and other general corporate purposes. Taking into account market conditions and corporate needs, a capital increase could take place in the short to medium term. The Company’s majority shareholder, d'Amico International S.A., currently holding 249,738,038 shares in the Company (amounting to 58.28% of the Company’s total share capital) has confirmed to undertake to vote in favour of the amendments to be made to the articles of association of the Company at the EGM and to subscribe from time to time, under the terms and conditions to be determined by the Company, for any new share or other financial instrument to be offered in any potential future capital increase at least pro-rata to its existing shareholding by exercising the preferential subscription rights which could be granted to it.
- **Luxembourg, 3 March 2017** – The Extraordinary General Meeting of Shareholders of d'Amico International Shipping S.A. resolved:
 - To approve the proposed amendment to the articles of association of the Company as proposed by the Board of Directors to conform with recent changes to the Luxembourg company law as well as to increase the authorised corporate capital and to renew, for a period of five years, the authorisation of the Board of Directors to increase the capital in one or several tranches as well as the authorisation of the Board of Directors to limit or cancel, in full or partially, the preferential subscription right of existing shareholders.
 - To set the authorised corporate capital, including the issued share capital, at a total amount of USD 100 million, divided into one billion shares with no nominal value and to renew, for a period of five years, the authorisation of the Board of Directors to increase the capital in one or several tranches within the limits of the amended authorised capital, as well as the authorisation of the Board of Directors to limit or cancel, in full or partially, the preferential subscription right of existing shareholders.
- The Board of Directors of the Company – exercising the powers delegated by the Extraordinary General Meeting of Shareholders as described above – has on the basis of this authorization resolved:
 - To prepare the launch of a public rights offering, in Luxembourg and Italy, addressed to the shareholders of the Company that would result in an increase of the share capital of the Company, through the issuance of new shares with no par value and with the same rights (including, but not limited to the right of dividend) as the shares existing at the time of the issuance, up to a USD equivalent of a maximum of Euro 35 million (including share premium); the new shares would be offered to the Company’s existing shareholders as

holders of preferential subscription rights (the *"Preferential Subscription Rights"*) for the subscription to new shares of the Company (the *"New Shares"*) together with free warrants – exercisable over a five years time horizon – to be issued simultaneously (the *"Warrants"*). The Warrants would give right to warrants holders to subscribe to additional shares with no nominal value and with the same rights (including, but not limited to the right to dividends) attached thereto as to the existing shares (the *"Warrant Shares"*) (the *"Rights Offering"*). New Shares that would not be subscribed during the preferential subscription right period would be expected to be offered by the Company through a subsequent private placement (the *"Private Placement"* and together with the Rights Offering, the *"Offering"*);

- The Warrants, as proposed to be issued, would, if duly exercised according to the terms and conditions of the Warrants that are yet to be defined by the Board of Directors of the Company, result in an increase in the share capital of the Company, within the limits of the authorized capital, up to a USD equivalent of a maximum of Euro 60 million (including share premium), through the issuance of Warrant Shares with no par value and regular dividend and incorporating the same rights of the shares existing at the time of the issuance;
- The New Shares and the Warrant Shares are expected to be listed on the MTA Star Segment, with the appropriate filings of a request for admission to listing with Borsa Italiana to be initiated in due course.

d'Amico Tankers d.a.c.:

- **'Second-Hand Owned Vessels':** in January 2017, d'Amico Tankers d.a.c. sold M/T High Endurance and M/T High Endeavour, two 46,992 dwt medium-range product tanker vessels, built in 2004 by STX, South Korea (the *"Vessels"*), to Sea World Tankers a client of Sea World Management SAM (the *"Buyer"*), for a consideration of US\$ 13.5 million each. At the same time, d'Amico Tankers will maintain the commercial employment of the Vessels having also concluded with the Buyer a 4 year time charter agreement at an attractive rate.
- **'Time Charter-Out' Fleet:** In February 2017, d'Amico Tankers d.a.c. extended a time charter contract with an oil major due to expire in Q1 for another year, at a profitable rate.
- **'Time Charter-In' Fleet:** In February 2017, the contract on M/T High Enterprise, an MR vessel built in 2009 and time-chartered-in by d'Amico Tankers d.a.c. since then, was extended for a further 1 year period at a reduced rate.
- **New-building vessels:** In January 2017, M/T High Challenge, an 'Eco' new-building MR (Medium Range – 50,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to the Company.
- **Newbuilding Vessels:** In February 2017, d'Amico Tankers agreed with Hyundai Mipo Dockyard Co. Ltd. – South Korea to postpone the delivery of its first newbuilding LR1 (Long Range – 75,000 dwt) from April 2017 to October 2017. This agreement follows a specific request of an oil major and a key customer of the Company, which will take the vessel on a 18 month TC contract upon her delivery from Hyundai Vinashin Shipyard Co. Ltd. – Vietnam. At the same time, the estimated delivery dates of the remaining 5 LR1s under construction at Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, have also been slightly delayed by approximately 2 months compared to the original schedule.

GLENDIA International Shipping d.a.c.:

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

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

	As at 31 December 2016			As at 2 March 2017		
	MR	Handysize	Total	MR	Handysize	Total
Owned	23.3	8.0	31.3	22.3	8.0	30.3
Time chartered	18.5	3.0	21.5	20.5	3.0	23.5
Total	41.8	11.0	52.8	42.8	11.0	53.8

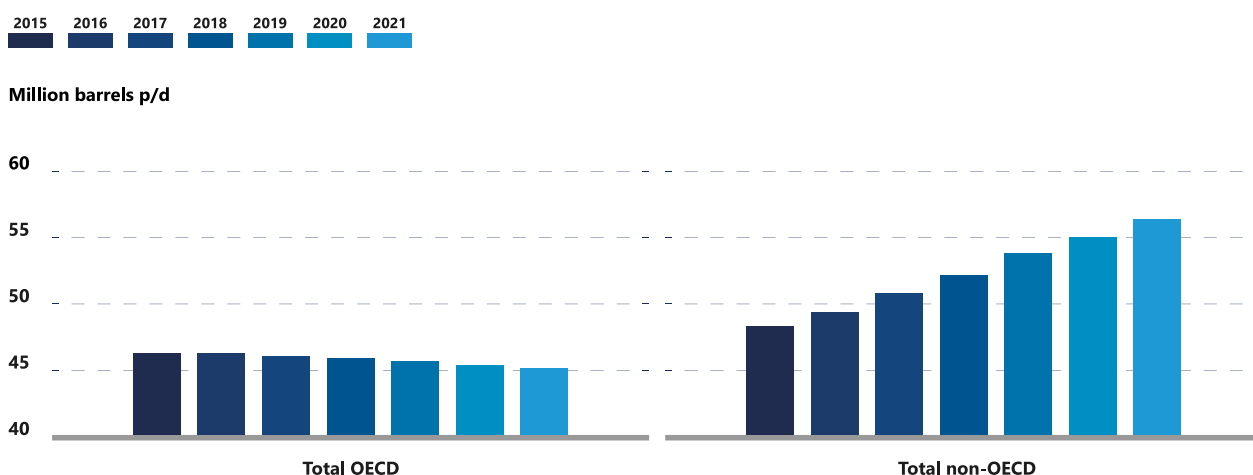
Business Outlook

AFreight rates have now corrected from the improved levels at the end of 2016 and beginning of this year, back to the Q3 levels of last year. IEA's forecast for refinery throughput in Q1 2017 was revised down in January 2017 by 260,000 b/d, corresponding to only 80,000 b/d year on year growth. After peaking in August 2016, OECD industry refined product stocks have fallen significantly, by around 80 million bpd or 5.1%. They remain, however, elevated by historical standards and further drawdowns are still necessary to set the stage for healthier growth in demand for the seaborne transportation of such products. In this respect, a prolonged refinery maintenance in the spring could contribute to a further reduction in inventories.

Product Tanker Demand

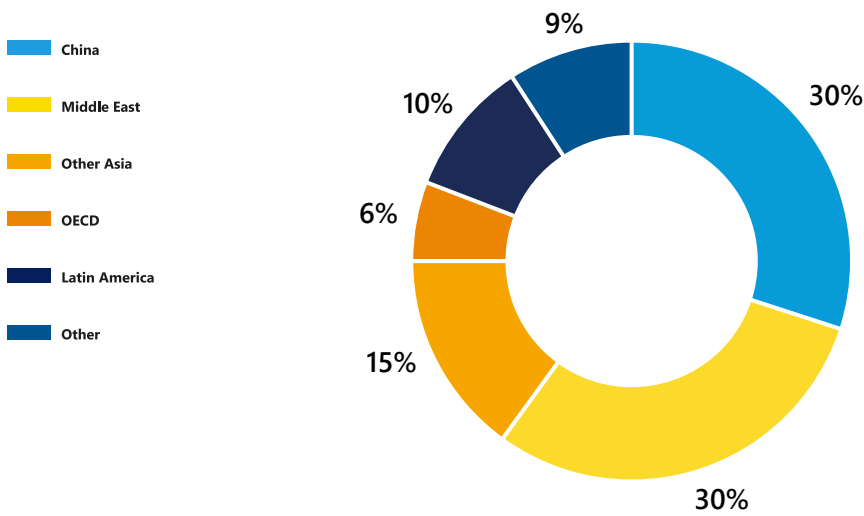
- The International Energy Agency report in February 2017, forecasts that if normal weather conditions prevail, demand for refined oil products will grow by 1.4 million b/d in 2017, an upward revision of 100,000 b/d from their last report.

Global Oil Demand¹ 2015 – 2021

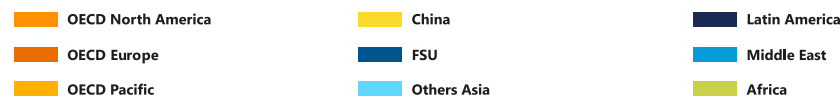


¹ Source: International Energy Agency Medium-Term Oil Market Report, Jan '17

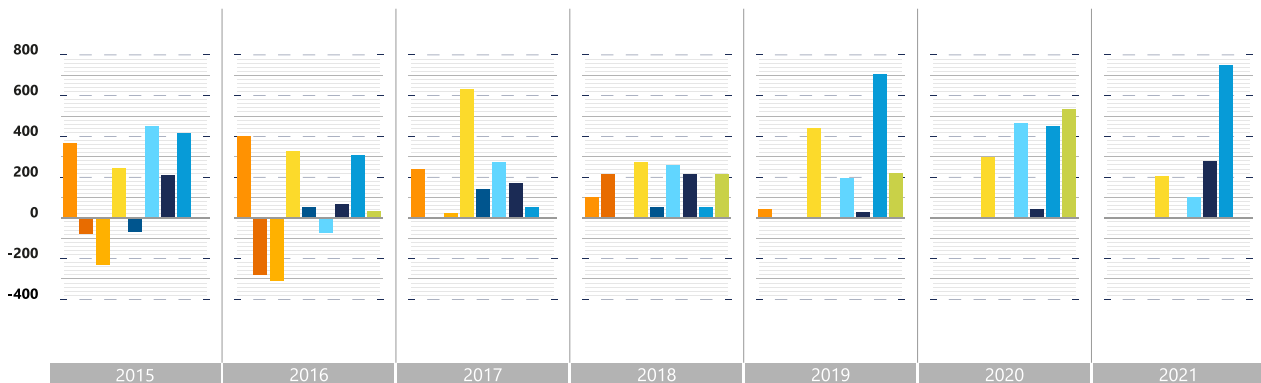
Refinery capacity growth¹ 2016-2021



Refinery capacity additions¹ 2015-2021 by region



Thousand barrels per day



- Buoyant growth in Indian domestic demand for refined oil products is set to continue. It has been forecast to outpace refinery capacity additions. For the first nine months of last year Indian product exports rose by 13% and imports by 18% which would suggest that as the deficit between oil demand growth and refining capacity widens so too will the product trade generated by India.
- Global road Sulphur limits are tightening. Both the United States and China are introducing emission reductions for transport fuels this year. This could result in new trade flows. The United States will likely need to import reformate to blend to produce these higher specification fuels. Conversely, China has the ability to produce this fuel but will likely export lower specifications that they can no longer use.

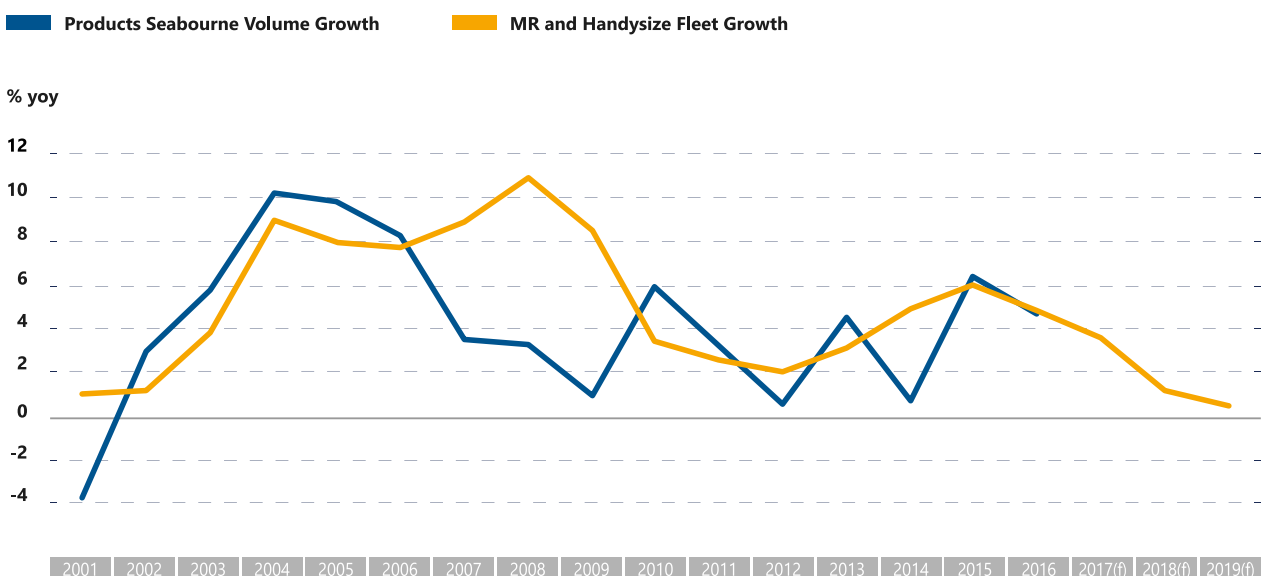
¹ Source: International Energy Agency Medium-Term Oil Market Report, Jan '17

- The International Maritime Organisation (IMO) has mandated that from 2020 vessels are to use marine fuels with less than 0.5% sulphur content outside the Emissions Control Areas (ECA), down from the current standard of 3.5%. This new regulation should contribute to a surge in demand for ultra-low sulphur distillates. Furthermore, since this fuel cannot be produced in all areas and as it is unlikely that sufficient investment will be available to upgrade existing refineries for its production, large amounts of it will have to be imported. This could structurally support demand for Product tankers.
- According to Clarksons seaborne volumes of petroleum products have been growing at 4.4% CAGR since 2000 driven by expansion in refinery capacity and throughput. Despite the subdued growth in refinery throughput in 2016 of 450,000 b/d (+0.6%) Clarksons' estimates transportation of seaborne products to have risen in the year.
- Seaborne trade thrives on the existence of mismatches – in the oil products sector these can be in any given country driven by differences among the types of products produced and demanded, the types and quality of oil products produced by refineries, and the margins achieved by refineries due to the different prices of crude oil used, of the energy consumed and of their technological sophistication. The global refinery map is constantly changing and bringing about product supply imbalances between regions. This could lead to longer haul voyages effectively reducing the supply of tonnage. As these mismatches grow product tanker demand will increase.

Product Tanker Supply

- In 2016 a total of 113 ships in the MR sector were delivered, which is significantly less than the previous year according to Affinity Shipping.

Growth in Seaborne Volumes of Refined Products vs Growth in the Handysize and MR Fleet¹



¹ Source: Clarksons, February 2017. Handysize and MR Fleet from 30k-60k dwt. Based on orderbook as at that date, without accounting for potential new orders

- The order book for MR tankers that is currently scheduled to be delivered in 2017 is according to Clarksons' of around 89 ships. Assuming slippage and cancellation delivered vessels will be even less.
- Only 30 new orders for MR tankers were placed in 2016 compared to 91 in 2015, according to Affinity Shipping.
- There has been and still is little or no interest in new buildings as lack of bank finance, a reduced appetite by financial investors and limited liquidity by traditional players, has affected capital available for such orders. Furthermore a greater attention by yards to the profitability of new contracts, as well as regulatory changes which have increased construction costs, has prevented prices for such new-buildings from falling further and making them competitive relative to second-hand tonnage.
- Slippage, cancellations and order changes have reduced deliveries last year and an average of 30% in the previous five years.
- On average MR tankers are scrapped after 22-25 years. According to Affinity Shipping there are 104 ships older than twenty years of age or around 5% of the existing fleet.
- Deliveries and fleet growth in 2018 is therefore expected to be even lower than in 2017.
- Shipyards, especially in South Korea, are going through a period of uncertainty. Lack of orders and poor current and expected near-term returns are likely to lead to a reduction in shipyard capacity.
- Port delays and increasing length of voyages have been a factor in trading product tankers and are effectively reducing the ready supply of tonnage.



Corporate Governance and Ownership Structure

The Company is organized and governed in compliance with the applicable Luxembourg laws and regulations on companies and, to the extent possible, with the recommendations of the Borsa Italiana Corporate Governance Code (available at the Borsa Italiana website at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf>) not being obliged to comply with the corporate governance regime of the Luxembourg Stock Exchange. Furthermore, due to its incorporation in Luxembourg and listing on the Italian Market, the Company is subject to the transparency obligations established by the European Regulations directly applicable from time to time, the Luxembourg Law of 11th January 2008 and subsequent amendments and to those established by the Italian laws and regulations as applicable from time to time.

In accordance with article 123-bis of Legislative Decree No. 58/98 and in line with the recommendations of the Borsa Italiana Corporate Governance Code, the Company provides a complete disclosure of its Ownership Structure and Corporate Governance system at December 31, 2016 in the 2016 Corporate Governance and Ownership Structure Report (the "Report"). A specific paragraph of the Report is dedicated to the takeover bids' legislation as applicable to the Company including, among others, all information required by article 11 of the Luxembourg law of 19 May 2006 and subsequent amendments and/or supplements which implements the Directive 2004/25/EC of 21 April 2004 on takeover bids (the "Takeover Law"). The Report is available to everyone at the registered office of the Company and on its website (www.damicointernationalshipping.com) in the Corporate Governance section which contains other documents regarding the Company's Corporate Governance System. Moreover it is filed with Borsa Italiana S.p.A. and Commissione Nazionale per le Società e la Borsa (CONSOB through the SDIR/NIS system, Commission de Surveillance du Secteur Financier (CSSF) and Société de la Bourse de Luxembourg S.A. in its quality of Official Appointed Mechanism for the central storage of regulated information (hereinafter, the "OAM").

¹ The Company falls within the ambit of the Takeover Law. By application of its article 4, paragraph 2, clause b) and pursuant to article 101-ter of the TUF, the authority competent to supervise a takeover bid on the shares of the Company will be the Italian regulating authority, CONSOB. Italian law is the governing law as to (i) the price of the bid; (ii) the procedure of the bid and, in particular, the information on the offerors' decision to make a bid; (iii) the contents of the offer document and (iv) the disclosure of the bid. The Luxembourg regulating authority, the Commission de Surveillance du Secteur Financier (CSSF) will in turn be competent (and Luxembourg law will be applicable) pursuant to the Takeover Law and the CSSF Circular 06/258 in respect of matters relating to the information to be provided to the employees of the Company and in matters relating to company law, in particular the percentage of voting rights which confers control and any derogation from the obligation to launch a bid, as well as the conditions under which the Board of Directors of the Company may undertake any action which might result in the frustration of the bid.

The Company is also subject to the Luxembourg law of 21 July 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a regulated market or which have been subject to a public offer and the CSSF Circular 12/545 if any individual or legal entity, acting alone or in concert with another, becomes the owner directly or indirectly of a number of Shares representing at least 95% of the voting share capital and 95% of the voting rights of the Company.

The Articles of Association do not make any reference to the takeover bid procedure, therefore, the Takeover Law is deemed directly and entirely applicable, according to which:

- the shareholders of the Company may resolve, even before a takeover bid has been made public, to impose on the Board of Directors to submit to their prior approval the adoption of any defensive action by the Board of Directors which may result in the frustration of the takeover bid. Absent such a resolution, as the case is, the Board of Directors may be free to take defensive actions without the prior approval of the shareholders (defensive actions);
- the shareholders of the Company may resolve that any transfer restrictions applicable to their securities as well as any restrictions on voting rights and/or any exceptional voting right entitlements shall cease to be enforceable upon a takeover bid (breakthrough rule).

**d'AMICO INTERNATIONAL SHIPPING GROUP
CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2016



Consolidated Income Statement

US\$ thousand	Note	2016	2015
Revenue	(3)	347,110	414,877
Voyage costs	(4)	(85,724)	(104,166)
Time charter equivalent earnings	(5)	261,386	310,711
Time charter hire costs	(6)	(117,198)	(138,758)
Other direct operating costs	(7)	(73,509)	(65,847)
General and administrative costs	(8)	(15,690)	(15,141)
Other operating income	(9)	-	328
Result from disposal of vessels	(10)	-	5,839
EBITDA*		54,989	97,132
Depreciation and impairment	(14)	(44,855)	(33,332)
EBIT*		10,134	63,800
Net financial income	(11)	1,767	9,138
Net financial (charges)	(11)	(24,134)	(17,153)
Profit share of equity accounted investee	(12)	230	339
Profit / (loss) before tax		(12,003)	56,124
Tax	(13)	(835)	(1,651)
Net profit / (loss)		(12,838)	54,473
<i>The net result is entirely attributable to the equity holders of the Company</i>			
Earnings per share in US\$⁽¹⁾		(0.031)	0.132

*see Alternative Performance Measurements on page 7

Consolidated Statement of Other Comprehensive Income

US\$ thousand	2016	2015
Profit / (loss) for the period	(12,838)	54,473
<i>Items that can subsequently be reclassified into Profit or Loss</i>		
Movement of valuation of Cash flow hedges	1,689	(3,764)
Movement in conversion reserve	(247)	(150)
Total comprehensive result for the period	(11,396)	50,559
<i>The net result is entirely attributable to the equity holders of the Company</i>		
Comprehensive income / (loss) per share in US\$ ⁽¹⁾	(0.027)	0.123

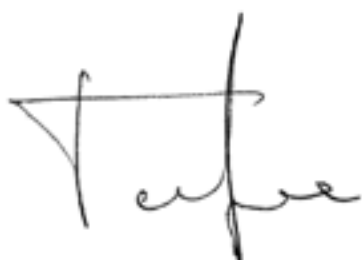
The notes on pages 50 to 96 are integral part of these consolidated financial statements.

⁽¹⁾ Earnings per share (e.p.s.) were calculated on an average number of outstanding shares equal to 420,295,298 in 2016, while in 2015 e.p.s. were calculated on a number of 417,331,931 average outstanding shares. Diluted e.p.s. in 2016 were (0.030) while diluted earnings per share, including conversion of warrants, amounted to US\$ 0.132 in 2015.

Consolidated Statement of Financial position

US\$ thousand	Note	As at 31 December 2016	As at 31 December 2015
ASSETS			
Tangible assets	(14)	810,728	770,738
Investment in jointly controlled entities	(15)	3,261	4,504
Other Non-current financial assets	(16)	23,066	22,589
Total non-current assets		837,055	797,831
Assets held for sale	(17)	66,352	-
Inventories	(18)	12,857	10,276
Receivables and other current assets	(19)	41,213	55,334
Other Current financial assets	(16)	95	1,038
Cash and cash equivalents	(20)	31,632	45,485
Total current assets		152,149	112,133
Total assets		989,204	909,964
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	(21)	42,851	42,284
Retained earnings	(21)	64,472	77,310
Other reserves	(21)	256,043	265,119
Total shareholders' equity		363,366	384,713
Banks and other lenders	(22)	427,304	381,017
Other non-current financial liabilities	(25)	8,420	15,320
Total non-current liabilities		435,724	396,337
Banks and other lenders	(22)	124,975	86,775
Amount due to parent company	(23)	10,001	-
Payables and other current liabilities	(24)	43,059	33,233
Other current financial liabilities	(25)	11,885	8,547
Current tax payable	(26)	194	359
Total current liabilities		190,114	128,914
Total shareholders' equity and liabilities		989,204	909,964

March 2, 2017



Paolo d'Amico, Chairman



Marco Fiori, Chief Executive Officer

The notes on pages 50 to 96 are integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

US\$ thousand	2016	2015
Profit / (loss) for the period	(12,838)	54,473
Depreciation, amortisation and impairment	44,855	33,332
Current and deferred income tax	835	1,650
Financial charges (income)	22,619	7,528
Fair value gains on foreign currency retranslation	(254)	484
Profit on disposal of vessels	-	(5,839)
Profit share of equity-accounted investment	(230)	(340)
Cash flow from operating activities before changes in working capital	54,987	91,288
Movement in inventories	(2,581)	2,145
Movement in amounts receivable	14,549	(6,534)
Movement in amounts payable	9,928	(2,560)
Taxes paid	(1,428)	(1,166)
Net interest (paid)	(17,872)	(15,551)
Movement in other financial liabilities	(2,065)	873
Movement in share option reserve	149	-
Net cash flow from operating activities	55,667	68,495
Acquisition of fixed assets	(151,198)	(164,420)
Disposal of fixed assets	-	12,848
Disposal of equity-accounted investee ETL	1,238	-
Dividend from equity-accounted investee ETL	330	198
Movement in other financial receivable	433	-
Net cash flow from investing activities	(149,197)	(151,374)
Share capital increase	2,921	405
Other changes in shareholders' equity	(247)	(151)
Treasury shares	(609)	(1,156)
Dividends paid	(12,412)	-
Parent company financing	10,000	-
Movement in other financial payable	(1,000)	4,000
Bank loan repayments	(195,852)	(62,881)
Bank loan draw-downs	270,606	114,566
Net cash flow from financing activities	73,407	54,783
Net increase / (decrease) in cash and cash equivalents	(20,123)	(28,096)
Cash and cash equivalents net of bank overdrafts at the beginning of the year	40,287	68,383
Cash and cash equivalents net of bank overdrafts at the end of the year	20,164	40,287
Cash and cash equivalents	31,632	45,485
Bank overdrafts	(11,468)	(5,198)

The notes on pages 50 to 96 are integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

US\$ thousand	Share Capital	Retained Earnings	Other Reserves		Total
			Other	Cash-Flow hedge	
Balance as at 1 January 2016	42,284	77,310	268,300	(3,181)	384,713
Capital increase	567	-	2,354	-	2,921
Treasury shares	-	-	(609)	-	(609)
Share option cost	-	-	149	-	149
Dividend paid	-	-	(12,412)	-	(12,412)
Total comprehensive income	-	(12,838)	(247)	1,689	(11,396)
Balance as at 31 December 2016	42,851	64,472	257,535	(1,492)	363,366

US\$ thousand	Share Capital	Retained earnings	Other Reserves		Total
			Other	Cash-Flow hedge	
Balance as at 1 January 2015	42,196	22,837	269,289	583	334,905
Capital increase	88	-	317	-	405
Treasury shares	-	-	(1,156)	-	(1,156)
Total comprehensive income	-	54,473	(150)	(3,764)	50,559
Balance as at 31 December 2015	42,284	77,310	268,300	(3,181)	384,713

The notes on pages 50 to 96 are integral part of these consolidated financial statements.

Notes

d'Amico International Shipping S.A. (the "Company", DIS) a Société Anonyme, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The financial statements have been prepared in accordance with provisions of Art. 3 of the Luxembourg Law dated 11 January 2008, which transposed Directive 2004/109/EC of the European Parliament and of Council of 15 December 2004 in the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market. The ultimate parent company of the Group is d'Amico Società' di Navigazione.

The financial statements d'Amico International Shipping Group are prepared in accordance with International Financial Reporting Standards (IFRS – International Financial Reporting Standards and IAS – International Accounting Standards) as issued by the 'IASB' (International Accounting Standards Board) and adopted by the European Union. The designation 'IFRS' also includes all 'IAS', as well as all interpretations of the International Financial Reporting Interpretations Committee 'IFRIC', formerly the Standing Interpretations Committee SIC as adopted by the European Union. The consolidated financial statements are prepared on the basis of historic cost convention, with the exception of certain financial assets and liabilities, which are stated at fair value through profit or loss.

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

1. ACCOUNTING POLICIES

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

Going concern

In 2016 the Company experienced a difficult freight market reporting a loss of US\$ 12.8 million for the year, and of US\$ 6.2 million excluding the impairment of US\$ 6.6 million on the three vessels available for sale. At an operating level, the Group remained profitable with an operating profit of US\$ 55.0 million in the year. This operating profit is offset by depreciation and impairment of US\$ 44.9 million and net finance costs of US\$ 22.4 million. The directors' consider that the outlook presents challenges in the near term but that based on forecasts of reputable shipping market analyst, the cyclical nature of earnings in the sector, and average historical time-charter equivalent rates, freight rates and asset values will recover over the medium-term and return the Group to a net profit position.

As identified on page 36, the Company's balance sheet is in a net asset position of US\$ 363.4 million, however it is in a net current liability position of US\$ 38.0 million due principally to borrowings due to within the next 12 months. To address the Company's liquidity requirements, the directors have commenced the disposal of a number of vessels. We note that in January the Company signed binding agreements for the disposal of two of these vessels, the High Endurance and the High Endeavour, for US\$ 13.5 million each, which will result for both vessels in an increase in cash of approximately US\$ 5.2 million after the repayment of related debt. Negotiations with potential purchasers for the disposal of a number of additional vessels remain ongoing. Whilst there can be no certainty that a sale will proceed, the directors are satisfied that there is a strong interest from several potential purchasers and that these vessels will therefore be satisfactorily sold at market value in the short term. Based on negotiations conducted to date, the directors have a reasonable expectation that the sale of the remaining vessels will proceed successfully. Upon sale of such vessels, any related debt would also require repayment.

Having regard to the Group's liquidity and other funding requirements, the directors have resolved to convene an extraordinary general meeting of shareholders to be held on 3 March 2017 (the "EGM") to modify the articles of association of the Company in order to align its provisions with the amended Luxembourg Company Law, and at the same time take the opportunity to set the authorised corporate capital, including the existing issued share

capital of the Company at a total amount of one hundred million US Dollars (US\$ 100,000,000) enabling the Board of Directors to increase the share capital of the Company by issuing up to around 571 million shares over the next five years with a view to strengthen the Company's share capital and financial flexibility. The directors note that any such future share capital increase (being coherent with the strategy historically pursued by the Company) could represent another relevant step in its path of continuous growth and expansion in its traditional markets. Proceeds from such future capital increases, if decided, would serve a variety of the Company's and its subsidiaries needs as may arise over time, including, but not limited to, increasing the financial flexibility of the Company and resolving the short term liquidity requirements. At the same time and with the same purpose, the Company is evaluating alternatives to refinance part of its existing bank debt, extending its repayment profile. Taking into account market conditions and corporate needs, a capital increase could take place in the short to medium term should the directors consider it necessary to do so.

The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern and that, therefore, the Company may be unable to realise its assets and discharge its liabilities or meet its financial covenants in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual consolidated financial statements.

Basis of Consolidation

The financial statements present the consolidated results of the parent company, d'Amico International Shipping S.A., and its subsidiaries for the year ended 31 December 2016.

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date the control ceases.

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

Joint Arrangements

Jointly controlled entities are enterprises over whose activities the Group has joint control, as defined in IFRS11 – Joint Arrangements. The accounting treatment is dependent on the type of joint arrangement, which is determined by considering the rights and obligations of the investor. The consolidated financial statements include the assets and liabilities, revenue and costs of joint operations on a proportional basis, based on the Group's share; the joint ventures are accounted for using the equity method: the Group's share of the investee's profit or loss is recognized in the Consolidated income statement; distributions received from an investee reduce the carrying amount of the investment; post-acquisition movements in Other comprehensive income/(loss) are recognized in Other comprehensive income/(loss) with a corresponding adjustment to the carrying amount of the investment.

When the Group's share of the losses of a joint venture or associate exceeds the Group's interest in that joint venture or associate, the Group discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit / (loss) of associates in the income statement.

To comply with the application of IFRS 11, the Group previously assessed and subsequently confirmed its control on structure, legal form, terms of the contractual arrangements and other facts and circumstances of the joint arrangements; as a result, Glenda International Shipping (GIS) and High Pool Tankers Limited (HPT), will be treated as joint operations and consolidated line-by-line; while the investment in DM Shipping (DMS) and Eco Tankers Ltd. (ETL), the principal object of which is the construction and the operation of vessels, that were previously included in a proportional consolidation, will be treated as a Joint Venture and the equity method of accounting will be applied, having the parties jointly controlling the arrangement the right to its net assets. In the case of DM Shipping, the key issue is that the co-shareholders are also the principal customer of the companies and the charter hire is the principal driver of variable returns of the company. In the other instance – Eco Tankers Limited - DIS exerts binding management authority assuming responsibility for its operation.

Foreign currencies

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

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

Critical accounting judgments and key estimates

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

Vessel carrying values.

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

Demurrage revenues.

Demurrage revenues are recognized as part of the voyage upon delivery of service, in accordance with the terms and conditions of the charter parties, based on an estimate of the amount earned during the period on uncompleted voyages.

Voyage expenses.

Voyage expenses on uncompleted voyages are estimated based on the historically recognised average expenses of the Company standard completed voyages.

Tax liabilities.

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

Measurement of Fair Values.

The 'fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal / most advantageous market at the measurement date at the current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of financial instruments is represented by market quotations or, in their absence, by the value resulting from the adoption of suitable financial valuation models which take into account all the factors adopted by the market operators and the prices obtained in similar actual transactions in the market.

For significant fair value measurement, quoted prices or broker information are obtained to support the valuations and valuation adjustments together with unobservable inputs are reviewed regularly for the classification of such valuations in the appropriate level of fair value. In the measurement of fair values market data are used to the farthest possible extent.

Three levels of inputs to the fair value valuation techniques are used to measure the fair values:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs are other than quoted prices included within Level 1 that are observable directly or indirectly for the asset or the liability;
- Level 3 inputs are not observable from market data.

When the inputs used to measure the fair value of an asset or a liability belong to different categories, the fair value measurement is categorised entirely in its lowest and most significant fair value hierarchy. The transfer between levels of fair value hierarchy is recognised at the end of the reporting period during which the change has occurred.

Some of the following accounting policies require the measurement of fair values for financial and non-financial assets and liabilities. Further information about fair value calculation is found in Note 27.

Revenue recognition

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

For voyages in progress at the end of a reporting period the Group recognizes a percentage of the estimated revenue for the voyage equal to the percentage of the estimated duration of the voyage completed at the financial position date. The estimate of revenue is based on the expected duration and destination of the voyage.

Revenues from time charter contracts are recognized at pro-rata temporaria basis over the rental periods of such charters, as service is performed.

Demurrage revenues

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

Voyage costs and other direct operating costs

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

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

General and administrative costs

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

Financial income and charges

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

Taxation

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

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

Under the tonnage tax regime, the tax liability is not calculated on the basis of income and expenses as under the normal corporate taxation, but is based on the controlled fleet's notional shipping income, which in turn depends on the total net tonnage of the controlled fleet. The tonnage tax charge is included within the income tax charge in the Consolidated Income Statement. For all of the Irish activities, which fall outside tonnage tax, income tax expense represents the tax charge based on the result for the year adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates enacted or substantially enacted at the financial position date.

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

Fixed assets (Fleet)

Vessels

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

Depreciation is calculated on a straight-line basis to the estimated residual value over the estimated useful life of the major components of the vessels. The vessels contracted by the group are estimated to have a useful economic life normally of 25 years, depending on the specifications and expected kind of employment. Residual value is estimated as the lightweight tonnage of each vessel multiplied by the current market scrap value per ton, which is reassessed every year. The vessel tank coatings are depreciated over ten years and the dry dock element is depreciated over the period to the expected next dry dock. The remaining useful economic life is estimated at the date of acquisition or delivery from the shipyard and is periodically reassessed.

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

In making their judgement for the recognition of gains or losses incurred on the disposal of vessels, management considers the detailed criteria set out in IAS 18 and, in particular, whether the Group had transferred to the buyer the related significant risks and rewards of ownership, can measure reliably the sale price net of costs relating to the disposal and the carrying amount of the vessel, it is probable that the economic benefits associated with the transaction will flow to the Group and the Group does not retain continuing managerial involvement to the degree associated with ownership or effective control.

DIS Fleet is considered as a single cash generating unit (CGU): an asset's cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgement.

- DIS management has identified one Cash Generating Unit: A single vessel does not generate cash net inflows that are largely independent of those from other vessels because vessels are mostly of the same type and similar age and have similar customer base / counterparts. The Group employs a significant portion of its controlled vessels through partnership arrangements. All of those vessels are under the collective exclusive responsibility of DIS' corporate function for vessel commercial management, in particular with regard to chartering, vessel

operations and administration. Therefore, vessels could reasonably be replaced one each other for the purpose of commercial commitments. All DIS vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to major oil companies and trading houses. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), with the requirements of oil-majors and energy-related companies and other relevant international standards. Based on MARPOL/IMO rules, cargoes such as palm oil, vegetable oil and other chemicals can only be transported by vessels that meet certain requirements (IMO Classed). As of December 31 2015, more than 60% of the DIS fleet was IMO Classed, allowing the Group to transport a large range of products.

- DIS' internal management reporting, on the basis of which the company makes strategic decisions, is designed so as to measure the performance of the tanker fleet as a whole rather than that of individual vessels.

Dry-docking costs

To comply with industry certification or governmental requirements, the vessels are required to undergo planned major inspections or classification (dry-docking) for major repairs and maintenance, which cannot be carried out while the vessels are operating. The vessels' dry-dock takes place approximately every 5 years depending on the nature of work and external requirements, with an Intermediate Water Survey (IWS) each 2.5 years. The costs of dry-docking, which may include some related costs, are capitalized and depreciated on a straight-line basis over the period to the next dry-docking. If the next dry-docking of a vessel is performed in less than 30 months from the last dry-docking date, the balance on the original dry-dock is written off.

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

Impairment of assets

The values of the entire fleet, considered as a single cash-generating unit, is reviewed on a non-recurring basis considering market conditions. The carrying amount of the CGU is tested for impairment whenever events or changes in circumstance indicate that the carrying amount might not be recoverable. If any such indication exists, the recoverable amount of the CGU is estimated in order to determine the extent of the impairment. Recoverable amount is normally defined as the higher of the fair value less costs of disposal of all the vessels and their value in use, that is, the net present value of the cash flows from the remaining useful lives of the vessels. In assessing the value in use, the estimated future cash flows are discounted to their present value. An impairment charge is recorded when the carrying amount exceeds its recoverable amount and is determined to be other than a temporary difference. The impairment is then allocated to each single vessel on a pro-rata basis, based on the carrying amount of each vessel in the CGU with the limit of the higher of fair value less cost of disposal and value in use.

The cash flows are determined by applying various assumptions regarding future revenues net of commissions, operating expenses, scheduled dry-docking, expected off-hire and scrap values. Specifically, in estimating future charter rates, management takes into consideration rates currently in effect for existing time charters and estimated daily time charter equivalent rates for each vessel class for the unfixed days over the estimated remaining lives of each of the vessels. The estimated daily time charter equivalent rates used for unfixed days are based on a combination of internally forecasted rates that are consistent with forecasts provided to senior management and to board members, and the trailing 10-year historical average market earnings, based on average data published by maritime researchers. The internally forecasted rates are applied to short-term estimations, whilst the 10-year historical average is used for long-term estimations. Recognizing that rates tend to be cyclical, and subject to significant volatility based on factors beyond our control, management believes the use of estimates based on the

combination of internally forecasted rates and 10-year historical average rates calculated as of the reporting date to be reasonable.

Estimated outflows for operating expenses and dry-docking requirements are based on historical and budgeted costs. Utilization is based on historical levels achieved and estimates of a residual value are consistent with scrap rates used in management's evaluation of scrap value.

Although management believes that the assumptions used to evaluate potential impairment are reasonable and appropriate at the time they were made, such assumptions are highly subjective and likely to change, possibly materially, in the future. There can be no assurance as to how long charter rates and vessel values will remain at their current levels or whether they will improve by a significant degree. If charter rates were to be at depressed levels, future assessments of vessel impairment would be adversely affected.

At each reporting date management assess whether there is any indication that an impairment loss recognised in a previous period either no longer exists or has decreased. If there is such an indication the group estimates the recoverable amount of the cash generating unit and, in case of a positive difference with the carrying amount, a reversal of the impairment is recognised. The reversal is limited to the value that would have been recognised had the original impairment not occurred. A possible trigger event for the reversal of the impairment recognised in previous years is the gain arising from the sale of the vessels to which that impairment was allocated.

Assets held for sale

In accordance with IFRS5, non-current assets (vessels and dry docks) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition and the asset must be actively marketed for sale at a price that is reasonable compared to its current fair value. Management must be committed to the sale, which should be expected within one year from the date of classification as held for sale.

Immediately before classification as held for sale, the assets are re-measured in accordance with the Group's accounting policies. Thereafter, the assets are recognised at the lower of their carrying amount and fair value less cost to sell. Assets classified as held for sale, are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are included in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

In case conditions for classification of non-current assets and disposal groups as held for sale are no longer met, classification as held for sale ceases. Non-current assets that ceases to be classified as held for sale are re-measured at the lower of their carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of property, plant and equipment, deemed to be qualifying asset as defined in IAS23 – Borrowing Costs, are capitalized.

Operating leases (Charter Agreements)

The charter-in and charter-out agreements relating to the vessels, where substantially all the risks and rewards of ownership are not transferred to the lessee, are treated as operating leases, and lease payments and income are

recognized to the income statement on a straight-line basis over the lease term. The obligation for the remaining lease period relating to the charter-in contracts is disclosed as a commitment in the notes to the financial statements.

Inventories

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

Financial instruments

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

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

Trade and other receivables

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

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

Cash and cash equivalents

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

Banks and other lenders

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

Trade and other payables

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

Derivative instruments

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

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

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

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

The fair value measurement of the derivative instruments is recurring, at each closing date.

Provisions for risks and charges

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

Treasury shares

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

Dividends

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

Segment information

d'Amico International Shipping only operates in one business segment: Product Tankers. With reference to geographical area, the Group only has one geographical segment, considering the global market as a whole, and the fact that individual vessels deployment is not limited to a specific area of the world, making the product tankers business a single segment.

Accounting principles

Accounting principles adopted from 1st of January 2016

No new accounting principles have been applied with respect to the 2016 consolidated financial statements, apart from the following:

Equity Compensation Plans (Share Based Payments)

The Group provides additional benefits to certain members of senior management through an equity compensation plan (stock option plan); information about this scheme is set out in note 8. In accordance with IFRS 2 – Share-based Payment, this plan represents a component of the recipient's remuneration.

The fair value is measured using the Black Scholes pricing model, in line with IFRS guidelines and market practice. The inputs used in the model are based on management's best estimate, including market and non-market performance conditions. 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. At the end of each period the entity revises its estimates of the number of options that are expected to vest based on the actual service conditions.

With reference to the Disclosure initiative – amendment to IAS 7, the Company continues disclosing the changes in liabilities arising from financial activities.

Accounting principles, amendments and interpretations not yet effective

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

IFRS 15 – *Revenue from contract with customers*, was issued in May 2014 by the IASB, with the aim of bringing together the rules actually existing in various standards and to set-up a frame of basic principles to be applied to all categories of transactions including revenues, basically requiring a company to recognize revenue upon the transfer of control of goods or services to a customer at an amount reflecting the consideration expected to be received, in five steps. The guidance requires as well additional disclosure about the nature, amount, timing and certainty of revenues and cash-flows arising from contracts with customers. The standard will be effective from January 2018, although early adoption is permitted. IFRS 15 is not expected to have a significant impact on the

net assets, financial position and results of operations of the DIS Group, but will have a significant impact on the disclosures to be presented in the financial statements.

IFRS 9 – *Financial Instruments* was issued in July 2014 and is not yet endorsed by the EU; it should be applied retrospectively in financial years from 1 January 2018; the enhancements introduced will replace the rules for the recognition and measurement of financial instruments as set out in IAS 39. In more detail, financial assets will be divided in two categories: the ones measured at amortised cost and those measured at fair value, the first group comprising those financial assets for which the contractual terms give rise on specific dates to cash-flows that are solely payment of principal and interest and for which the business model is to hold them for collecting the contractual cash-flows; the second group will entail all other financial assets (fair value measurement). Actual financial assets are held-to-maturity and measured at amortised cost, which appear to be meeting the conditions for classifications at amortised cost under IFRS 9. While the rules applied to financial liabilities are mostly the same as set out in IAS 39, amended guidance is introduced on the classification through other comprehensive income of modification in the fair value of certain debt instruments, depending on the own credit risk, that is, the changes in the amount of fair values of the liability will be split into the amount of the change that is attributable to the changes in the credit risk of the liability – to be presented in other comprehensive income – and the remaining amount of the change in the fair value of the liability, which shall be presented in the statement of profit or loss. The new hedging rules align hedge accounting more closely with the Group's risk management practices; as a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principle-based approach and the Group does not expect a significant impact on the accounting for its hedging relationships. The new standard introduces expanded disclosure requirements and changes in presentation; the new impairment model is an expected credit loss model which may result in earlier recognition of credit losses. Actual financial assets are held-to-maturity and measured at amortised cost, which appear to be meeting the conditions for classifications at amortised cost under IFRS 9.

IFRS 16 – *Leases* was issued in January 2016, with the aim to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, with some exemptions. This information would give a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash-flows of the entity: in-fact, leasing is a means of gaining access to assets, of obtaining finance and of reducing an entity's exposure to the risk of asset ownership. The new approach to leases will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. Within the Income Statement, operating expenses will be replaced with interest and depreciation, so key metrics like TCE and EBTDA will change. Operating cash-flow will be higher as cash payments for the principal portion of the lease liability will be classified within financing activities. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019, and subject to EU endorsement, the Company will apply IFRS 16 from its effective date. As at the reporting date, the Group has non-cancellable operating leases commitments of US\$ 485.9 million (see note 29). The Company has gathered a working group which is currently assessing to what extent these commitments are going to impact the net assets, financial position and results of operations of DIS Group.

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

2. CAPITAL DISCLOSURE

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

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

The capital of the Group was established at the beginning of 2007 as part of the IPO process, taking into consideration the risks affecting d'Amico International Shipping and the industry where the Group operates. During the month of December 2012, in February 2014, in February 2015 and in February 2016 the capital of the Company was increased, consistent with its strategy of supporting the path of continuous growth and expansion within the traditional market of its operating companies. An extraordinary general meeting of shareholders to be held on 3 March 2017 to take the opportunity to set the authorised corporate capital, including the existing issued share capital of the Company at a total amount of one hundred million US Dollars (US\$ 100,000,000) enabling the Board of Directors to increase the share capital of the Company by issuing up to around 571 million shares over the next five years with a view to strengthen the Company's share capital and financial flexibility.

In addition to the equity, the Group has various bank facilities and credit lines (see Note 22).

The capital structure is reviewed during the year and - if needed - adjusted depending on the Group capital requirements, changes in the general economic conditions and industry risk characteristics. The Group monitors its capital on the basis of the 'assets cover ratio' being the drawdown amounts on its facilities over the fair market value of the vessels owned (see further details in Notes 14 and 22).

3. REVENUE

US\$ thousand	2016	2015
Revenue	347,110	414,877

Revenue represents vessel income comprising time charter hire, freight and demurrage. Revenues earned from external customers in the rest of the world in 2016 arise mainly from the European Economic Area, followed by the Far East and North America. Two customers are generating more than 10% of the Group revenues each, reaching a total of US\$ 84.5 million in 2016; in 2015 only one customer generated more than 10% of the revenues, totalling US\$ 48.9 million.

4. VOYAGE COSTS

US\$ thousand	2016	2015
Bunkers (fuel)	(41,595)	(57,112)
Commissions payable	(7,165)	(8,436)
Port charges	(34,971)	(34,805)
Other	(1,993)	(3,813)
Total	(85,724)	(104,166)

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

5. TIME CHARTER EQUIVALENT EARNINGS

US\$ thousand	2016	2015
Time charter equivalent earnings	261,386	310,711

Time Charter Equivalent earnings represent revenue less voyage costs. In 2016 about 58.1% of the Time Charter Equivalent earnings came from fixed contracts longer than 12 months (40.9% in 2015).

6. TIME CHARTER HIRE COSTS

US\$ thousand	2016	2015
Time charter hire costs	(117,198)	(138,758)

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

7. OTHER DIRECT OPERATING COSTS

US\$ thousand	2016	2015
Crew costs	(37,909)	(33,678)
Technical expenses	(12,752)	(12,747)
Luboil	(3,070)	(2,959)
Technical and quality management	(7,356)	(5,183)
Insurance	(6,366)	(6,503)
Other direct operating costs	(6,056)	(4,777)
Total	(73,509)	(65,847)

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

Personnel

As at 31 December 2016, d'Amico International Shipping S.A. and its subsidiaries employed 740 seagoing personnel and 35 on-shore personnel; the average number of seagoing personnel in 2016 was 664, while the average onshore was 35. Onshore personnel costs are included under general and administrative costs. The Group has no liabilities with regard to pensions and other post-retirement benefits.

8. GENERAL AND ADMINISTRATIVE COSTS

US\$ thousand	2016	2015
Personnel	(7,221)	(6,280)
Other general and administrative costs	(8,469)	(8,861)
Total	(15,690)	(15,141)

Personnel costs relate to on-shore personnel salaries. Personnel costs also comprises the amount of US\$ 1.6 million (2015: US\$ 1.5 million) relating to directors fees and an amount of €UR 1.5 million paid to senior managers including the CEO and other managers with strategic responsibilities. There are no further benefits with regard to pensions and other post-retirement benefits.

On 3 March 2016, the Board of Directors of d'Amico International Shipping S.A. has approved, with the prior favourable opinion of the Nomination and Remuneration Committee, the proposal to submit to the annual general shareholders' meeting the adoption, in accordance with art. 114-bis of Legislative Decree no. 58, 24 February 1998 as amended and supplemented ("TUF"), of the incentive plan "Stock Option Plan DIS 2016/2019" or "the Plan".

The annual general shareholders' meeting, held on 20 April 2016, approved the adoption of the Plan and delegated the Board of Directors for the definition of terms, conditions, and procedures for the Plan's implementation.

The terms and conditions, and the procedures for the Plan implementation are defined by a Regulation as approved by the Board of Directors on 4 May 2016; the Plan is available to everyone at the registered office of the Company.

Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The amount of options that will vest depend on the service and performance conditions included in the Plan over a three year period, as participants needs to remain employed at the expiry date of the Plan. Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share at a pre-agreed strike price. The Board has the discretion to settle in cash the conversion requests.

Set out below is a summary of options granted under the plan:

	Average price per share option	Number of options
As at 1 January	-	-
Granted during the period	€ 0.0852	7,970,000
Exercised during the period	-	-
Forfeited during the period	€ 0.0852	140,000
As at 31 December	€ 0.0852	7,830,000

No options expired during the periods covered by the above table. Share option at the end of the period have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Share Options Dec.31, 2016
31 May 2016	31 May 2019	€ 0.454823	7,830,000

The fair value of the options at grant date is determined using the Black Scholes Model taking into account the following assumptions:

Share price on 1st June 2016	€ 0.4479	
Expected volatility	34.5%	Last three years average for DIS shares
Expected dividend yield	3.12%	Average of dividend yield since 2007 using market capitalization at the end of each year
Risk-free interest rate	(0.396)%	4 Years € Luxembourg Government Bond Yield

The cost relating to the Plan in 2016 was equivalent to US\$ 149 thousand.

Sensitivity calculation

The valuation model is particularly sensitive to dividend yield and volatility of the share price. With all other variables remaining constant:

€UR	Share price volatility		Dividend yield	
	+10% Increase	-10% Decrease	+10% Increase	-10% Decrease
Share Option Cost	€0.0959	€0.0743	€0.0825	€0.0879
Variation	+12.6%	-12.7%	-3.1%	3.2%

The other general and administrative costs comprise consultancy, office rental fees, and other sundry expenses originating from the operation of the Group companies. They include infra-group management fees on brand and trademark, IT, personnel, legal and internal audit services for US\$ 4.1 million, tax advisory fees amounting to US\$ 78.0 thousand. Fees paid to the Auditors are presented as follows:

US\$ thousand	2016
Current year	239
Pertaining to 2015	123
Total audit fees	362

9. OTHER OPERATING INCOME

US\$ thousand	2016	2015
Other operating income	-	328

Other operating income represents chartering commissions earned for services provided by Group personnel to non-related external clients. They were received in connection with the Group management of Pools.

10. RESULT FROM DISPOSAL OF VESSELS

US\$ thousand	2016	2015
Profit on disposal of vessel	-	5,839

No vessel was disposed of in 2016. In the month of December 2015 the Handy-size vessel M/T Cielo di Salerno was sold for a consideration of US\$ 13.0 million, gross of the disposal costs.

11. NET FINANCIAL INCOME (CHARGES)

US\$ thousand	2016	2015
<i>Finance income:</i>		
Interest Income - Banks	269	173
Realized on options	-	7,318
Realized foreign exchange	102	-
<i>At fair value through income statement:</i>		
Unrealised foreign exchange	150	219
Unrealised gain on financial activities	1,246	1,428
Total financial income	1,767	9,138
<i>Finance cost:</i>		
Interest expense	(19,790)	(13,760)
Financial fees	(3,041)	(1,971)
Realized on options	(1,303)	-
<i>At fair value through income statement:</i>		
Unrealised losses on financial activities	-	(1,422)
Total financial charges	(24,134)	(17,153)
Net financial (charges) income	(22,367)	(8,015)

Financial income comprises realized bank interest income deriving from funds held with financial institutions on deposit and current accounts and interest on the financing provided to the joint venture DM Shipping. In 2016 it comprised also US\$ 1.2 million representing the ineffective portion of the interest rate swaps cash-flow hedges and in 2015 it comprised also realized (US\$ 7.3 million) and unrealized (US\$ 1.4 million) profits on DIS' financial risk management activity. In addition, it includes US\$ 0.1 million realized and (US\$ 0.2 million) unrealised commercial foreign exchange gain (2015: US\$ 0.2 million unrealised).

Financial charges include interest expense on bank loans relating to vessels, actual expenses on interest rate swaps and amortization of financial fees. No unrealized losses were recorded in 2016 (2015: US\$ 1.4 million, for valuation of fair value hedges and the ineffective portion of interest rate swaps cash-flow hedges).

12. PROFIT SHARE OF EQUITY ACCOUNTED INVESTEEES

The result from investment mainly consists of DIS share of the profit and loss of the investee accounted for at equity method; the investment income in the JV Eco Tankers Limited for 2016 amounted to US\$ 0.2 million; for the same period in 2015 amounted to US\$ 0.3 million. For more details about the main financial data of the investee, refer to note n.15 and n.30.

DM Shipping d.a.c. is a joint arrangement between d'Amico Tankers d.a.c. and Mitsubishi Corporation. The arrangement between the two partners establish that the assets brought to DM Shipping d.a.c. are acquired by the company itself which is also liable for all the debts and obligations of the arrangement. The parties have no rights, title or ownership in those assets or obligations for the liabilities of the arrangement. Therefore DM Shipping d.a.c. qualifies as a joint venture in accordance with IFRS 11 and it has been accounted for using the equity method.

Eco Tankers Limited is a joint arrangement between d'Amico International Shipping and Venice Shipping and Logistics; it is considered to be a joint venture for the same reasons as those indicated for DM Shipping d.a.c.

13. TAX

Effective from 1 January 2007, d'Amico Tankers d.a.c. qualified to be taxed under the Tonnage Tax regime in Ireland; DM Shipping Limited obtained the ruling commencing 1 January 2009 and Glenda International Shipping in 2010.

The tax liability under the tonnage tax regime is based on the controlled fleet's notional shipping income, which in turn depends on the total net tonnage of the controlled fleet. The 2016 tonnage tax provision for d'Amico Tankers d.a.c. and Glenda International Shipping d.a.c. amounted to US\$ 0.2 million (2015: US\$ 0.2 million). Certain minor activities will not fall within the tonnage tax regime and are subject to standard rates of local corporation tax (currently 12.5% on trading income, and 25% on passive income, with non-tonnage tax capital gains being taxable at the rate of 22%). These activities would give rise to deferred tax assets and liabilities. Items of other comprehensive income are taxed depending on the tax regime they fall within.

The holding company, d'Amico International Shipping S.A. had, at the end of 2016, accumulated tax losses to be carried forward of approximately € 57.7 million (US\$ 60.8 million). No deferred tax asset has been accounted for as management do not foresee taxable profits against which the accumulated losses could be offset. The holding company is subject to the Luxembourg Net Wealth Tax regime; for 2016 the calculated net assets generated a tax charge of US\$ 0.3 million (2015: US\$ 0.3 million).

US\$ thousand	2016	2015
<i>Current tax:</i>		
Taxation at corporate tax rates	(191)	(1,124)
Tonnage Tax	(222)	(232)
Net Wealth Tax / other tax	(422)	(296)
Total current tax	(835)	(1,652)
Profit before tax	(12,003)	56,124
Theoretical income tax (tax rate 29.22%)	3,507	(16,399)
- effect of the result for which the Irish Tonnage Tax is applicable	(4,058)	13,650
- impact of overseas tax rates	132	1,315
- effect of temporary differences	227	310
Taxation at corporate tax rates	(191)	(1,124)

14. TANGIBLE ASSETS

US\$ thousand	Fleet on water	Vessels under construction	Dry-dock	Other assets	Total
At 1 January 2016					
Cost or valuation	831,147	120,096	21,714	2,073	975,030
Accumulated depreciation	(193,905)	-	(8,826)	(1,561)	(204,292)
Net book amount	637,242	120,096	12,888	512	770,738
Period ended 31 December 2016					
Opening net book amount	637,242	120,096	12,888	512	770,738
Additions	14,041	136,304	717	136	151,198
Vessel delivered	169,556	(169,556)	-	-	-
Depreciation charge	(34,388)	-	(3,630)	(238)	(38,256)
Impairment	(6,599)	-	-	-	(6,599)
Transfer to assets held for sale	(64,344)	-	(2,008)	-	(66,352)
Exchange differences	-	-	-	(1)	(1)
Closing net book amount	715,508	86,844	7,967	409	810,728
At 31 December 2016					
Cost or valuation	881,913	86,845	17,847	2,113	988,717
Accumulated depreciation	(166,405)	-	(9,880)	(1,704)	(177,989)

The following table shows, for comparison purposes, the changes in the fixed assets in 2015.

US\$ thousand	Fleet on water	Vessels under construction	Dry-dock	Other assets	Total
At 1 January 2015					
Cost or valuation	752,222	77,180	9,397	1,999	840,798
Accumulated depreciation	(187,170)	-	(5,100)	(1,361)	(193,631)
Net book amount	565,052	77,180	4,297	638	647,167
Period ended 31 December 2015					
Opening net book amount	565,052	77,180	4,297	638	647,167
Additions	14,142	137,437	12,831	10	164,420
Vessel delivered	94,521	(94,521)	-	-	-
Depreciation charge	(29,356)	-	(3,726)	(250)	(33,332)
Disposals at cost	(29,738)	-	(514)	-	(30,252)
Depreciation and impairment write-back	22,620	-	-	-	22,620
Exchange differences	-	-	-	115	115
Closing net book amount	637,241	120,096	12,888	513	770,738
At 31 December 2015					
Cost or valuation	831,147	120,096	21,714	2,073	975,030
Accumulated depreciation	(193,905)	-	(8,826)	(1,561)	(204,902)

Fleet

Fleet includes the purchase costs for owned vessels, and payments to yards for vessels under construction.

During the year, the Company purchased the Handy-size vessel M/T Cielo di Milano, previously chartered in by d'Amico Tankers d.a.c. for a consideration of US\$ 14.0 million from d'Amico Shipping Italia.

Additions include instalments totalling US\$ 113.1 million on five vessels (M/T High Trust, M/T High Wind, M/T Cielo di Hanoi, M/T Cielo di Capri and M/T Cielo di Salerno) that were delivered during the year, instalments and first supply costs totalling US\$ 23.2million on a further seven vessels in the course of construction expected to be delivered between 2017 and 2018. Capitalized instalments of borrowing costs at Group level for 2016 were US\$ 0.6 million, at an average rate of 2.30%. Mortgages are secured on all the vessels owned by the Group. One vessel – M/T Cielo di Milano – was purchased during 2016 for US\$ 14.0 million from d'Amico Shipping Italia.

Impairment of assets, measurement of fair value and valuation technique

The Fleet's recoverable amount is its value in use, represented by the net present value of the cash flows from the vessels remaining useful life. Impairments and their reversal are non-recurring and will be based on the Fleet's recoverable amount as well as on an assessment by management of the sustainability of a number of market factors.

For impairment test purposes, management estimates take into consideration the market information available, including reported sales of similar vessels, as well as past experience and future expectations and have been based on the following key assumptions: (i) Earnings under contracts concluded and the estimate of future rates; (ii) Useful economic life of 25 years; (iii) Estimated economic value at end of vessels' life based on current steel demolition prices (iv) Costs reflect d'Amico's current corporate structure; (v) The figures have been discounted at a rate of 7.4%, which represents the Company's weighted average cost of capital based on the current cost of financing and DIS' estimate of its required of return on equity. Freight rate forecasts assume vessel days currently not committed under contracts will be employed at the last ten-year average charter rates. Management notes that the calculations are particularly sensitive to changes in the key assumptions of future charter rates and discount rates. The headroom against the net book value on 31 December 2016 is of US\$ 54.3 million.

Given the specificity of the market and the factors influencing the cash-flows, there is a high sensitivity to changes in all key assumptions. All other things remaining equal, the sensitivities have been assessed as follows: a movement in the future tanker hire rates of US\$ +/-500 per day in the long-term forecast, would result in a movement in the value in use calculation on the Fleet of US\$ 57.1 million / US\$ (57.1) million respectively; in this last case, an impairment of US\$ 2.8 million would have been recognised; an increase of 1% in the discount factor would result in a decrease in the value in use calculation of the fleet of US\$ 88.2 million and an impairment of US\$ 33.9 million would have been recognised.

Impairment charge and assets held for sale reclassification

Five vessels have been transferred to the 'Assets Held for Sale' account in line with IFRS 5. Prior to reclassification, management performed an impairment review whereby the carrying value was compared to the fair value less costs to sell. As a result of the review, an impairment charge of US\$ 6.6 million was recognised on 3 of the vessels - the M/T High Presence, M/T High Priority and M/T High Prosperity. The net carrying value following impairment review (US\$ 66.3 million) was transferred to assets held for sale as classified within current assets at year end.

Dry-dock

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

Other assets

Other assets mainly include fixtures, fittings, office equipment.

15. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

US\$ thousand	As at 31 December 2016	As at 31 December 2015
Eco Tankers Limited	3,261	4,504
DM Shipping d.a.c.	-	-
Investments at equity	3,261	4,504

The following table reconciles the value of the investment at the beginning of the year with the closing period.

US\$ thousand	2016	2015
At 1 January	4,504	4,348
Share of profit	230	339
Distribution of Retained Earnings	(330)	(198)
Distribution of Share Premium	(1,238)	-
Other movements	95	15
At 31 December	3,261	4,504

At 31 December 2016 Investments accounted for using the equity method amount to US\$ 3.3 million equal to the 33% of the capital of Eco Tankers Ltd. (Malta) (31 December 2015: US\$ 4.5 million); for further details please refer to notes n.1, n. 12 and n. 30.

16. OTHER FINANCIAL ASSETS

	As at 31 December 2016			As at 31 December 2015		
	Non-current	Current	Total	Non-current	Current	Total
Long-term financing DM Shipping ("DMS")	20,853	-	20,853	20,589	-	20,589
Financial receivable	2,000	-	2,000	2,000	600	2,600
Fair value of derivative instruments	213	95	308	-	438	438
Total	23,066	95	23,161	22,589	1,038	23,627

The non-current amount of US\$ 23.1 million in 2016 is composed by US\$ 2.0 million financial receivable from the sale of the vessel Cielo di Salerno in 2015 and by US\$ 20.9 million, corresponding to the equivalent of JP¥ 2.4 billion d'Amico Tankers d.a.c. long-term financing to the jointly controlled entity DMS, with the purpose of providing the initial own capital to finance the acquisition of DMS's vessels. On 31 December 2015 the financing amount was of US\$ 20.6 million (corresponding to JP¥ 2.4 billion).

The current amount of US\$ 0.1 million in 2016 includes the fair value of the Interest Rate Swaps (while on 31 December 2015: the amount of US\$ 0.4 million related to the valuation of financial instruments hedging the fx exposure and the amount of US\$ 0.6 million due from the related party d'Amico Finance in respect of Financial Products (fx) settled in December 2015 and traded on behalf of d'Amico Tankers).

17. ASSETS HELD FOR SALE

US\$ thousand	As at 31 December 2016	As at 31 December 2015
Assets held for sale	66,352	-

Assets held for sale relates to the sale of five vessels, which the Company intends to sell in 2017. The Company recognized an impairment on three of these vessels of US\$ 6.6 million and their fair value as 31 December 2016 is reported net of such impairment (please refer to note n.1 and n.14).

The fair value measurement for the Fleet has been categorised as Level 2 based on the information given on the valuation techniques in note n.1; the measurement is done through broker valuations less cost of sale as the lower compared to the book-value. The disclosures envisaged for Level 3 categories of fair value are not applicable to the current measurement.

18. INVENTORIES

US\$ thousand	As at 31 December 2016	As at 31 December 2015
Inventories	12,857	10,276

Inventories represent stocks of Intermediate Fuel Oil (IFO), Marine Diesel Oil (MDO) – collectively bunker fuels – and luboils on board vessels. The amounts expensed during the period are detailed in note 4 and 7.

19. RECEIVABLES AND OTHER CURRENT ASSETS

US\$ thousand	As at 31 December 2016	As at 31 December 2015
Trade receivables	39,572	34,217
Other debtors	894	396
Prepayments and accrued income	747	20,721
Total	41,213	55,334

Receivables, as at 31 December 2016, include trade receivables amounting to US\$ 39.6 million, net of allowance for credit losses of US\$ 0.6million (2015: US\$ 0.5 million). Other current assets principally consist of prepayments and accrued income amounting to US\$ 0.7 million and other debtors of US\$ 0.3 million.

The ageing of trade receivables is disclosed below.

US\$ thousand	As at 31 December 2016	As at 31 December 2015
0-60 days	33,323	22,181
61-90 days	1,986	4,954
91-120 days	722	807
>120 days	3,541	6,275
Total	39,572	34,217

Amounts due over 90 and 120 days mainly represent demurrage receivable. The management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk.

Information about the Group's exposure to credit risk and impairment losses for trade and other receivables is included in note 27.

20. CASH AND CASH EQUIVALENTS

US\$ thousand	As at 31 December 2016	As at 31 December 2015
Cash and cash equivalents	31,632	45,485

The Amount of US\$ 7.9 million relates to funds deposited by d'Amico Tankers d.a.c. with d'Amico Finance d.a.c. in respect of interest rate swap contracts. The balance is adjusted on regular base according to mark-to-market variations.

21. SHAREHOLDERS' EQUITY

Changes in 2016 Shareholders' equity items are detailed in the relevant statement.

Share capital

At 31 December 2016 the share capital of d'Amico International Shipping amounted to US\$ 42,851,035.60 corresponding to 428,510,356 ordinary shares with no nominal value.

In the month of February 2016, following the exercise of the warrants attached to the shares issued at the moment of 2012 capital increase, at the ratio of one share for every three warrants and according to the Prospectus dated 6 November 2012, n. 5,667,958 new ordinary shares were issued at a price of € 0.46 each.

Retained earnings

As at 31 December 2016 the item includes previous year and current net results and deductions for dividends distributed.

Other reserves

The other reserves include the following items:

US\$ Thousand	As at 31 December 2015	Movement in 2016	As at 31 December 2016
Share premium reserve	282,958	(10,058)	272,900
Treasury shares	(17,513)	(609)	(18,122)
Share option reserve	-	149	149
Hedging reserve / through OCI	(3,181)	1,689	(1,492)
Conversion reserve / through OCI	(253)	(247)	(500)
Legal Reserve	3,108	-	3,108
Total	265,119	(9,076)	256,043

A dividend of US\$ 0.0295 per share was distributed in 2016.

Share premium reserve

The share premium reserve arose in first instance as a result of the Group's IPO and related increase of share capital (May 2007) and lately as a result of the further capital increases occurred in December 2012, in February 2014, in February 2015 and in February 2016. By statutory provision, it is available for distribution.

Treasury shares

Treasury shares at the end of 2016 consist of 7,760,027 ordinary shares (2015: 6,580,027) for an amount of US\$ 18.1 million (2015: US\$ 17.5 million), corresponding to 1.81% of the outstanding share capital at the financial position date (2015: 1.56%). These shares were acquired as part of the authorised Buy-back programme and could be used in order to put DIS in a position to offer its own shares for distribution to directors, officers, employees and/or contractors of the Company itself, its subsidiaries and/or controlling companies pursuant to the implementation of the relevant stock option plan.

Hedging reserve

The fair value reserve arose as a result of the movement in the fair value of the Interest Rate Swap agreements connected to some of the bank facilities. Details of the fair value of the derivative financial instruments are set out in note 25.

Translational reserve

The reserve is the result of the conversion into US\$ of the shareholders' equity of the Group companies having functional currency denominated into currencies different from US\$.

Share option reserve

The reserve was created in connection with the Share Option Plan; reference is made to note n. 8.

Legal Reserve

The legal reserve is a requirement from the Luxembourg Law and is not distributable.

22. BANKS AND OTHER LENDERS

US\$ thousand	As at 31 December 2016	As at 31 December 2015
Non-current liabilities		
Banks and other lenders	427,304	381,016
Current liabilities		
Banks and other lenders	124,975	86,775
Total	552,279	467,791

The balance comprises the following facilities:

Crédit Agricole Corporate & Investment Bank US\$ 250 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 118.74 million relates to the US\$ 250 million loan facility negotiated by the Company with Credit Agricole CIB and other banks (Nordea Bank AB, ING Bank N.V, Banca Imi S.p.a., Commebank Europe Ltd, Skandinaviska Enskilda Bankne AB, Bank of Ireland, Credit Industriel Et Commercial, DNB Ltd.) which was signed on the 14 March 2016 to re-finance 8 existing vessels and 5 new vessels to be built by Hyundai Mipo Dockyard Co. Ltd. The key terms and conditions of the facility are the following: the principal amount available for each tranche corresponding to the existing vessel will be repaid by 20 consecutive quarterly instalments commencing on 15 April and a balloon on the maturity date. Each tranche corresponding to a new

building shall be repaid by 19 consecutive quarterly instalments and a balloon on the maturity. Interest is payable at a rate of LIBOR plus 2.0% or 2.15% according to the vessel employment. The security cover ratio shall be no less than 130% of the fair market value of the vessel to the amount outstanding under the facility and it was 134.23% at year end. The following additional standard covenants are also in place: (i) liquid asset shall not be less than US\$ 25.0 million and cash is not less than US\$ 20 million (ii) net worth, which is defined as book equity plus subordinated shareholder loans, as recorded in the statement of financial position, must not be less than US\$ 100.0 million and (iii) equity to asset ratio must not be lower than 35.0%. The facility is secured through a guarantee by the parent Company, d'Amico International Shipping S.A. and mortgages on the Company's owned vessels. Based on the above, the year end results were in compliance with the requirements.

Crédit Agricole Corporate & Investment Bank & DNB NOR Bank ASA US\$ 48 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 31.6 million, relates to the US\$ 48.0 million loan facility negotiated by the Company with Credit Agricole CIB and DNB NOR Bank ASA, (shared pari passu between both entities), which was signed on the 26 July 2011 to finance two new vessels. These vessels, Hull 2307 (M/T High Seas) and Hull 2308 (M/T High Tide), were built by Hyundai Mipo Dockyard CO. Ltd. and were delivered at the end of March and April 2012 respectively. The principal amount available through the seven year facility period will be repaid with 28 consecutive quarterly instalments, and a balloon payment of US\$ 12.8 million per vessel. The ratio between the amount outstanding at any given time and the fair market value of the charged vessels (the 'asset cover ratio') owned by the Company, which are currently subject to mortgages pursuant to the facility, must not be higher than 74.1%. Interest is payable at a rate of LIBOR plus 2.10%. The loan also includes covenants: (i) cash available, including undrawn credit lines of more than 12 months, must be at least US\$ 25.0 million (ii) net worth, which is defined as book equity plus subordinated shareholder loans, as recorded in the statement of financial position, must not be less than US\$ 100.0 million and (iii) equity to asset ratio must not be lower than 35.0%. Based on the above, the level on loan to value at the end of the year was 63.2% and therefore in compliance with the requirements. The facility is secured through a guarantee by the parent Company, d'Amico International Shipping S.A., and provides mortgages on the owned financed vessels.

Danish Ship Finance A/S US\$ 31.5 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 27.3 million relates to the facility granted by Danish Ship Finance A/S to re-finance the M/T High Prosperity purchased in May 2012 and M/T High Trust delivered in January 2016. The principal amount will be repaid with 12 consecutive semi-yearly instalments, down to a balloon of US\$ 4.6 million and US\$ 12 million in one instalment at maturity, 6 years from drawdown. The ratio between the amount outstanding at any given time and the fair market value of the charged vessels (the 'asset cover ratio') owned by the Company, which are currently subject to mortgages pursuant to the facility, must not be higher than 80%; the mentioned ratio was 62.2% at the end of December and therefore in compliance with the requirements. Interest is payable at a rate of USD LIBOR plus 2.75%. The facility is secured by a guarantee from the parent Company, d'Amico International Shipping S.A., and provides mortgages on the Company's owned financed vessels.

Danish Ship Finance A/S US\$ 39 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 33.8 million relates to the facility granted by Danish Ship Finance A/S to finance the purchase of two new vessels built in Hyundai Mipo Dockyard CO. Ltd – Hull 2407 (M/T High Freedom), delivered in January 2014 and Hull 2388 (M/T High Loyalty), delivered in February 2015. The principal amount will be repaid with 14 consecutive semi-yearly instalments, down to a balloon of US\$ 10.4 million, for each vessel, in one instalment at maturity, 7 years from drawdown. The ratio between the amount outstanding at any given time and the fair market value of the charged vessels (the 'asset cover ratio') owned by the Company, which are currently subject to mortgages pursuant to the facility, must not be higher than 80% the mentioned ratio was

58.3% at the end of December and therefore in compliance with the requirements. Interest is payable at a rate of USD LIBOR plus 2.35%. The facility is subject to the following additional financial covenants: (i) liquidity assets should be no lower than US\$ 25.0 million; (ii) net worth, which is defined as book equity plus subordinated shareholder loans, as recorded in the statement of financial position, must not be less than US\$ 100.0 million and (iii) the ratio of book equity to book total assets is not less than 35%. The facility is secured by a guarantee from the parent Company, d'Amico International Shipping S.A., and provides mortgages on the Company's owned financed vessels.

Commerzbank – Crédit Suisse loan / Glenda International Shipping d.a.c.

The outstanding amount at 31 December 2016 of US\$ 50.8 million relates to the DIS Group' share of the facility granted by Commerzbank AG Global Shipping and Crédit Suisse to Glenda International Shipping d.a.c for the construction of six MR Product Tankers, built by Hyundai Mipo Dockyard Co. Ltd, South Korea. This agreement involves single-vessel loans with a ten-year maturity from the delivery, for a total initial amount of up to US\$ 195.0 million (67% of the vessel contract price) and an interest cost referenced to the USD LIBOR plus a spread ranging between 90 and 110 basis points. Collateral mainly refers to first-priority mortgages on the vessels. The ratio between the amount outstanding at any given time and the fair market value of the charged vessels (the 'asset cover ratio') owned by d'Amico Tankers d.a.c. (the 'borrower'), which are currently subject to mortgages pursuant to the facility, must not be higher than 76.9%; the mentioned ratio was 76.7% at the end of December and therefore in compliance with the requirements.

DNB facility US\$ 19.38 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 19.1 million relates to the US\$ 19.375 million facility granted by DNB Bank ASA, signed on the 21th December 2016, to re-finance vessel Hull 2387 (M/T High Voyager). The principal amount will be repaid with 20 consecutive quarterly instalments, down to a balloon of US\$ 11.6 million in one instalment at maturity, 5 years from drawdown. Interest is payable at a rate of USD LIBOR plus 2.55%. The security cover ratio shall be no less than 130% of the fair market value of the vessel and the amount outstanding under the facility; the mentioned ratio was 145.13% at the end of December and therefore in compliance with the requirements. The facility is secured by a guarantee from the parent Company, d'Amico International Shipping S.A., and provides mortgages on the Company's owned financed vessel.

Credit Agricole CIB - ABN Amro Bank NV US\$ 40 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 33.5 million relates to the US\$ 40.0 million loan facility negotiated by the company with Credit Agricole CIB and ABN Amro Bank NV (shared pari passu between both entities), which was signed on the 20 December 2013 to finance two new vessels built in Hyundai Mipo Dockyard CO. Ltd – Hull 2408 (M/T High Discovery) and Hull S-409 (M/T High Fidelity). These vessels were delivered at the end of February and August 2014 respectively. The principal amount will be repaid with 24 consecutive quarterly instalments, down to a balloon of US 25.5 million at maturity, 6 years from drawdown. Interest is payable at a rate of LIBOR plus 2.90%. The ratio between the amount outstanding at any given time and the fair market value of the charged vessels (the 'asset cover ratio') owned by d'Amico Tankers d.a.c. (the 'borrower'), which are currently subject to mortgages pursuant to the facility, must not be higher than 80% the mentioned ratio was 61.4% at the end of December and therefore in compliance with the requirements.

Banca Intesa US\$ 75 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 45.0 million relates to the US\$ 75.0 million five-year loan facility negotiated by the Company with Banca Intesa and signed on December 2014, with the purpose of financing its corporate activities. The principal amount available through the facility will be repaid with 10 consecutive semi-yearly instalments. Interest is payable at a rate of LIBOR plus 2.25%. The facility is secured by a guarantee from the ultimate parent Company, d'Amico Societa di Navigazione SpA. The facility is subject to the following terms

and conditions: i) The ratio between the value of the net financial position and the ships market value should be lower than 75%;ii) the ratio between the net worth and the asset book value should be higher than 35%; iii) cash available, including undrawn credit lines, must be at least US\$ 25.0 million (iv) net worth, which is defined as book equity plus subordinated shareholder loans, as recorded in the statement of financial position, must not be less than US\$ 100.0 million. The outstanding amount is in compliance with the requirements.

Banca Intesa US\$ 10 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 is related to the US\$ 10.0 million uncommitted short term facility signed on September 2014 for general company purposes. The amount was drawdown on 12th of September 2016 for a period of 12 months. The facility is secured by a "lettre de patronage" from the parent Company, d'Amico International Shipping S.A.

ING Bank N.V. – London Branch US\$ 20 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 15.1 million relates to the US\$ 20.0 million loan facility negotiated by the company with ING Bank signed on the 2nd of December 2014 to refinance two vessels (High Presence and High Priority). The principal amount will be repaid with 24 consecutive quarterly instalments, down to a balloon of US\$ 6.2 million at maturity, 6 years from drawdown. Interest is payable at a rate of LIBOR plus 2.05%. The ratio between the amount outstanding at any given time and the fair market value of the charged vessels (the "asset cover ratio") owned by the Company, which are currently subject to mortgages pursuant to the facility, must not be higher than 76.9%; the mentioned ratio was 54.8% at the end of December and therefore in compliance with the requirements.

MPS Capital Service US\$ 58 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 17.3 million relates to the US\$ 58.0 million loan facility negotiated by the Company with MPS Capital Service signed on the 1st of July 2015 to finance two new vessels, Hull S429 and Hull S430, built by Hyundai Mipo Dockyard Co. Ltd. These vessels are expected to be delivered in 2017. The principal amount for each vessel will be repaid with 10 consecutive half-yearly instalments, down to a balloon of US\$ 19.4 million at maturity, 5 years from drawdown. Interest is payable at a rate of LIBOR plus 2.25%. The ratio between the amount outstanding at any given time and the fair market value of the charged vessels (the 'asset cover ratio') owned by the Company, which are currently subject to mortgages pursuant to the facility, must not be higher than 80%. The outstanding amount is in compliance with the requirements.

SEB - Skandinaviska Enskilda Banken AB US\$ 23.07 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 20.9 million relates to the US\$ 23.07 million loan facility negotiated with Skandinaviska Enskilda Banken AB signed on the 1st of August 2014 to finance a new vessel built by Hyundai Mipo Dockyard CO. Ltd – Hull S-410 which was delivered in 2015. The principal amount will be repaid with 24 consecutive quarterly instalments, down to a balloon of US\$ 13.8 million at maturity, 6 years from drawdown. Interest is payable at a rate of LIBOR plus 2.45%. The ratio between the amount outstanding at any given time and the fair market value of the charged vessels (the 'asset cover ratio') owned by the Company, which are currently subject to mortgages pursuant to the facility, must not be higher than 76.9%; the mentioned ratio was 73.4% at the end of December and therefore in compliance with the requirements. The facility is subject to the following additional financial covenants: (i) liquidity assets should be no lower than US\$ 25.0 million; (ii) net worth, which is defined as book equity plus subordinated shareholder loans, as recorded in the statement of financial position, must not be less than US\$ 100.0 million and iii) the ratio of book equity to book total assets is not less than 35%. The facility is secured by a guarantee from the parent Company, d'Amico International Shipping S.A., and provides mortgages on the Company's owned financed vessel.

Credit Agricole CIB US\$ 9.5 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 8.75 million relates to the US\$ 9.5 million loan facility negotiated with Credit Agricole CIB signed on the 24th of June 2015 to finance the purchase of the vessel Cielo di Guangzhou. The principal amount will be repaid with 16 consecutive quarterly instalments, down to a balloon of US\$ 5.5 million at maturity, 4 years from drawdown. Interest is payable at a rate of LIBOR plus 2.10%. The ratio between the amount outstanding at any given time and the fair market value of the charged vessels (the 'asset cover ratio') owned by the Company, which are currently subject to mortgages pursuant to the facility, must not be higher than 74.1%; the mentioned ratio was 64.8% at the end of December and therefore in compliance with the requirements.

Banca IMI SpA US\$ 45.08 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 42.8 million relates to the US\$ 45.08 Million loan facility negotiated with Banca IMI SpA signed on the 16th of May 2015 to finance two new vessels built by Hyundai Mipo Dockyard Co. Ltd – Hull S420 (M/T Cielo di Ulsan) delivered in October 2015 and Hull S421 (M/T Cielo di Capri) delivered in May 2016. The principal amount for each vessel will be repaid with 14 consecutive half-yearly instalments, down to a balloon of US\$ 12 million at maturity. Interest is payable at a rate of LIBOR plus 2.65%. The ratio between the amount outstanding at any given time and the fair market value of the charged vessels (the 'asset cover ratio') owned by the Company must not be higher than 75%. The mentioned ratio was 77.2% at the end of December. The facility is subject to the following additional financial covenants: (i) liquidity assets should be no lower than US\$ 25.0 million; (ii) net worth, which is defined as book equity plus subordinated shareholder loans, as recorded in the statement of financial position, must not be less than US\$ 100.0 million and iii) the ratio of net worth to book total assets is not less than 35%. The facility is secured by a guarantee from the parent Company, d'Amico International Shipping S.A., and provides mortgages on the Company's owned financed vessels. Both vessels in this facility are in breach of their covenants, for a total amount of US\$ 1.2 million. The Company is currently in negotiations with Banca IMI SpA to obtain a waiver. If such waiver were not obtained, the Company will pledge to Banca IMI SpA US\$ 1.2 million in cash as additional security to remedy the breach, as per terms of the loan agreement and therefore the balance has not been reclassified to current liabilities



ABN AMRO Bank N.V. US\$ 19.5 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 18.8 million relates to the US\$ 19.5 million loan facility negotiated by the Company with ABN Amro Bank N.V. signed on the 11th of November 2016 to re-finance vessel M/T Cielo di Gaeta (Hull 2385). The principal amount will be repaid with 24 consecutive quarterly instalments, down to a balloon of US\$ 9.7 million at maturity. Interest is payable at a rate of LIBOR plus 2.4%. The security cover ratio shall be no less than 130% of the fair market value of the vessel to the amount outstanding under the facility. The mentioned ratio was 142.5% at the end of December and therefore in compliance with the requirements. The facility is secured by a guarantee from the parent Company, d'Amico International Shipping S.A., and provides mortgages on the Company's owned financed vessel.

Century Tokyo Leasing Corporation US\$ 41.6 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 41.3 million relates to the US\$ 41.6 million loan facility negotiated by the Company with Century Tokyo Leasing Corporation signed on the 12th of April 2014 to finance two new vessels built by Hyundai Vinashin Shipyard Co. Ltd. – Hull S422 (M/T Cielo di Hanoi) delivered in July 2016 and Hull S423 (M/T Cielo di Salerno) delivered in October 2016. The principal amount for each vessel will be repaid with 24 consecutive quarterly instalments, down to a balloon of US\$ 12.47 million at maturity. Interest is payable at a rate of USD LIBOR plus 2.3%. The security cover ratio shall be no less than 115% of the fair market value of the vessel to the amount outstanding under the facility. The mentioned ratio was 135.68% at the end of December and therefore in compliance with the requirements. The facility is subject to the following covenants: (i) cash available, including undrawn credit lines of more than 12 months, must be at least US\$ 25.0 million, (ii) net worth, which is defined as book equity plus subordinated shareholder loans, as recorded in the statement of financial position, must not be less than US\$ 100.0 million and (iii) equity to asset ratio must not be lower than 35.0%. The facility is secured by a guarantee from the parent Company, d'Amico International Shipping S.A., and provides mortgages on the Company's owned financed vessels. The outstanding amount is in compliance with the requirements.

Century Tokyo Leasing Corporation US\$ 10.47 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 6.62 million relates to the US\$ 10.47 million loan facility negotiated by the Company with Century Tokyo Leasing Corporation signed on the 25th of July 2016 to finance the general working capital guaranteed for three new vessels built by Hyundai Vinashin Shipyard Co. Ltd. – Hull S422 (M/T Cielo di Hanoi) delivered in July 2016 and Hull S423 (M/T Cielo di Salerno) delivered in October 2016 and Hull S425 (M/T High Challenge) to be delivered in 2017. The principal amount for each vessel will be repaid with 22 consecutive quarterly instalments. Interest is payable at a rate of LIBOR plus 2.45%. The facility is subject to the following covenants: (i) cash available, including undrawn credit lines of more than 12 months, must be at least US\$ 25.0 million, (ii) net worth, which is defined as book equity plus subordinated shareholder loans, as recorded in the statement of financial position, must not be less than US\$ 100.0 million and (iii) equity to asset ratio must not be lower than 35.0%. The facility is secured by a guarantee from the parent Company, d'Amico International Shipping S.A., and provides mortgages on the Company's owned financed vessels. The outstanding amount is in compliance with the requirements.

ING Bank N.V. US\$ 9 million facility / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 8.57 million relates to the US\$ 9 million loan facility negotiated by the Company with ING Bank N.V. signed on the 23rd of June 2016 to finance the purchase of vessel Cielo di Milano. The principal amount will be repaid with within 12 months of drawdown which occurred in July 2016. Interest is payable at a rate of LIBOR plus 2.5% for the first 6 months after drawdown and 3% thereafter until maturity date. The security cover ratio shall be no less than 120% of the fair market value of the vessel to the amount outstanding under the facility. The mentioned ratio was 128.2% at the end of December and therefore in compliance with the requirements. The facility is secured by a guarantee from the parent Company, d'Amico International Shipping S.A., and provides mortgages on the Company's owned financed vessel.

Bank of Ireland overdraft / d'Amico Tankers d.a.c.

The outstanding amount at 31 December 2016 of US\$ 5.2 million (€ 5million) relates to the bank overdraft negotiated by the Company with Bank of Ireland to which is used for general working capital requirements.

Cassa Lombarda / d'Amico International Shipping S.A.

The outstanding amount at 31 December 2016 of € 1 million relates to the bank overdraft granted to the Company by Cassa Lombarda for general company purposes.

Unicredit / d'Amico International Shipping S.A.

The outstanding amount at 31 December 2016 of US\$ 5 million relates to the bank overdraft granted to the Company by Unicredit for general company purposes.

23. AMOUNT DUE TO PARENT COMPANY

US\$ thousand	As at 31 December 2016	As at 31 December 2015
d'Amico International S.A.	10,001	-

The balance represents short-term financing granted by the parent company at an interest rate equal to the 1 month LIBOR plus a margin of 1.5%.

24. PAYABLES AND OTHER CURRENT LIABILITIES

US\$ thousand	As at 31 December 2016	As at 31 December 2015
Trade payables	30,956	24,628
Other creditors	6,679	1,422
Accruals & deferred income	5,424	7,183
Total	43,059	33,233

Payables and other current liabilities as at 31 December 2016, include mainly trade payables. The Group has financial risk management policies in place to ensure all payables are settled within agreed terms; further information is disclosed in the note n.25.

25. OTHER FINANCIAL LIABILITIES

US\$ thousand	As at 31 December 2016			As at 31 December 2015		
	Non-current	Current	Total	Non-current	Current	Total
Other financial liabilities	2,017	7,084	9,101	4,000	4,242	8,242
Fair value of derivative instruments	6,403	4,801	11,204	11,320	4,305	15,625
Total Other financial liabilities	8,420	11,885	20,305	15,320	8,547	23,867

The balance as at 31 December 2016 mainly represents other financial liabilities relating to the fair value of the Interest Rate Swap hedging instruments and accrued commitment fees on vessels under construction. The derivatives instruments fair value calculation techniques and disclosure about financial market risk are shown in note 26. The total of US\$ 20.3 million also includes US\$ 5.0 million relating to the outstanding financial payable to Solar Shipping for the purchase of the vessel M/T Cielo di Guangzhou.

26. CURRENT TAX PAYABLE

US\$ thousand	As at 31 December 2016	As at 31 December 2015
Current tax liabilities	194	359

The balance at the end of 2016 mainly reflects the income taxes and tonnage taxes payable at year end by the subsidiaries and the net wealth tax payable by the holding company.

27. RISK MANAGEMENT

The Group is exposed to a variety of risks connected with its operations: DIS has to take new risks to conduct its business and achieve its objectives, but aims to do so by identifying, measuring, managing and controlling them so as to ensure the long-term success of the Company. The shipping industry is highly sensitive to market fluctuations, which can determine significant changes in freight rates and vessel prices. One of DIS' key risk management aims is to reduce the DIS' earnings exposure to cyclical fluctuations.

During the budget process, the Group identifies the key risks, and seeks to systematically take the necessary actions to manage such exposures also through hedges. Specific risk control policies and guidelines are in place to measure the Group's aggregate trading limits and Delta Variances on a daily basis. Duties are distributed between its back- and front offices, to properly monitor compliance with internal control procedures. This section provides qualitative and quantitative disclosure on the effect that those risks may have on the Group.

The Internal Control and Risk Management Committee – established within the Board of Directors – develops and monitors the Group's risk management policies, reporting regularly to the Board on its activities, as required by the Company's Corporate Governance structure.

The Group adopted an Internal Control and Risk Management System aimed at identifying, measuring, managing and monitoring the main risks. The System contributes to ensuring the safeguarding of corporate assets, the efficiency and effectiveness of management procedures, the reliability of financial information and the compliance with laws and regulations, including the by-laws and internal procedures.

Market risk

DIS and its subsidiaries are exposed to market risk in respect of vessels trading on the spot market earning market rates. In particular, when chartering-in vessels hire rates may be too high to turn out profitable and, conversely, when chartering-out vessels the hire rates may be too low to ensure an adequate return. The following risk management strategies are applied: (i) The Group aims to have a fixed contract coverage between 40-60%, thus ensuring the exposure to the spot market does not exceed 60%, depending on the market conditions, the trend of rates and expectations; (ii) The vessel trade on a worldwide basis to reduce the effect of different market conditions and rates of different routes between the Eastern and Western hemisphere the Group does not normally use derivative financial instruments to manage their exposure to vessel spot market rates.

Financial markets risk

As a multinational Group that has operations throughout the world, it is exposed to the market risk of changes in foreign currency exchange rates and fluctuation in interest rates.

Currency risk

DIS uses US\$ as functional currency and the majority of its transactions are denominated in U.S. Dollars. The Group is exposed to currency risk in respect of transactions denominated in currencies other than U.S. Dollars.

The Group monitors its exposure to currency risk on a regular basis. Management does not consider the Group has significant exposure to foreign exchange risk from operational activities side, as almost entire Group's revenues and most part of the operating costs are denominated in United States Dollars. The Group systematically identifies and monitors its exposure to foreign currency fluctuation and imbalances, in order to detect potential negative effects in advance and take the necessary mitigating action, hedging its foreign currency exposure, when appropriate, to be kept within an acceptable level. In particular, the exchange rate exposure on forecasted financing and commercial flows is hedged by currency swaps, forward contracts and currency options, subject to specific risk policies and guidelines and internal control procedures (for further details see following part dedicated to derivative instruments). Counterparties to these agreements are major financial institutions; certain transactions could also have as counterpart d'Amico Finance d.a.c. (a d'Amico Group company).

The foreign exchange risk is relating to cash flows not denominated in U.S. Dollars, mainly administrative expenses and operating costs denominated in Euros. For 2016, these payments amounted to equivalent US\$ 46.5 million, representing the 15.9 % of total operational, administrative, financial and fiscal expenses, of which 9.6% related to Euros transactions. Other significant currencies included British Pounds (1.5%) and Singapore Dollars 1.2%.

US\$ thousand	Variation %	2016		2015	
		% +	% -	% +	% -
US\$ / Ccy	10%	3,697	(3,697)	3,003	(3,003)

Within the frame of a sensitivity analysis, a 10% fluctuation in the U.S. Dollar exchange rate against all other currencies would have resulted in a variation of +/- US\$ 3.7million in the result of the Group for the year (US\$ +/- 3.0 million in 2015). The overall Group's sensitivity to currency risk has not changed significantly from prior year.

Interest rate risk

The Group is exposed to interest rate risk arising from the fact that its bank deposits and its credit facilities necessary to the funding of new-buildings and vessel purchases earn/pay interest at a variable rate. The risk is managed by the Group by the use of interest rate swaps contract and the hedging activity is regularly evaluated to ensure a cost-effective strategy is applied.

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

Interest rate sensitivity

US\$ thousand	2016		2015	
	+1% Increase	-1% Decrease	+1% Increase	-1% Decrease
Interest rate cost	(1,393)	1,393	(1,355)	1,355
Interest rate swap / other comprehensive income	12,805	(12,805)	14,281	(14,841)
Interest rate swap / (P&L)	-	-	919	(979)

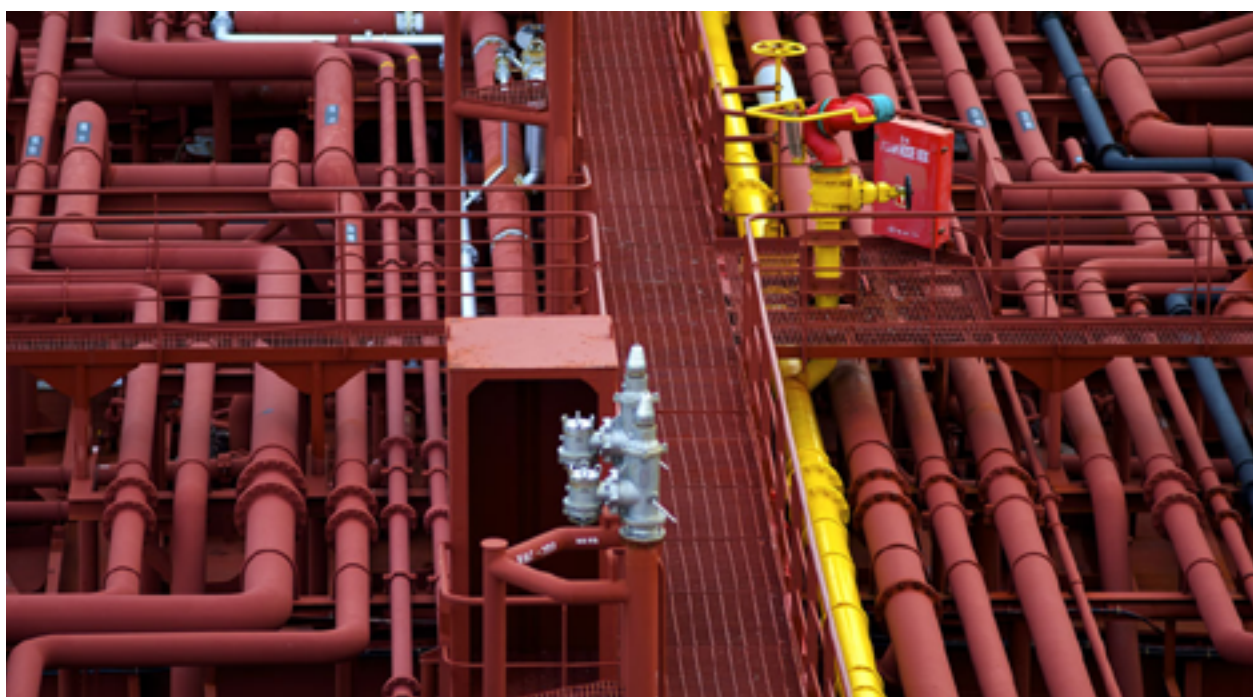
With all other variables remaining constant, an increase in the level of interest rates of 100 basis points would have given rise to an increase in the net financial charges by US\$ 1.4 million (US\$ 1.4 million in 2015) while a reduction in interest rates of 100 basis points would have decreased the net financial charges by US\$ 1.4 million (US\$ 1.4 million in 2015). At 31 December 2016, had interest rates been 100 bp higher/lower, with all other variables held constant, then the valuation of the swaps would have increased by US\$ 12.8 million and decrease by US\$ 12.8 million respectively.

Financial instruments – Fair values and Risk Management

Fair value risk and valuation techniques

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash-flow analysis is performed. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts. Interest rates swaps are measured at the present value of the future cash-flow estimated and discounted based on the applicable yield curves derived from quoted interest rates.



- The fair value of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash-flow analysis.
- The fair value of financial instruments is accounting for the risk of counterparty (financial assets) and the entity's own credit risk (liabilities).

Accounting classification and fair values

The following table shows the carrying amounts and the fair values of financial assets and liabilities, together with their levels within the fair value hierarchy.

31 December 2016

US\$ thousand	Loans and receivables	Derivative instruments	Total	Fair Value		Total
				Level 1	Level 2	
ASSETS						
Non-current financial assets	22,853	213	23,066	-	213	213
Receivables and other current assets	40,466	-	40,466	-	-	-
Other current financial assets	-	95	95	-	95	95
Cash and cash equivalents	31,632	-	31,632	-	-	-
LIABILITIES						
Banks and other lenders	552,279	-	552,279	-	-	-
Amount due to parent company	10,001	-	10,001	-	-	-
Other non-current financial liabilities	2,017	9,376	11,393	-	9,376	9,376
Payables and other current liabilities	43,059	-	43,059	-	-	-
Other current financial liabilities	7,084	1,828	8,912	-	1,828	1,828

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015.

31 December 2015

US\$ thousand	Loans and receivables	Derivative instruments	Total	Fair Value		Total
				Level 1	Level 2	
ASSETS						
Non-current financial assets	22,589	-	22,589	-	-	-
Receivables and other current assets	34,613	-	34,613	-	-	-
Other current financial assets	600	438	1,038	-	438	438
Cash and cash equivalents	45,842	-	45,842	-	-	-
LIABILITIES						
Banks and other lenders	467,791	-	467,791	-	-	-
Other non-current financial liabilities	4,000	11,320	15,320	-	11,320	11,320
Payables and other current liabilities	33,233	-	33,233	-	-	-
Other current financial liabilities	4,242	4,305	8,547	-	4,305	4,305

The Level 2 financial instruments in above table refer to derivative instruments and its fair value of is obtained through valuations provided by the corresponding bank at the end of the period. Counterparties are financial institutions which are rated from A+ to BB+; taking this into consideration, no adjustments for non-performance risk are deemed necessary.

The fair value of receivables and payables is not disclosed as their carrying amount is reasonably approximate to their fair value.

The carrying amount of financial assets represents the maximum credit exposure.

The realised losses on 31 December 2016 are US\$ 1.3 million while the unrealised gains are US\$ 1.2 million.

Derivative instruments

Interest rate swaps

At the end of 2016 d'Amico Tankers d.a.c. had in place twenty-two interest rate swap contracts (IRS). Four interest rate swap contracts were negotiated in 2012 to hedge the risk relating to interest rates on the Crédit Agricole CIB / DnB NOR facility of US\$ 48.0 million with termination due in 2019. Two IRS contracts were entered into in 2013 to hedge the risk relating to interest rates on the Danish Ship Finance facility of US\$ 31.5 million with termination due in 2019 (High Prosperity) and 2022 (High Trust), both the swaps were novated during 2016 to a new counterparty, ING UK. During 2014 a further ten IRS started in relation to new vessel financings on seven new-buildings which were delivered during the years 2014 and 2015, with termination dates between 2020 and 2022; two of these IRS, relating to the High Freedom and Cielo di Gaeta, were novated respectively to ING UK and ABN in 2016, while a third one, relating to the High Voyager, was closed during the same period. In 2015 d'Amico Tankers d.a.c. contracted further seven IRS in relation with the financing of new-buildings, two of which were delivered in 2015 and five which were delivered throughout 2016; the termination date of these IRS occurs between 2022 and 2024; the IRS linked to the High Loyalty, was novated to ING UK during 2016. The hedges are deemed highly effective and the unrealized gain / loss is dealt with in other comprehensive income.

Forward currency contracts

In 2016 d'Amico Tankers d.a.c. didn't enter into any new foreign exchange derivative contracts. The Company incurred a net outflow of US\$ 1.7 million on forward currency contracts entered into the previous year. These contracts had a negative mark-to-market of US\$ 0.4 million as at the end of 2015. At December 31, 2016, there are no outstanding positions for forward currency contracts or options. The P&L impact of such contracts in 2016 is a loss of US\$ 1.3 million.

Bunker derivatives

In 2016, the Company incurred a net outflow of US\$ 0.75 million to settle swap positions, which were valued as a net liability of the same amount at year-end 2015 – the net effect on the income statement from such contracts in 2016 was therefore nil. In 2015 the premiums relating to two outstanding bunker options had been written down to nil. Therefore, when such options expired out of the money in 2016, there was no effect in that year's income statement.

The following table sets out the accounting impact of the accounting impact of the derivatives in 2016 and 2015 that are subject to the previously mentioned agreements:

US\$ thousand	2016		2015	
	Profit&Loss	Equity	Profit&Loss	Equity
Interest rate swaps / hedge accounting	(1,246)	(1,594)	(145)	(3,180)
Interest rate swaps / fair value hedge	-	-	61	-
Currency / fair value hedge	-	-	(8,908)	-
Bunker / fair value hedge	-	-	1,669	-
Total/ fair value hedge	(1,246)	(1,594)	(7,323)	(3,180)

The outstanding derivative instruments fair value at the end of the year is shown under Other Non-current / Current financial assets and Other current/Non-current financial liabilities.

Measurement of Fair Value

The fair value measurement for the IRS has been categorised within Level 2, in that their fair value measurement is derived from inputs other than quoted prices that are observable (cfr.note 1). The disclosures envisaged for Level 3 categories of fair value are not applicable to the current measurement.

The fair value of existing derivative instruments and hedging instrument is recurrent, at each closing date.

The derivatives are entered into with banks and financial institution counterparties, which are rated A to BBB (S&P).

Credit risk

The Group is exposed to credit risk resulting from the possible non-performance of any of its counterparties, primarily customers, agents, joint venture partners and financial institutions. The Group normally deals only with creditworthy counterparties and its exposure is continuously monitored, looking also at the default risk of the industry and country in which customers operate, with the aim to limit its exposure to events of delayed payments, that is the Group has financial risk management policies in place to ensure all payables are settled within agreed terms. To minimise the credit risk DIS/DTL have the following risk management strategies: (i) the customer's portfolio is essentially made up of a large base of oil majors, chemical multinational companies. The outstanding receivables are reviewed on a timely basis. The recovery of demurrage claims and charter expenses is followed by a dedicated team. Historically DIS has not experienced significant losses on trade receivables; (ii) Suppliers: as far as services received are concerned (e.g. crew availability/management, technical services) and bunker, the payments are scheduled to minimise credit risk. As far as yards delivering the ships under construction, advance payments are covered by appropriate bank guarantee for the success of the deal; (iii) the relationships with agents are managed through an in-house team with significant experience. Commencing in 2007, the Group also refers, for the payments to be made to the port agents, to DA Desk, a professional and external organisation specialised in ensuring an effective and timely execution of the commercial transactions; (iv) Pool partners: the 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 and establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The top 10 customers in 2016 represented approximately 54.1% of the revenue of the Company during the year (2015: 58%). At the end of the reporting period 47.8% of the total trade receivables were due from the Group's ten largest customers (2015: 59%). DIS companies primarily deal with Oil Majors. In consideration of their credit standard, counterparty risks mainly refer to demurrage receivables and expenses incurred on their behalf. Both are monitored and written down on an individual basis.

US\$ thousand	As at 31 December 2015	Increase in 2016	W/O in 2016	As at 31 December 2016
Bad debt provision	(451)	(344)	203	(592)

The total specific allowance for trade and other receivables losses at 31 December 2016 amounted to US\$ 0.6 million (2015: US\$ 0.5 million). The Group believes that the unimpaired amounts that are past due more than 30 days are still collectible in full, based on historic payment behaviour and analysis of customer credit risk (counterparty default).

The Group has significant cash deposits with Calyon Bank, which has a rating of A (S&P), and ABN-AMRO with a rating of A (S&P), DNB with a rating of A+ (S&P).

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

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

As part of its financial planning process DIS manages the liquidity risk by targeting its capital structure in a way to balance the significant credit lines and funds currently available together with the cash to be generated by the operating activities, to allow the Company to maintain a level of liquidity adequate to the Group's needs, at the same time optimizing the opportunity cost of maintaining liquidity reserves and achieving an efficient balance in terms of maturity and composition of the financing. The Group capital structure is set within the limits established by the Company's Board of Directors and Management regularly reviews group facilities and cash requirements.

In spite of on-going tough credit market conditions, the Company has succeeded in maintaining access to a wide range of funding at competitive rates through financial institutions and in the capital market (see also note 22).



The following tables detail for the years 2016 and 2015 respectively the Group's remaining contractual maturity for its bank liabilities with agreed repayment periods. The tables have been drawn-up on the basis of undiscounted cash-flows on the earliest date in which the Group can be required to pay. Please also make reference to note 1, where the strategy to manage 2017 liquidity is detailed.

US\$ thousand	As at 31 December 2016				
	< 1 y	1-2 y	2-5 y	> 5 y	Total
Total Banks and other lenders	118,027	75,733	318,458	95,907	608,125
Other financial liabilities	3,110	2,053	-	-	5,163
Amount due to parent company	10,212	-	-	-	10,212
	131,349	77,786	318,458	95,907	623,500

US\$ thousand	As at 31 December 2015				
	< 1 y	1-2 y	2-5 y	> 5 y	Total
Total Banks and other lenders	48,785	56,713	248,695	149,673	503,867
Other financial liabilities	2,156	2,115	2,057	-	6,328
	50,941	58,828	250,752	149,673	510,195

Except for these financial liabilities, it is not expected that the cash-flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

28. RELATED PARTY TRANSACTIONS

Pursuant to IAS 24, the Company related parties are entities and individuals capable of exercising control, joint control or significant influence over DIS and its subsidiaries, companies belonging to the d'Amico Group, and joint ventures of d'Amico International Shipping. More-over, members of the DIS Board of Directors, and executives with strategic responsibilities and their families are also considered related parties. The business relationships with the related parties are generally conducted under the same conditions as for non-related parties.

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

The volume of transactions of the Group not elsewhere disclosed in the present report for 2016 and 2015 with these related parties is set out below:

US\$ thousand	2016		2015	
	Total	Of which related parties	Total	Of which related parties
Revenue	347,110	9,547	414,877	5,274
Voyage costs	(85,724)	-	(104,166)	-
Time charter hire costs	(117,198)	(14,641)	(138,758)	(20,936)
Other direct operating costs	(73,509)	(6,870)	(65,847)	(6,514)
General and administrative costs	(15,690)	(4,122)	(15,141)	(4,474)
Other operating income	-	-	328	-
Result from disposal of vessels	-	-	5,839	-
Net financial income (charges)	(22,367)	-	(8,015)	-

The effects of related party transactions on the Group's consolidated statement of financial position not elsewhere disclosed in the present financial report as at 31 December 2016 and 31 December 2015 are the following:

US\$ thousand	As at 31 December 2016		As at 31 December 2015	
	Total	Of which related parties	Total	Of which related parties
ASSETS				
Non-current assets				
Tangible assets	810,728	-	770,738	-
Investment in jointly controlled entities	3,261	-	4,504	-
Non-current financial assets	23,066	20,853	22,589	20,589
Current assets				
Assets held for sale	66,352	-	-	-
Inventories	12,857	-	10,276	-
Receivables and other current assets	41,213	-	55,334	1,031
Current financial assets	95	-	1,038	-
Cash and cash equivalents	31,632	-	45,485	-
LIABILITIES				
Non-current liabilities				
Banks and other lenders	427,304	-	381,017	-
Other non-current financial liabilities	8,420	-	15,320	-
Current liabilities				
Banks and other lenders	124,975	-	86,775	-
Amount due to parent company	10,001	10,001	-	-
Payables and other current liabilities	43,059	16,386	33,323	3,655
Other financial current liabilities	11,885	-	8,547	-
Current taxes payable	194	-	359	-



The effects, by legal entity, of related party transactions on the Group's consolidated Income Statement for the 2016 not disclosed elsewhere in this report are the following:

US\$ thousand	d'Amico International Shipping	d'Amico Shipping Italia SpA	DM Shipping d.a.c	d'Amico Società di Nav. SpA	d'Amico Shipping Singapore	d'Amico Shipping USA
	(consolidated)					
Revenue	347,110					
of which						
Freight out	9,547	-	-	-	9,547	-
Time charter hire costs	(117,198)					
of which						
Vessel charter agreements	(14,641)	(3,126)	(11,514)	-	-	-
Other direct operating costs	(73,509)					
of which						
Technical expenses and SQE	(6,870)	--	-	(6,870)	-	-
General and Administrative costs	(15,690)					
of which						
Service agreement - Consultancy	(4,122)	-	-	(1,196)	(1,772)	(1,135)
Total		(3,126)	(11,514)	(8,066)	7,775	(1,135)

The following table shows the effects, by legal entity, of related party transactions on the Group's consolidated income statement for the year 2015:

US\$ thousand	d'Amico International Shipping	d'Amico Shipping Italia SpA	DM Shipping Ltd	d'Amico Società di Nav SpA	d'Amico Shipping Singapore	d'Amico Shipping USA	Compagnia Generale Telemar
	(consolidated)						
Revenue	414,877						
of which							
Freight out	5,274	-	-	-	5,274	-	-
Time charter hire costs	(138,758)						
of which							
Vessel charter agreements	(20,936)	(9,594)	(11,342)	-	-	-	-
Other direct operating costs	(65,847)						
of which							
Management agreements	(4,697)	-	-	(4,697)	-	-	-
Technical expenses	(1,817)	-	-	-	-	-	(1,817)
General and Administrative costs	(15,141)						
of which							
Serv.agreement/Consultancy	(4,474)	-	-	(1,022)	(2,282)	(1,170)	-
Total		(9,594)	(11,342)	(5,719)	2,992	(1,170)	(1,817)

The effect, by legal entity, of related party transactions on the Group's consolidated Statement of Financial Position as at 31 December 2016 are as follows:

US\$ thousand	d'Amico International Shipping S.A.	d'Amico Shipping Italia SpA	Rudder SAM	d'Amico Società di Nav SpA	DM Shipping d.a.c.	Ishima	d'Amico International S.A
	(consolidated)						
Other financial assets	20,853						
of which related party	20,853	-	-	-	20,853	-	-
Payables and other current liabilities	43,059						
of which related party	16,386	5,136	6,703	3,471	-	1,075	-
Other current financial liabilities							
of which related party	10,001	-	-	-	-	-	10,001
Total		(5,136)	(6,703)	(3,471)	20,853	(1,075)	(10,001)

The effect, by legal entity, of related party transactions on the Group's combined Statement of Financial Position as at 31 December 2015 were the following:

US\$ thousand	d'Amico International Shipping S.A.	Sirius Ship Management	Rudder SAM	DM Shipping d.a.c.
	(consolidated)			
Receivables and other current assets	55,334			
of which related party	1,031	1,031	-	-
Other financial assets	20,589			
of which related party	20,589	-	-	20,589
Payables and other current liabilities	33,233			
of which related party	3,655	-	3,655	-
Total		1,031	3,655	20,589

29. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at December 31, 2016, the Group's capital commitments amounted to US\$ 215.0 million, of which payments over the next 12 months amounted to US\$ 96.9 million.

US\$ Million	As at 31 December 2016	As at 31 December 2015
Within one year	96.9	126.9
Between 1 – 3 years	118.1	215.0
Between 3 – 5 years	-	-
More than 5 years	-	-
Total	215.0	341.9

Capital commitments relate to the payment for: 3 Hyundai-Mipo dockyard 39,000 dwt Product/chemical tanker newbuilding vessels, 3 Hyundai-Mipo dockyard 50,000 dwt Product/chemical tanker newbuilding vessels and 6 Hyundai-Mipo dockyard 75,000 dwt Product/chemical tanker newbuilding vessels. All DIS newbuilding vessels are expected to be delivered between Q2 2016 and Q3 2018.

Operating leases – chartered in vessels

As at December 31 2016, the Group's minimum operating lease rental commitments amounted to US\$ 424.9 million, of which payments over the next 12 months amounted to US\$ 109.3 million.

US\$ Million	As at 31 December 2016	As at 31 December 2015
Within one year	109.3	102.0
Between 1 – 3 years	121.5	151.0
Between 3 – 5 years	69.0	78.1
More than 5 years	125.0	157.4
Total	424.9	488.5

As at 31 December 2016, the company operated 21.5 vessel equivalents on time charter-in contracts as lessee. These had an average remaining contract period of 1.3 years at that date (1.5 years including optional periods). Further, 6 additional MR (50,000 dwt) Product/chemical tanker newbuilding vessels are expected to be delivered in time charter to d'Amico Tankers between 2017 and 2018, with an average contract period of 7.7 years (9.7 years including optional periods).

Purchase options

Some of the charter-in contracts include options to purchase vessels. Exercise of these options is at the discretion of the Company based on the conditions prevailing at the date of the option.

Operating leases – other

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

US\$ Million	As at 31 December 2016	As at 31 December 2015
Within one year	0.7	0.8
Between 1 – 3 years	1.1	1.2
Between 3 – 5 years	0.5	0.8
More than 5 years	2.1	2.1
Total	4.4	4.9

On-going disputes

The Group is currently involved in a number of on-going commercial disputes concerning both our owned and chartered vessels. The majority are cargo contamination claims. The disputes are mostly covered by the P&I Club insurance therefore no significant financial exposure is expected, except for 0.2 million.

Tonnage tax deferred taxation

Effective from 1 January 2007 (renewed effective 1 December 2010), d'Amico Tankers d.a.c. qualified to be taxed under the Tonnage Tax regime in Ireland; DM Shipping d.a.c. obtained the ruling commencing 1 January 2009 and Glenda International Shipping d.a.c. in 2010. The election under tonnage tax runs for 10 years and includes provision whereby a proportion of capital allowances previously claimed by the Company may be subject to tax in the event that vessels are sold and not replaced within the specified time limit or the Company fails to comply with the on-going requirements to remain within the regime.

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

There are no contingent liabilities as well as there are no commitments made by the Company which are not recognized at the reporting date in relation with the Company interest in its joint ventures.

Significant Events Since The End Of The Period And Business Outlook

d'Amico International Shipping:

Amendments to the bylaws of the Company and increase in the authorized share capital: In January 2017 – d'Amico International Shipping S.A. announced that further to recent, important changes to the Luxembourg law of 10 August 1915 on commercial companies by the law of 10 August 2016 (the "Company Law"), governing law of d'Amico International Shipping S.A., the board of directors of the Company (the "Board of Directors") resolved to convene an extraordinary general meeting of shareholders to be held on 3 March 2017 (the "EGM") to modify the articles of association of the Company in order to align its provisions with the amended Luxembourg Company Law, and at the same time take the opportunity to set the authorised share capital, including the existing issued share capital of the Company at a total amount of one hundred million US Dollars (US\$ 100,000,000) enabling the Board of Directors to increase the share capital of the Company within the next five years with a view to strengthen the Company's share capital and financial flexibility. Any such future share capital increase being coherent with the strategy historically pursued by the Company could represent another relevant step in its path of continuous growth and expansion in its traditional markets. Proceeds from such future capital increases, if approved, could serve a variety of the Company's and its subsidiaries needs as may arise over time, including, but not limited to, increasing the financial flexibility of the Company, seizing investment opportunities, supporting the Company's stock option plan and other general corporate purposes. Taking into account market conditions and corporate needs, a capital increase could take place in the short to medium term. The Company's majority shareholder, d'Amico International S.A., currently holding 249,738,038 shares in the Company (amounting to 58.28% of the Company's total share capital) has confirmed to undertake to vote in favour of the amendments to be made to the articles of association of the Company at the EGM and to subscribe from time to time, under the terms and conditions to be determined by the Company, for any new share or other financial instrument to be offered in any potential future capital increase at least pro-rata to its existing shareholding by exercising the preferential subscription rights which could be granted to it.

- Luxembourg, 3 March 2017 – The Extraordinary General Meeting of Shareholders of d'Amico International Shipping S.A. resolved:
 - To approve the proposed amendment to the articles of association of the Company as proposed by the Board of Directors to conform with recent changes to the Luxembourg company law as well as to increase the authorised corporate capital and to renew, for a period of five years, the authorisation of the Board of Directors to increase the capital in one or several tranches as well as the authorisation of the Board of Directors to limit or cancel, in full or partially, the preferential subscription right of existing shareholders.
 - to set the authorised corporate capital, including the issued share capital, at a total amount of USD 100 million, divided into one billion shares with no nominal value and to renew, for a period of five years, the authorisation of the Board of Directors to increase the capital in one or several tranches within the limits of the amended authorised capital, as well as the authorisation of the Board of Directors to limit or cancel, in full or partially, the preferential subscription right of existing shareholders.

The Board of Directors of the Company – exercising the powers delegated by the Extraordinary General Meeting of Shareholders as described above – has on the basis of this authorization resolved:

- To prepare the launch of a public rights offering, in Luxembourg and Italy, addressed to the shareholders of the Company that would result in an increase of the share capital of the Company, through the issuance of new shares with no par value and with the same rights (including, but not limited to the right of dividend) as the shares existing at the time of the issuance, up to a USD equivalent of a maximum of Euro 35 million (including share premium); the new shares would be offered to the Company's existing shareholders as holders of preferential subscription rights (the "Preferential Subscription Rights") for the subscription to new

shares of the Company (the “New Shares”) together with free warrants – exercisable over a five years time horizon – to be issued simultaneously (the “Warrants”). The Warrants would give right to warrants holders to subscribe to additional shares with no nominal value and with the same rights (including, but not limited to the right to dividends) attached thereto as to the existing shares (the “Warrant Shares”) (the “Rights Offering”). New Shares that would not be subscribed during the preferential subscription right period would be expected to be offered by the Company through a subsequent private placement (the “Private Placement” and together with the Rights Offering, the “Offering”);

- the Warrants, as proposed to be issued, would, if duly exercised according to the terms and conditions of the Warrants that are yet to be defined by the Board of Directors of the Company, result in an increase in the share capital of the Company, within the limits of the authorized capital, up to a USD equivalent of a maximum of Euro 60 million (including share premium), through the issuance of Warrant Shares with no par value and regular dividend and incorporating the same rights of the shares existing at the time of the issuance;
- the New Shares and the Warrant Shares are expected to be listed on the MTA Star Segment, with the appropriate filings of a request for admission to listing with Borsa Italiana to be initiated in due course.

d’Amico Tankers d.a.c.:

- **‘Second-Hand Owned Vessels’:** in January 2017, d’Amico Tankers d.a.c. sold M/T High Endurance and M/T High Endeavour, two 46,992 dwt medium-range product tanker vessels, built in 2004 by STX, South Korea (the “Vessels”), to Sea World Tankers a client of Sea World Management SAM (the “Buyer”), for a consideration of US\$ 13.5 million each. At the same time, d’Amico Tankers d.a.c. will maintain the commercial employment of the Vessels having also concluded with the Buyer a 4 year time charter agreement at an attractive rate.
- **‘Time Charter-Out’ Fleet:** In February 2017, d’Amico Tankers d.a.c. extended a time charter contract with an oil major due to expire in Q1 for another year, at a profitable rate.
- **‘Time Charter-In’ Fleet:** In February 2017, the contract on M/T High Enterprise, an MR vessel built in 2009 and time-chartered-in by d’Amico Tankers d.a.c. since then, was extended for a further 1 year period at a reduced rate.
- **New-building vessels:** In January 2017, M/T High Challenge, an ‘Eco’ new-building MR (Medium Range – 50,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to the Company.
- **Newbuilding Vessels:** In February 2017, d’Amico Tankers agreed with Hyundai Mipo Dockyard Co. Ltd. – South Korea to postpone the delivery of its first newbuilding LR1 (Long Range – 75,000 dwt) from April 2017 to October 2017. This agreement follows a specific request of an oil major and a key customer of the Company, which will take the vessel on a 18 month TC contract upon her delivery from Hyundai Vinashin Shipyard Co. Ltd. – Vietnam. At the same time, the estimated delivery dates of the remaining 5 LR1s under construction at Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, have also been slightly delayed by approximately 2 months compared to the original schedule.

GLENDIA International Shipping d.a.c.:

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

30. d'AMICO INTERNATIONAL SHIPPING GROUP'S COMPANIES

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

Name	Registered Office	Share Capital	Currency	Interest %	Consolidation Method
d'Amico International Shipping S.A.	Luxembourg	42,851,036,	US\$	n.a.	Integral
d'Amico Tankers d.a.c.	Dublin / Ireland	100,001	€	100.0%	Integral
High Pool Tankers Limited	Dublin / Ireland	2	€	100.0%	Proportional
Glenda International Management Limited	Dublin / Ireland	2	€	100.0%	Integral
Glenda International Shipping d.a.c.	Dublin / Ireland	202	US\$	50.0%	Proportional
DM Shipping d.a.c.	Dublin / Ireland	100,000	US\$	51.0%	Equity
d'Amico Tankers Monaco SAM	Monaco	150,000	€	99.8%	Integral
d'Amico Tankers UK Ltd	London / UK	50,000	US\$	100.0%	Integral
Eco Tankers Limited	Malta	65,162	US\$	33.0%	Equity

The consolidation area in 2016 does not differ with respect to the 2015 consolidated accounts.

Interest in Jointly Controlled Entities

The Group has the following significant interests in jointly controlled entities:

- 50% equity share in the ownership, with equivalent voting power, of Glenda International Shipping d.a.c. (Ireland), a jointly controlled entity with Glencore Group.
- 51% equity share in the ownership, with 50% voting power, of DM Shipping d.a.c. (Ireland), a jointly controlled entity with Mitsubishi Group.
- 33% equity share in the ownership, with 50% voting power, of Eco Tankers Limited (Malta), a jointly controlled entity with the shipping investment fund Venice Shipping & Logistics.

There was no change in the Group's ownership or voting interests in these joint ventures for the reported years.

The jointly controlled entities have been consolidated following the consolidation method specified in the previous table, within the consolidated financial statements, based on the following amounts expressed in US\$ thousands:

US\$ thousand	Glenda International Shipping d.a.c.		DM Shipping d.a.c.		Eco Tankers Limited	
SUMMARISED BALANCE SHEET	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec.2015
Non-current assets	206,118	224,924	53,722	57,242	26,238	27,764
Current assets	8,669	5,679	2,956	2,606	2,900	2,526
Net equity	(112,586)	(115,303)	966	1,029	(9,669)	(13,436)
Non-current liabilities	(90,876)	(101,616)	(53,027)	(56,359)	(17,331)	(14,661)
Current liabilities	(11,326)	(13,684)	(4,617)	(4,518)	(2,138)	(2,193)
SUMMARISED S.O.C.I.	2016	2015	2016	2015	2016	2015
Time Charter Equivalent Earnings	31,617	29,419	11,504	12,233	5,881	5,885
Other direct operating costs	(13,707)	(14,615)	(4,872)	(4,754)	(2,192)	(2,130)
General and administrative costs	(222)	(303)	(157)	(158)	(178)	(89)
Depreciation and impairment	(18,491)	(11,368)	(3,520)	(3,811)	(1,526)	(1,520)
Financial costs	(1,878)	(1,551)	(2,883)	(504)	(1,289)	(1,117)
Tax	(36)	(34)	(9)	(9)	-	-
Result of the period	(2,717)	1,548	63	2,997	696	1,029

Earnings Per Share (E.P.S.)

US\$ thousand	2016	2015
Basic e.p.s.	(0.031)	0.132
Diluted e.p.s.	(0.030)	0.132
Weighted average number of ordinary shares used as the denominator in calculating basic e.p.s.	420,295,298	412,460,868
Adjustment for calculation of diluted e.p.s. – options*	4,599,590	5,667,958
Weighted average number of ordinary shares used as the denominator in calculating diluted e.p.s.	424,894,888	418,128,826

* 2016: share option plan; 2015: warrant shares

Reclassifications

In the cash-flow the following items pertaining to 2015 have been reclassified:

US\$ thousand	Original position	Amount	Reclassification	Amount
Dividend from ETL	Financing activities	198	Investing activities	198

**d'AMICO INTERNATIONAL SHIPPING S.A.
MANAGEMENT REPORT
AND STATUTORY FINANCIAL STATEMENTS**
Year ended 31 December 2016



This document is available on www.damicointernationalshipping.com

d'Amico International Shipping S.A.
RCS LUXEMBOURG B 124 790
25C Boulevard Royal, Luxembourg
Share capital US\$ 42.851.035,60 as at 31 December 2016

Management report

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

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

On 3 May 2007 d'Amico International Shipping S.A. completed its initial public offering (IPO) of shares, which are listed on the Milan (Italy) Stock Exchange. During the month of December 2012 and the month of February 2014 and February 2015 the capital of the Company was increased with the aim of financing the subsidiaries' fleet expansion.

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

Operating performance

The result for 2016 financial period of the Company was US\$ 7.3 million loss. The Company's Income Statement is summarized in the following table.

US\$ thousand	31 December 2016	31 December 2015
Investment income (dividends)	530	598
Investment loss (loss in value)	(5,300)	(10,000)
Personnel costs	(361)	(227)
Other general and administrative costs, including tax	(2,999)	(2,105)
Financial income (charges)	872	767
Net Profit / (Loss)	(7,258)	(10,967)

Investment income (dividend) of US\$ 0.5 million was received in 2016.

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

Statement of Financial Position

US\$ thousand	31 December 2016	31 December 2015
Non-current assets	238,190	244,726
Current assets	70,722	69,353
Total assets	308,912	314,079
Shareholders' Equity	292,247	309,455
Current Liabilities	16,665	4,624
Total liabilities and shareholders' equity	308,912	314,079

The Company's Non-current Assets of US\$ 238,190 million include:

- the investment in d'Amico Tankers d.a.c. (DTL)— the key operating subsidiary of the Group - with a book value of US\$ 178.9 million;
- GLENDA International Shipping d.a.c.— (GIS), book value of US\$ 56.3 million — the Joint Operation company with Glencore Group ;

- the investment in Eco Tankers Limited, a 33% JV with Venice Shipping and Logistics with a book value of US\$ 3.0 million.

Current assets are mainly represented by US\$ 70.3 million financial receivables from the subsidiary d'Amico Tankers d.a.c..



Significant events of the Year

d'Amico International Shipping:

- **Results of d'Amico International Shipping Warrants 2012-2016 – Third and Final Exercise Period ended in January 2016:** In February 2016 – d'Amico International Shipping S.A. announced that the third and final exercise period of the “d'Amico International Shipping Warrants 2012 – 2016” (ISIN code LU0849020044) had ended on 29 January, 2016. During this third and final exercise period 17,003,874 warrants, reaching a conversion rate in the third period of 80%, were exercised at the price of € 0.46 per ordinary share. In accordance with the terms and conditions of the Warrant Regulations, DIS issued on the 8th of February 2016, based on the warrants ratio of one (1) Warrant Share for every three (3) warrants exercised, no. 5,667,958 warrant shares with same rights (including that to dividends) and features of DIS ordinary outstanding shares at the issue date. In accordance with the Warrant Regulations, warrants which were not exercised during the recently ended third and last exercise period automatically lapsed. After the capital increase occurred at the end of the third and final exercise period, DIS' share capital now amounts to US\$ 42,851,035.60 divided into 428,510,356 ordinary shares without unit value.
- **Buyback program:** In accordance with the authorization issued by the Shareholders' meeting of 29 March 2011 and following the Board of Directors resolution of 5 July 2011, d'Amico International Shipping S.A. - disclosed that during the period between January 11 and March 11 2016, it repurchased on the regulated market managed by Borsa Italiana S.p.A., 1,180,000 own shares, representing 0.275% of the outstanding share capital of the Company, at the average price of €0.467, for a total consideration of €551,116.

The five years period for the execution of the repurchase of DIS own shares expired on 29 March, 2016. At the end of the authorized period the Company held 7,760,027 own shares (including those repurchased during previously authorized periods) without nominal value corresponding to 1.81% of the Company's current share capital (the “Treasury Stock”). In May 2016, the Board of Directors of d'Amico International Shipping S.A., resolved to start the new buy-back program pursuant to the authorization issued by the annual general meeting of shareholders held on 20 April 2016 and no buy back was performed so far, the Company's own shares still amounting to 7,760,027.

- **Long-Term Incentive Plan:** In March 2016, the Board of Directors of d'Amico International Shipping S.A. approved, with prior approval of the Nomination and Remuneration Committee, the guidelines of a long-term incentive plan called “Stock Option Plan DIS 2016/2019”, submitted and approved by the Annual Shareholders' General Meeting on 20 April 2016. The Incentive Plan is designed for directors, employees and contractors of DIS (or its subsidiaries) that were selected among those persons who hold important roles or serve relevant functions in, or for, the Company and for whom it is justified an action that reinforces loyalty and greater involvement with a view to long- term value creation. The Incentive Plan is based on the free allocation of options, not-transferable, which grant the beneficiaries the right to (i) acquire treasury shares of the Company or (ii) subscribe newly issued shares of the Company in the ratio of one share for each exercised option, or (iii) at the choice of the Board of Directors, receive a payment equal to the difference between (a) the market value of each share at its exercise date (corresponding to the arithmetic average of the official price of DIS shares on the month before the exercise date) and (b) the exercise price of each share. The exercise price of the options will be determined based on the arithmetic average of the closing prices of the share in the last thirty days before the date of approval of the Plan by the Annual Shareholders' General Meeting and is equivalent to €0.452823 per share. The exercise of the options by the beneficiaries is subject to the achievement of certain quantitative objectives (stock market performance of the shares and financial results in terms of cumulative operating profit (EBIT) during the period 2016-2018). The exercise of the options may take place — if the abovementioned quantitative targets have been achieved — within the period between 1 June 2019 and 31 May 2020 (or such other period as may be determined by the Board of Directors). The maximum number of options dedicated to

the Plan is 8,500,000 for the purchase/subSCRIPTION of a maximum number of 8,500,000 shares of the Company. The number of Options granted as at 30 June 2016 was of 7,970,000. If all options were exercised and the Company decided to meet all the requests received by granting the right to subscribe newly issued shares, the overall increase of 8,500,000 shares would result in a dilution of the share capital of 1.945%.

- **Annual General Shareholders' Meeting:** On 20 April 2016 the Annual General Shareholders' meeting of d'Amico International Shipping S.A. approved the 2015 statutory and consolidated financial statements of the Company and resolved the payment of a dividend of US\$ 0.0295 gross per issued share to be paid out of the distributable reserves including the share premium reserve.
- **The Annual General Shareholders' meeting of DIS further resolved the following:** to grant discharge to the members of the Board of Directors for the proper exercise of their mandate for the fiscal year ended 31 December 2015, in accordance with applicable Luxembourg laws; to approve the aggregate fixed gross amount of the Directors' fees (tantièmes) for the 2016 fiscal year and acknowledge the Company's 2016 general remuneration policy as described in section I of the 2015 Board of Directors' report on remuneration; to approve the stock option plan of the Company as illustrated in the Information Document and related report of the Board of Directors both approved on 3 March 2016 and available on the Company's web site; to authorize the renewal of the authorization to the Board of Directors of the Company to effect on one or several occasions – for the purposes illustrated in the report of the board of directors, as available on the Company website, and according to all applicable laws and regulations – repurchases and disposals of Company shares on a regulated market on which the Company shares are admitted for trading, or by such other means resolved by the Board of Directors during a period of five (5) years from the date of the current Annual General Shareholders' meeting, up to 42,851,356 ordinary shares of the Company, within a price range from: i) a price per share not lower than 10% below the shares' official price reported in the trading session on the day before carrying out each individual transaction; to ii) a price per share no higher than 10% above the shares' official price reported in the trading session on the day before carrying out each individual transaction.
- **Dividend Payment:** On 25 May 2016, d'Amico International Shipping S.A. paid to its shareholders a gross dividend of US\$ 0.0295 per issued share (US\$ 0.025075 net of the maximum applicable 15% withholding tax) for a gross total of US\$ 12.4 million with related coupon n. 4 detachment date occurring on 23 May 2016 and record date on 24 May 2016 (no dividend was paid with reference to the 7,760,027 shares repurchased by the Company, since treasury shares do not carry a dividend right).

d'Amico Tankers Limited:

- **New-building Vessels:** In January 2016, M/T High Trust, an 'Eco' new-building MR (Medium Range – 50,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to d'Amico Tankers d.a.c. Starting from March 2016, the Vessel is employed with one of the main oil-majors on a 3 years' time charter contract, at a profitable daily rate.

In May 2016, M/T Cielo di Capri, an 'Eco' new-building Handy-size (39,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to d'Amico Tankers d.a.c. Starting from May 2016, the Vessel is employed with one of the main oil-majors on a 24-35 months' time charter contract, at a profitable daily rate.

In July 2016, M/T Cielo di Hanoi, an 'Eco' new-building Handy-size (39,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to d'Amico Tankers d.a.c.

In October 2016, M/T Cielo di Salerno, an 'Eco' new-building Handy-size (39,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to d'Amico Tankers d.a.c.

In November 2016, M/T High Wind, an 'Eco' new-building MR (Medium Range – 50,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to d'Amico Tankers d.a.c. Starting from December 2016, the Vessel is employed with one of the main oil-majors on a 3 years' time charter contract, at a profitable daily rate.

- **'Second-Hand Owned Vessels':** in March 2016, d'Amico Tankers d.a.c. purchased M/T Cielo di Milano, a 40,081 dwt Handy-size product tanker, built in 2003 by Shina Shipbuilding shipyard (South Korea), from d'Amico Shipping Italia S.p.A., for a consideration of US\$ 14.0 million. Such consideration was determined according to a market value estimate by a specialized independent company; moreover, since it is considered as "operation with related parties" it was approved by the Board of Directors and evaluated by the Control and Risk committee in accordance with company procedures. M/T Cielo di Milano was delivered to d'Amico Tankers d.a.c. in July 2016.
- **New financing:** In March 2016, d'Amico Tankers d.a.c. (Ireland) has secured a new US\$ 250 million Term Loan Facility at very attractive terms with a pool of nine primary financial institutions: Crédit Agricole Corporate and Investment Bank, Nordea Bank, ING Bank, Banca IMI, Commonwealth Bank of Australia, Skandinaviska Enskilda Banken (SEB), The Governor and Company of the Bank of Ireland, Crédit Industriel et Commercial, DnB. The purpose of this new Facility is to: i) refinance 8 existing vessels (all built between 2004 and 2006) extending their current debt maturity from 2017 to 2021; and ii) provide financing for 6 new-building vessels. The Facility has a very competitive interest rate and a final maturity of five years from the drawdown date for the existing vessels and from the delivery date for the new-building vessels. The covenants and other conditions are consistent with the d'Amico Tankers d.a.c.'s existing credit facilities, duly guaranteed by the Company. As of today and following this last loan facility, d'Amico Tankers d.a.c. has already secured 100% of its long-term debt requirements for the US\$ 755.0 million investment plan started in 2012.
- **'Time Charter-Out' Fleet:** In January 2016, d'Amico Tankers d.a.c. extended a time charter contract with an oil major due to expire in February 2016 for another year, at a very profitable rate. In the same month, d'Amico Tankers d.a.c. extended another time charter contract with a leading refining company due to expire in January 2016 for another year, at a very profitable rate.

In November 2016, d'Amico Tankers d.a.c. fixed one of its MR chartered-in vessels with an Oil Major, for 1 year Time Charter contract at a profitable rate.

In December 2016, d'Amico Tankers d.a.c. extended a time charter contract with a leading refining company and due expire in February 2017 for an additional 3 years.

- **'Time Charter-In' Fleet:** In January 2016, M/T Baizo, an MR vessel built in 2004 and time-chartered-in by d'Amico Tankers d.a.c. since 2014, was redelivered back to her Owners.

In February 2016, M/T Cielo di Roma, a Handy-size vessel built in 2003 and time-chartered-in by d'Amico Tankers d.a.c. since 2014, was redelivered back to her Owners.

In February 2016, the contract on M/T Carina, an MR vessel built in 2010 and time-chartered-in by d'Amico Tankers d.a.c. for 3 years since 2013, was extended for a further 2 year period with an option for an additional year.

In March 2016, M/T Port Louis, a Handy-size vessel built in 2002 and time-chartered-in by d'Amico Tankers d.a.c. since 2014, was redelivered back to her Owners.

In March 2016, the contracts on: M/T Port Moody (MR vessel built in 2002), M/T Port Said (MR vessel built in 2003), M/T Port Union (MR vessel built in 2003), M/T Port Stanley (MR vessel built in 2003), M/T Port Russel (Handy-size vessel built in 2002) and M/T Port Stewart (Handy-size vessel built in 2003), all time chartered-in by d'Amico Tankers since Q3/Q4 2014 were extended until 2017/2018.



Significant events since the end of the Period and Business Outlook

d'Amico International Shipping:

- **Amendments to the bylaws of the Company and increase in the authorized share capital:** In January 2017 – d'Amico International Shipping S.A. announced that further to recent, important changes to the Luxembourg law of 10 August 1915 on commercial companies by the law of 10 August 2016 (the “Company Law”), governing law of d'Amico International Shipping S.A., the board of directors of the Company (the “Board of Directors”) resolved to convene an extraordinary general meeting of shareholders to be held on 3 March 2017 (the “EGM”) to modify the articles of association of the Company in order to align its provisions with the amended Luxembourg Company Law, and at the same time take the opportunity to set the authorised share capital, including the existing issued share capital of the Company at a total amount of one hundred million US dollars (US\$ 100,000,000) enabling the Board of Directors to increase the share capital of the Company within the next five years with a view to strengthen the Company’s share capital and financial flexibility. Any such future share capital increase being coherent with the strategy historically pursued by the Company could represent another relevant step in its path of continuous growth and expansion in its traditional markets. Proceeds from such future capital increases, if approved, could serve a variety of the Company’s and its subsidiaries needs as may arise over time, including, but not limited to, increasing the financial flexibility of the Company, seizing investment opportunities, supporting the Company’s stock option plan and other general corporate purposes. Taking into account market conditions and corporate needs, a capital increase could take place in the short to medium term. The Company’s majority shareholder, d'Amico International S.A., currently holding 249,738,038 shares in the Company (amounting to 58.28% of the Company’s total share capital) has confirmed to undertake to vote in favour of the amendments to be made to the articles of association of the Company at the EGM and to subscribe from time to time, under the terms and conditions to be determined by the Company, for any new share or other financial instrument to be offered in any potential future capital increase at least pro-rata to its existing shareholding by exercising the preferential subscription rights which could be granted to it.
- **Luxembourg, 3 March 2017** – The Extraordinary General Meeting of Shareholders of d'Amico International Shipping S.A. resolved:
 - To approve the proposed amendment to the articles of association of the Company as proposed by the Board of Directors to conform with recent changes to the Luxembourg company law as well as to increase the authorised corporate capital and to renew, for a period of five years, the authorisation of the Board of Directors to increase the capital in one or several tranches as well as the authorisation of the Board of Directors to limit or cancel, in full or partially, the preferential subscription right of existing shareholders.
 - to set the authorised corporate capital, including the issued share capital, at a total amount of USD 100 million, divided into one billion shares with no nominal value and to renew, for a period of five years, the authorisation of the Board of Directors to increase the capital in one or several tranches within the limits of the amended authorised capital, as well as the authorisation of the Board of Directors to limit or cancel, in full or partially, the preferential subscription right of existing shareholders.

The Board of Directors of the Company – exercising the powers delegated by the Extraordinary General Meeting of Shareholders as described above – has on the basis of this authorization resolved:

- To prepare the launch of a public rights offering, in Luxembourg and Italy, addressed to the shareholders of the Company that would result in an increase of the share capital of the Company, through the issuance of new shares with no par value and with the same rights (including, but not limited to the right of dividend) as the shares existing at the time of the issuance, up to a USD equivalent of a maximum of Euro 35 million (including share premium); the new shares would be offered to the Company’s existing shareholders as holders of preferential subscription

rights (the **"Preferential Subscription Rights"**) for the subscription to new shares of the Company (the **"New Shares"**) together with free warrants – exercisable over a five years time horizon – to be issued simultaneously (the **"Warrants"**). The Warrants would give right to warrants holders to subscribe to additional shares with no nominal value and with the same rights (including, but not limited to the right to dividends) attached thereto as to the existing shares (the **"Warrant Shares"**) (the **"Rights Offering"**). New Shares that would not be subscribed during the preferential subscription right period would be expected to be offered by the Company through a subsequent private placement (the **"Private Placement"** and together with the Rights Offering, the **"Offering"**);

- the Warrants, as proposed to be issued, would, if duly exercised according to the terms and conditions of the Warrants that are yet to be defined by the Board of Directors of the Company, result in an increase in the share capital of the Company, within the limits of the authorized capital, up to a USD equivalent of a maximum of Euro 60 million (including share premium), through the issuance of Warrant Shares with no par value and regular dividend and incorporating the same rights of the shares existing at the time of the issuance;
- the New Shares and the Warrant Shares are expected to be listed on the MTA Star Segment, with the appropriate filings of a request for admission to listing with Borsa Italiana to be initiated in due course.

d'Amico Tankers d.a.c.:

- **'Second-Hand Owned Vessels':** in January 2017, d'Amico Tankers d.a.c. sold M/T High Endurance and M/T High Endeavour, two 46,992 dwt medium-range product tanker vessels, built in 2004 by STX, South Korea (the "Vessels"), to Sea World Tankers a client of Sea World Management SAM (the "Buyer"), for a consideration of US\$ 13.5 million each. At the same time, d'Amico Tankers d.a.c. will maintain the commercial employment of the Vessels having also concluded with the Buyer a 4 year time charter agreement at an attractive rate.
- **'Time Charter-Out' Fleet:** In February 2017, d'Amico Tankers d.a.c. extended a time charter contract with an oil major due to expire in Q1 for another year, at a profitable rate.
- **'Time Charter-In' Fleet:** In February 2017, the contract on M/T High Enterprise, an MR vessel built in 2009 and time-chartered-in by d'Amico Tankers d.a.c. since then, was extended for a further 1 year period at a reduced rate.
- **New-building vessels:** In January 2017, M/T High Challenge, an 'Eco' new-building MR (Medium Range – 50,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to the Company.
- **Newbuilding Vessels:** In February 2017, d'Amico Tankers agreed with Hyundai Mipo Dockyard Co. Ltd. – South Korea to postpone the delivery of its first newbuilding LR1 (Long Range – 75,000 dwt) from April 2017 to October 2017. This agreement follows a specific request of an oil major and a key customer of the Company, which will take the vessel on a 18 month TC contract upon her delivery from Hyundai Vinashin Shipyard Co. Ltd. – Vietnam. At the same time, the estimated delivery dates of the remaining 5 LR1s under construction at Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, have also been slightly delayed by approximately 2 months compared to the original schedule.

GLENDIA International Shipping d.a.c.:

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

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

	As at 31 December 2016			As at 03 March 2017		
	MR	Handysize	Total	MR	Handysize	Total
Owned	23.3	8.0	31.3	22.3	8.0	30.3
Time chartered	18.5	3.0	21.5	20.5	3.0	23.5
Total	41.8	11.0	52.8	42.8	11.0	53.8

Business Outlook

Freight rates have now corrected from the improved levels at the end of 2016 and beginning of this year, back to the Q3 levels of last year. IEA's forecast for refinery throughput in Q1 2017 was revised down in January 2017 by 260,000 b/d, corresponding to only 80,000 b/d year on year growth. After peaking in August 2016, OECD industry refined product stocks have fallen significantly, by around 80 million bpd or 5.1%. They remain, however, elevated by historical standards and further drawdowns are still necessary to set the stage for healthier growth in demand for the seaborne transportation of such products. In this respect, a prolonged refinery maintenance in the spring could contribute to a further reduction in inventories.



Product Tanker Demand

- The International Energy Agency report in February 2017, forecasts that if normal weather conditions prevail, demand for refined oil products will grow by 1.4 million b/d in 2017, an upward revision of 100,000 b/d from their last report.
- Buoyant growth in Indian domestic demand for refined oil products is set to continue. It has been forecast to outpace refinery capacity additions. For the first nine months of last year Indian product exports rose by 13% and imports by 18% which would suggest that as the deficit between oil demand growth and refining capacity widens so too will the product trade generated by India.
- Global road Sulphur limits are tightening. Both the United States and China are introducing emission reductions for transport fuels this year. This could result in new trade flows. The United States will likely need to import reformat to blend to produce these higher specification fuels. Conversely, China has the ability to produce this fuel but will likely export lower specifications that they can no longer use.
- The International Maritime Organisation (IMO) has mandated that from 2020 vessels are to use marine fuels with less than 0.5% sulphur content outside the Emissions Control Areas (ECA), down from the current standard of 3.5%. This new regulation should contribute to a surge in demand for ultra-low sulphur distillates. Furthermore, since this fuel cannot be produced in all areas and as it is unlikely that sufficient investment will be available to upgrade existing refineries for its production, large amounts of it will have to be imported. This could structurally support demand for Product tankers.
- According to Clarksons seaborne volumes of petroleum products have been growing at 4.4% CAGR since 2000 driven by expansion in refinery capacity and throughput. Despite the subdued growth in refinery throughput in 2016 of 450,000 b/d (+0.6%) Clarksons' estimates transportation of seaborne products to have risen in the year.
- Seaborne trade thrives on the existence of mismatches – in the oil products sector these can be in any given country driven by differences among the types of products produced and demanded, the types and quality of oil products produced by refineries, and the margins achieved by refineries due to the different prices of crude oil used, of the energy consumed and of their technological sophistication. The global refinery map is constantly changing and bringing about product supply imbalances between regions. This could lead to longer haul voyages effectively reducing the supply of tonnage. As these mismatches grow product tanker demand will increase.

Product Tanker Supply

- In 2016 a total of 113 ships in the MR sector were delivered, which is significantly less than the previous year according to Affinity Shipping.
- The order book for MR tankers that is currently scheduled to be delivered in 2017 is according to Clarksons' around 89 ships. Assuming slippage and cancellation delivered vessels will be even less.
- Only 30 new orders for MR tankers were placed in 2016 compared to 91 in 2015, according to Affinity Shipping.
- There has been and still is little or no interest in new buildings as lack of bank finance, a reduced appetite by financial investors and limited liquidity by traditional players, has affected capital available for such orders. Furthermore a greater attention by yards to the profitability of new contracts, as well as regulatory changes which have increased construction costs, has prevented prices for such new-buildings from falling further and making them competitive relative to second-hand tonnage.

- Slippage, cancellations and order changes have reduced deliveries last year and an average of 30% in the previous five years.
- On average MR tankers are scrapped after 22-25 years. According to Affinity Shipping there are 104 ships older than twenty years of age or around 5% of the existing fleet.
- Deliveries and fleet growth in 2018 is therefore expected to be even lower than in 2017.
- Shipyards, especially in South Korea, are going through a period of uncertainty. Lack of orders and poor current and expected near-term returns are likely to lead to a reduction in shipyard capacity.
- Port delays and increasing length of voyages have been a factor in trading product tankers and are effectively reducing the ready supply of tonnage.

March 2, 2017

On behalf of the Board



Paolo d'Amico, Chairman



Marco Fiori, Chief Executive Officer



Antonio Carlos Balestra di Mottola, Chief Financial Officer

d'Amico International Shipping S.A. Financial Statements and Notes

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of Income and Other Comprehensive Income

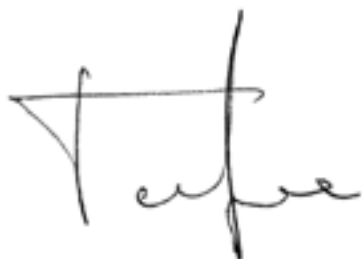
US\$	Note	2016	2015
Revenue	(3)	530,000	598,000
Impairment on participation	(4)	(5,300,000)	(10,000,000)
General and administrative costs	(5)	(2,951,545)	(2,032,938)
Gross operating result		(7,721,545)	(11,434,938)
Depreciation	(8)	(639)	(2,953)
Operating result		(7,722,184)	(11,437,891)
Net financial income (charges)	(6)	871,997	767,156
Profit / (Loss) Before Tax		(6,850,187)	(10,670,735)
Tax expense	(7)	(407,667)	(296,477)
Net Profit / (Loss)		(7,257,854)	(10,967,212)
Total comprehensive income for the period		(7,257,854)	(10,967,212)

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

The notes on pages 113 to 131 are integral part of these financial statements.

Statement of Financial Position

US\$	Note	As at 31 December 2016	As at 31 December 2015
Non-current assets			
Tangible assets	(8)	1,863	226
Financial fixed assets	(9)	238,188,013	244,725,513
Total non-current assets		238,189,876	244,725,739
Current assets			
Receivables and other current assets	(10)	43,801	16,841
Current financial receivables	(11)(17)	70,318,644	68,825,906
Cash and cash equivalents	(12)	359,697	511,168
Total current assets		70,722,142	69,353,915
Total assets		308,912,018	314,079,654
Shareholders' equity			
Share capital	(13)	42,851,036	42,284,240
Retained earnings	(13)	(8,640,636)	(1,382,782)
Other reserves	(13)	258,036,628	268,554,192
Total shareholders' equity		292,247,028	309,455,650
Current liabilities			
Bank and other lenders	(14)	6,059,702	4,185,066
Other current financial liabilities	(15)(17)	10,001,170	-
Payables and other current liabilities	(16)	456,545	122,046
Current tax payable		147,573	316,892
Total current liabilities		16,664,990	4,624,004
Total liabilities and shareholders' equity		308,912,018	314,079,654



Paolo d'Amico, Chairman



Marco Fiori, Chief Executive Officer

The notes on pages 113 to 131 are integral part of these financial statements.

Statement of Cash Flows

US\$	2016	2015
Dividend	(530,000)	(598,000)
Impairment on participation	5,300,000	10,000,000
Depreciation	639	2,953
Current tax	407,667	296,477
Financial charges (income)	(871,997)	(767,156)
Other change in Shareholder equity / Stock Option Plan	149,527	-
Cash flow from operating activities before changes in working capital	(2,802,018)	(2,032,938)
Movement in amounts receivable	(26,960)	34,631
Movement in amounts payable	320,925	(183,722)
Taxes (paid)	(499,668)	(416,769)
Interest and other financial result (paid) received	-	(14,652)
Net cash flow from operating activities	(3,007,721)	(2,613,450)
Acquisition of fixed assets	(2,276)	-
(Acquisition) disposal of investments	1,237,500	1,520,929
Movement in subsidiary financing – Glenda International Shipping d.a.c.	-	(1,520,929)
Movement in subsidiary financing – d’Amico Tankers d.a.c.	9,527,211	4,254,122
Investment income - Dividend	330,000	598,000
Net cash flow from investing activities	11,092,435	4,852,122
Share capital increase	2,920,654	404,868
Treasury shares	(608,814)	(1,156,158)
Movement in bank and other lenders	(2,187,989)	(3,721,256)
Dividend Paid	(12,412,135)	-
Net cash flow from financing activities	(12,288,284)	(4,472,173)
Change in cash balance	(4,203,570)	(2,233,501)
Cash and cash equivalents net of bank overdraft at the beginning of the year	(1,496,435)	737,065
Cash and cash equivalents net of bank overdraft at the end of the year	(5,700,005)	(1,496,435)
Cash and cash equivalents at the end of the year	359,697	511,168
Bank overdrafts at the end of the year	(6,059,702)	(2,007,603)
Cash and cash equivalents net of overdraft facility at the end of the year	(5,700,005)	(1,496,435)

The notes on pages 113 to 131 are integral part of these financial statements.

Statement of Changes in Shareholders' Equity

US\$	Share Capital	Retained Earnings	Other Reserves	Total
Balance as at 1 January 2016	42,284,240	(1,382,782)	268,554,192	309,445,650
Capital increase	566,796	-	2,353,857	2,920,653
Dividend distribution	-	-	(12,412,134)	(12,412,134)
Treasury shares	-	-	(608,440)	(608,440)
Share option cost	-	-	149,153	149,153
Total comprehensive income	-	(7,257,854)	-	(7,257,854)
Balance as at 31 December 2016	42,851,036	(8,640,636)	258,036,628	292,247,028

US\$	Share Capital	Retained Earnings	Other Reserves	Total
Balance as at 1 January 2015	42,195,531	9,584,431	269,394,191	321,174,152
Capital increase	88,709	-	316,159	404,868
Treasury shares	-	-	(1,156,158)	(1,156,158)
Total comprehensive income	-	(10,967,212)	-	(10,967,212)
Balance as at 31 December 2015	42,284,240	(1,382,782)	268,554,192	309,445,650

The notes on pages 113 to 131 are integral part of these financial statements.

Notes

d'Amico International Shipping S.A. (the "Company", DIS) a company with limited liability (Société Anonyme), was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The financial statements have been prepared, in accordance with provisions of Art. 3 of the Luxembourg Law dated 11 January 2008, which transposed Directive 2004/109/EC of the European Parliament and of Council of 15 December 2004 in the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

d'Amico International Shipping S.A. has adopted International Financial Reporting Standards (IFRS – International Financial Reporting Standards and IAS – International Accounting Standards) as issued by the 'IASB' (International Accounting Standards Board) and endorsed by the Luxembourg law of 10 December 2010, article 26. The designation 'IFRS' also includes all 'IAS', as well as all interpretations of the International Financial Reporting Interpretations Committee 'IFRIC', formerly the Standing Interpretations Committee 'SIC'. The Company prepares consolidated financial statements which are part of this Annual report.

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

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

1. ACCOUNTING POLICIES

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

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

Going Concern

In 2016 the Company experienced a difficult freight market reporting a loss of US\$ 12.8 million for the year, and of US\$ 6.2 million excluding the impairment of US\$ 6.6 million on the three vessels available for sale. At an operating level, the Group remained profitable with an operating profit of US\$ 55.0 million in the year. This operating profit is offset by depreciation and impairment of US\$ 44.9 million and net finance costs of US\$ 22.4 million. The directors' consider that the outlook presents challenges in the near term but that based on forecasts of reputable shipping market analyst, the cyclical nature of earnings in the sector, and average historical time-charter equivalent rates, freight rates and asset values will recover over the medium-term and return the Group to a net profit position.

As identified on page 36, the Company's balance sheet is in a net asset position of US\$ 363.4 million, however it is in a net current liability position of US\$ 38.0 million due principally to borrowings due to within the next 12 months. To address the Company's liquidity requirements, the directors have commenced the disposal of a number of vessels. We note that in January the Company signed binding agreements for the disposal of two of these vessels, the High Endurance and the High Endeavour, for US\$ 13.5 million each, which will result for both vessels in an increase in cash of approximately US\$ 5.2 million after the repayment of related debt. Negotiations with potential purchasers for the disposal of a number of additional vessels remain ongoing. Whilst there can be no certainty that a sale will proceed, the directors are satisfied that there is a strong interest from several potential purchasers and that these vessels will therefore be satisfactorily sold at market value in the short term. Based on negotiations conducted to date, the directors have a reasonable expectation that the sale of the remaining vessels will proceed successfully. Upon sale of such vessels, any related debt would also require repayment.

Having regard to the Group's liquidity and other funding requirements, the directors have resolved to convene an extraordinary general meeting of shareholders to be held on 3 March 2017 (the "EGM") to modify the articles of association of the Company in order to align its provisions with the amended Luxembourg Company Law, and at the same time take the opportunity to set the authorised corporate capital, including the existing issued share capital of the Company at a total amount of one hundred million US dollars (US\$ 100,000,000) enabling the Board of Directors to increase the share capital of the Company by issuing up to around 571 million shares over the next five years with a view to strengthen the Company's share capital and financial flexibility. The directors note that any such future share capital increase (being coherent with the strategy historically pursued by the Company) could represent another relevant step in its path of continuous growth and expansion in its traditional markets. Proceeds from such future capital increases, if decided, would serve a variety of the Company's and its subsidiaries needs as may arise over time, including, but not limited to, increasing the financial flexibility of the Company and resolving the short term liquidity requirements. At the same time and with the same purpose, the Company is evaluating alternatives to refinance part of its existing bank debt, extending its repayment profile. Taking into account market conditions and corporate needs, a capital increase could take place in the short to medium term should the directors consider it necessary to do so. The going concern assumption for the Company is materially dependent on the Group's performance and the Group's going concern assumptions.

The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern and that, therefore, the Company may be unable to realise its assets and discharge its liabilities or meet its financial covenants in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue recognition

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

General and administrative costs

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

Equity Compensation Plans (Share Based Payments)

The Group provides additional benefits to certain members of senior management through an equity compensation plan (stock option plan); information about this scheme is set out in note 5. In accordance with IFRS 2 – Share-based Payment, this plan represents a component of the recipient's remuneration.

The fair value is measured using the Black Scholes pricing model, in line with IFRS guidelines and market practice. The inputs used in the model are based on management's best estimate, including market and non-market performance conditions. 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. At the end of each period the entity revises its estimates of the number of options that are expected to vest based on the actual service conditions.

Financial Income and charges

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

Taxation

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

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

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

Foreign currencies

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

Tangible assets

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

Financial instruments

Financial instruments, i.e. contracts giving rise to financial assets and financial liabilities or equity instruments of another entity, as defined in IAS 32 (Financial Instruments: Presentation), are recognized at their fair value when the Group becomes party to the contractual provisions of the instrument (trade date). Liabilities are classified in accordance with the substance of the contractual arrangement from which they arise and the relevant definitions of a financial liability. For contracts negotiated at market price, the fair value of the instrument is equivalent to the purchase cost (nominal value of the transaction). The external costs and income from transactions directly attributable to the negotiation, such as intermediation costs, are included during initial recognition of the instrument, unless measured at fair value. The measurement of financial assets is performed, depending on the characteristics of the instrument, at fair value or on the basis of amortized cost. Financial liabilities are measured on the basis of amortized cost. The measurement at fair value is applied only to any financial liabilities held for trading

and to the derivative financial instruments. The 'fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The measurement on the basis of amortized cost involves the recognition of the asset or liability at the value initially measured, deducting any redemption of equity, increased or decreased by overall depreciation, applying the effective interest method, on any difference between the initial value and that at maturity. These amounts shall in any case be adjusted following a decrease of value or an irrecoverable condition. The effective interest rate is the rate that reduces at source the future contractual cash flows to the net amount of the financial asset or liability. The calculation also includes the external expenses and income directly assigned during initial recognition of the financial instrument.

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

Non-current financial assets (investment in subsidiaries)

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

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

Receivables

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

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

Cash and cash equivalents

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

Bank and other lenders

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

Payables

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

Provisions for risks and charges

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

Treasury shares

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

Dividends

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

Critical accounting Judgments and key estimates

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

Measurement of fair values

The 'fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal / most advantageous market at the measurement date at the current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of financial instruments is represented by market quotations or, in their absence, by the value resulting from the adoption of suitable financial valuation models which take into account all the factors adopted by the market operators and the prices obtained in similar actual transactions in the market.

For significant fair value measurement, quoted prices or broker information are obtained to support the valuations and valuation adjustments together with unobservable inputs are reviewed regularly for the classification of such valuations in the appropriate level of fair value. In the measurement of fair values market data are used to the farthest possible extent.

Three levels of inputs to the fair value valuation techniques are used to measure the fair values:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs are other than quoted prices included within Level 1 that are observable directly or indirectly for the asset or the liability;
- Level 3 inputs are not observable from market data.

When the inputs used to measure the fair value of an asset or a liability belong to different categories, the fair value measurement is categorised entirely in its lowest and most significant fair value hierarchy. The transfer between levels of fair value hierarchy is recognised at the end of the reporting period during which the change has occurred.

Provision for tax liabilities

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

New accounting principles

Accounting principles adopted from 1st of January 2016

The Group has consistently applied the accounting policies presented before in this note to all periods presented in these financial statements.

No new accounting principles have been applied during the year.

Accounting principles, amendments and interpretations not yet effective

IFRS 9 – *Financial Instruments* was issued in July 2014 and is not yet endorsed by the EU; it should be applied retrospectively in financial years from 1 January 2018; the enhancements introduced will replace the rules for the recognition and measurement of financial instruments as set out in IAS 39. In more detail, financial assets will be divided in two categories: the ones measured at amortised cost and those measured at fair value, the first group comprising those financial assets for which the contractual terms give rise on specific dates to cash-flows that are solely payment of principal and interest and for which the business model is to hold them for collecting the contractual cash-flows; the second group will entail all other financial assets (fair value measurement). Actual financial assets are held-to-maturity and measured at amortised cost, which appear to be meeting the conditions for classifications at amortised cost under IFRS 9. While the rules applied to financial liabilities are mostly the same as set out in IAS 39, amended guidance is introduced on the classification through other comprehensive income of modification in the fair value of certain debt instruments, depending on the own credit risk, that is, the changes in the amount of fair values of the liability will be split into the amount of the change that is attributable to the changes in the credit risk of the liability – to be presented in other comprehensive income – and the remaining amount of the change in the fair value of the liability, which shall be presented in the statement of profit or loss. The new hedging rules align hedge accounting more closely with the Group's risk management practices; as a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principle-based approach and the Group does not expect a significant impact on the accounting for its hedging relationships. The new standard introduces expanded disclosure requirements and changes in presentation; the new impairment model is an expected credit loss model which may result in earlier recognition of credit losses. Actual financial assets are held-to-maturity and measured at amortised cost, which appear to be meeting the conditions for classifications at amortised cost under IFRS 9.

IFRS 15 – *Revenue from contract with customers*, was issued in May 2014 by the IASB, with the aim of bringing together the rules actually existing in various standards and to set-up a frame of basic principles to be applied to all categories of transactions including revenues, basically requiring a company to recognize revenue upon the transfer of control of goods or services to a customer at an amount reflecting the consideration expected to be received, in five steps. The guidance requires as well additional disclosure about the nature, amount, timing and certainty of revenues and cash-flows arising from contracts with customers. The standard will be effective from January 2018, although early adoption is permitted. IFRS 15 is not expected to have a significant impact on the net assets, financial position and results of operations of the DIS Group, but will have a significant impact on the disclosures to be presented in the financial statements.

2. CAPITAL DISCLOSURE

d'Amico International Shipping manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders.

The capital of the Company was established at the beginning of 2007 as part of the IPO process, taking into consideration the risks affecting d'Amico International Shipping as a company and the industry where its subsidiaries operate. During the months of December of year 2012, February 2014 and February 2015 and February 2016 the capital of the Company was increased consistently with its strategy of supporting the path of continuous growth and expansion within the traditional market of its operating subsidiaries, through the order of twenty-one new vessels with innovative characteristics (Eco-vessels) allowing reduced fuel consumption. It includes issued and fully paid capital, reserves and retained earnings as detailed in note 13.

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

3. REVENUE

US\$	2016	2015
Revenue	530,000	598,000

Two dividends have been received during 2016: US\$ 0.2 million was received from the key operating subsidiary d'Amico Tankers Limited in the month of June (2015: US\$ 0.6 million) and US\$ 0.3 million was received from Eco Tankers Limited.

4. IMPAIRMENT OF PARTICIPATION

US\$	2016	2015
Impairment of participation	(5,300,000)	(10,000,000)

The impairment recognised in 2016 and 2015 relates to the participation in Glenda International Shipping d.a.c. (please refer to note 9).

5. GENERAL AND ADMINISTRATIVE COSTS

US\$	2016	2015
Wages and benefits	(360,780)	(227,332)
Other operating charges	(2,590,765)	(1,805,606)
Total General & Administrative costs	(2,951,545)	(2,032,938)

Employees

The Company employs one manager and one administrative employees (2015: no changes).

The total charge for wages and salaries amounted to US\$ 360,780 (2015: US\$ 227,332).

Fees were paid to the Company directors for services rendered to the Company and attending the Board's meetings. A total amount of € 860,000 was paid, including net fees for € 689,000 and 20% withholding tax (2015: total € 780,000).

On 3 March 2016, the Board of Directors of d'Amico International Shipping S.A. has approved, with the prior favourable opinion of the Nomination and Remuneration Committee, the proposal to submit to the annual general shareholders' meeting the adoption, in accordance with art. 114-bis of Legislative Decree no. 58, 24 February 1998 as amended and supplemented ("TUF"), of the incentive plan "Stock Option Plan DIS 2016/2019" or "the Plan".

The annual general shareholders' meeting, held on 20 April 2016, approved the adoption of the Plan and delegated the Board of Directors for the definition of terms, conditions, and procedures for the Plan implementation.

The terms and conditions, and the procedures for the Plan implementation are defined by a Regulation as approved by the Board of Directors on 4 May 2016: the Plan is available to everyone at the registered office of the Company.

Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The amount of options that will vest depend the service and performance conditions included in the Plan over a three year period, as participants needs to remain employed at the expiry date of the Plan. Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share at a pre-agreed strike price. The Board has the discretion to settle in cash the conversion requests

Set out below is a summary of options granted under the plan:

	Average price per share option	Number of options
As at 1 January	-	-
Granted during the period	€ 0.0852	7,970,000
Exercised during the period	-	-
Forfeited during the period	€ 0.0852	140,000
As at 31 December	€ 0.0852	7,830,000

No options expired during the periods covered by the above table. Share option at the end of the period have the following expiry date and exercise price

Grant date	Expiry date	Exercise price	Share Options Dec. 31, 2016
31 May 2016	31 May 2019	€ 0.454823	7,830,000

The fair value of the options at grant date is determined using the Black Scholes Model taking into account the following assumptions:

Share price on 1st June 2016	€ 0.4479	
Expected volatility	34.5%	last three years average
Expected dividend yield	3.12%	Average of dividend yield since 2007 using market capitalization at the end of each year
Risk-free interest rate	(0.396)%	4Y€ Luxembourg Government Bond Yield

Sensitivity calculation

The valuation model is particularly sensitive to dividend yield and volatility of the share price. With all other variables remaining constant:

€UR	Share price volatility		Dividend yield	
	+10% Increase	-10% Decrease	+10% Increase	-10% Decrease
Share Option Cost	€0.0959	€0.0743	€0.0825	€0.0879
Variation	+12.6%	-12.7%	-3.1%	3.2%

Other operating charges

The amount of US\$ 1,211,911 in 2016 includes professional fees and advisory costs incurred by the Company during the year as a result of being a listed entity (2015: US\$ 857,011), of which fees accrued for the réviseur d'entreprises agréé /statutory auditor for the audit of the 2016 financial statements amount to € 61.4 thousand equivalent to US\$ 68.4 thousand and € 45 thousand related to 2015 fees not previously accrued.

6. NET FINANCIAL INCOME (CHARGES)

US\$	2016	2015
Net financial income (charges)	871,997	767,156

Net financial income amount to US\$ 871,997 (2015: US\$ 767,156) and concerns mainly the realized interest income towards the subsidiary d'Amico Tankers d.a.c. of US\$ 819,949 (2015: US\$ 612,477).

Residual amounts concern commercial foreign exchange income, financial fees and interest expenses.

7. TAXATION

US\$	2016	2015
Tax expenses	(407,667)	(296,477)

Taxation in 2016 represents the accrual on the Net Wealth Tax of the year of US\$ 329,453 (2015: US\$ 296,477) and non-refundable VAT relating to the years 2013, 2014 and 2015.

As dividends received from subsidiaries falling under the participation exemption regime are not subject to the corporate income tax in Luxembourg, d'Amico International Shipping SA had, at the end of 2016, cumulated tax losses to be carried forward of approximately € 57.7 million (US\$ 60.8 million).

No deferred tax asset has been accounted for, as management do not foresee taxable profits against which the accumulated losses could be offset.

8. TANGIBLE ASSETS

Tangible assets principally represents IT equipment for the Luxembourg office; they are depreciated at 8.33% quarterly rate over their useful lives.

US\$ thousand	2016	2015
Cost		
At 1 January	18,565	18,565
Additions	2,276	-
Write-off	-	-
At 31 December	20,841	18,565
Depreciation		
At 1 January	18,339	15,386
Charge for the period	639	2,953
At 31 December	18,978	18,339
Net book value		
At 31 December	1,863	226

9. FINANCIAL FIXED ASSETS

Investment in subsidiaries

Company	Country	Ownership	Ccy	Book value as at 31 December 2015	Increase (decrease)	Book value at 31 December 2016
d'Amico Tankers d.a.c.	IRL	100%	USD	178,921,920	-	178,921,920
Glenda International Shipping d.a.c.	IRL	50%	USD	61,614,485	(5,300,000)	56,314,485
Eco Tankers Limited	Malta	33%	USD	4,189,108	(1,237,500)	2,951,608
			USD	244,725,513	(6,537,500)	238,188,013

d'Amico Tankers d.a.c. is the key operating subsidiary of the d'Amico International Shipping Group, its result as at 31 December 2016 is a loss of US\$ 12,528,077 and net equity of US\$ 237,266,267.

GLENDIA International Shipping d.a.c. (GIS) is the vehicle for the Joint Operation with Glencore Group, one of the world's largest suppliers of commodities and raw materials to industrial consumers. GIS result as at 31 December 2016 is a loss of US\$ 2,716,836 and net equity of US\$ 112,586,330. An impairment was recognised in GIS participation for US\$ 5,300,000: management performed an impairment test of the participation by computing the value in use of the investment in GIS that is the net present value of the cash flows from the remaining useful lives of the vessels owned by GIS, using a discount rate of 6.5%, resulting in US\$ 3.3 million difference in value; additional US\$ 2.0 million impairment was recognised to balance the difference between the carrying amount of the investment and the value of its net assets.

Eco Tankers Limited (ETL), is an associate held together with the Shipping investment fund Venice Shipping & Logistics. Eco Tankers Limited result as at 31 December 2016 is US\$ 697,609 and net equity is US\$ 9,669,052. Throughout the year ETL reimbursed to its investors a part of the share premium, decreasing the investment by US\$ 1,237,500.

Investments through d'Amico Tankers d.a.c.:

Company	Effective Interest	Country	Activity
High Pool Tankers Limited	100%	Ireland	Pool company
Glenda International Management Limited	100%	Ireland	Pool company
DM Shipping d.a.c.	51%	Ireland	Shipping
d'Amico Tankers Monaco S.A.M.	100%	Monaco	Services
d'Amico Tankers UK Limited	100%	UK	Services

10. RECEIVABLES AND OTHER CURRENT ASSETS

US\$	As at 31 December 2016	As at 31 December 2015
Receivables and other current assets	43,801	16,841

In 2016 and in 2015 the balance represents other sundry debtors and prepaid company expenses.

11. CURRENT FINANCIAL RECEIVABLES

US\$	As at 31 December 2016	As at 31 December 2015
Current financial assets	70,318,644	68,825,906

The balance at the end of the year represents the financing granted to the subsidiary d'Amico Tankers d.a.c., which is used to fund twenty-one new Eco-tanker ships; the financing bears interest at US\$ LIBOR 3 months plus a margin aligned with the markets conditions; the range of rates for the 3-month US\$ Libor was 0.60 % – 0.84 % during 2016.

12. CASH AND CASH EQUIVALENTS

US\$	As at 31 December 2016	As at 31 December 2015
Cash and cash equivalents	359,697	511,168
Bank overdrafts	(6,059,702)	(2,007,603)
Total Cash and cash equivalents	(5,700,005)	(1,496,435)

Cash and cash equivalent represents cash held at the bank and bank overdrafts as described in note 14.

13. CAPITAL AND RESERVES

Subscribed capital

The current subscribed and fully paid-up capital of US\$ 42,851,035.60 (corresponding to € 40,651,791.90 at the year-end exchange rate) is divided into 428,510,356 shares without nominal value.

In the month of February, following the exercise of the warrants attached to the shares issued at the moment of 2012 capital increase, at the ratio of one share for every three warrants and according to the Prospectus dated 6 November 2012, n. 5,667,958 new ordinary shares were issued at a price of €UR 0.46 each.

Retained earnings

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

Other reserves

The other reserves include the following items:

US\$	As at 31 December 2015	Movements in 2016	As at 31 December 2016
Share premium reserve	282,959,082	(10,058,277)	272,900,805
Treasury shares	(17,513,186)	(608,440)	(18,121,626)
Share option reserve	-	149,153	149,153
Legal reserve	3,108,296	-	3,108,296
Total	268,554,192	(10,517,564)	258,036,628

Share premium reserve

The share premium reserve arose in the years as a result of the Group's IPO and related increase of share capital in May 2007 and as a result of the second capital increase occurred in the period from December 2012 to February 2016. Certain costs and charges connected with the listing process and the share capital increases (mainly bank commissions and related advisory fees and charges) have been offset at each time. By statutory provision it is a distributable reserve.

Treasury shares

Treasury shares at the end of 2016 consist of 7,760,027 ordinary shares (2015: 6,580,027) for an amount of US\$ 18.1 million (2015: US\$ 17.5 million), corresponding to 1.8% of the outstanding share capital at the financial position date (2015: 1.56%). These shares were acquired as part of the DIS authorised buy-back programme.

Legal reserve

It is a legal requirement in Luxembourg and is constituted through an allocation of 5% of annual net income until this reserve equals 10% of the subscribed share capital. The reserve may not be distributed.

14. BANK AND OTHER LENDERS

US\$	As at 31 December 2016	As at 31 December 2015
Bank and other lenders	6,059,702	4,185,066

The outstanding amount of US\$ 6.1 million at 31 December 2016 refers to the bank overdraft for general company purpose (Cassalombarda: €UR 1 Million, Unicredit US\$ 5.0 million), negotiated at an average interest rate of 3.09%.

15. OTHER CURRENT FINANCIAL LIABILITIES

US\$	As at 31 December 2015	As at 31 December 2014
Other financial current liabilities	10,001,170	-

The balance represents short-term financing granted by the parent company d'Amico International S.A. a company incorporated in Luxembourg; the financing bears interest at the 1months LIBOR rate + 1.5% spread and is going to be reimbursed in 2017.

16. PAYABLES AND OTHER CURRENT LIABILITIES

US\$	As at 31 December 2016	As at 31 December 2015
Other current liabilities	456,545	122,046

The amount of current liabilities in 2016 refers to the day-to-day administrative activity of the Company (2015: US\$ 122,046).

17. RISK MANAGEMENT

The Company is exposed to the following financial risks connected with its operation:

Currency risk

As long as the Company functional currency is US\$ and is performing its holding activity in a Euro market, it receives services for a consideration, from its directors, managers and external consultants. The Company monitors its exposure to currency risk on a regular basis and mitigates it through the availability of credit lines denominated in Euro currency.

Within the frame of a sensitivity analysis, a 10% fluctuation in the U.S. Dollar exchange rate against Euros would have resulted in a variation of +/- US\$ 0.3million in the result of the Group for the year (US\$ +/- 0.3 million in 2015). The overall Group's sensitivity to currency risk has not changed significantly from prior year.

Interest rate risk

The Group is exposed to interest rate risk arising from the fact that its bank deposits and it is party to interest bearing financial agreements which earn or bear interest at variable rates. Management identifies and monitors these risks in order to detect in advance potential negative effects and take appropriate action for mitigation. Taking into consideration the short period of utilization of the bank overdrafts both in years 2016 and 2015, resulting in a very low amount of interest cost for both years, a sensitivity exercise would not give inside to any material amount.

Liquidity risk

The Company is exposed to liquidity risk from the possible mismatch between cash requirements and cash-in-flows, principally for the payment of its General and Administrative costs inherent to the holding activity and its presence in the capital market. As part of its financial planning process DIS manages the liquidity risk by targeting its capital structure in a way to balance the funds currently available together with the cash to be generated by the

subsidiaries operating activities and credit lines, to allow the Company to maintain a level of liquidity adequate to its needs. The Company capital structure is set within the limits established by the Company's Board of Directors.

Accounting classification and fair values

All the financial instruments fall within the category of loans and receivables; their fair value classification is not disclosed as their carrying amount is reasonably approximate to their fair value.

18. RELATED PARTIES TRANSACTIONS

During 2016, d'Amico International Shipping had transactions with related parties. These transactions have been carried out on the basis of arrangements negotiated on commercial market terms and conditions.

The effects, by legal entity, of related party transactions on the Company's income statement for the 2016 are the following:

US\$	d'Amico International Shipping S.A.	d'Amico Società di Nav. SpA	d'Amico Tankers Monaco	d'Amico Tankers d.a.c.	EcoTankers Limited	Directors & key management
Revenue	530,000					
of which						
Dividend	530,000	-	-	200,000	330,000	-
General and administrative costs	(2,951,545)					
of which						
Personnel cost (directors)	(965,506)	-	-	-	-	(965,506)
Services agreement	(382,090)	(165,127)	(216,963)	-	-	-
Net financial income (charges)	767,156					
of which						
Financial interest	819,949			(819,949)		
Total		(165,127)	(216,963)	719,949	330,000	(965,506)

The effects, by legal entity, of related party transactions on the Company's income statement for the 2015 are the following:

US\$	d'Amico International Shipping S.A.	d'Amico Società di Nav. SpA	d'Amico Tankers Monaco	d'Amico Tankers d.a.c.	Directors & key management
Revenue	598,000				
of which					
Dividend	598,000	-	-	598,000	-
General and administrative costs	(2,032,938)				
of which					
Director fees	(1,019,085)	-	-	-	(1,019,085)
Services agreement	(242,774)	(107,740)	(176,068)	-	-
Net financial income (charges)	767,156				
of which					
Financial interest	612,477			612,477	
Total		(107,740)	(176,068)	1,210,477	(1,019,085)

The effect, by legal entity, of related-party transactions on the Company's Statement of Financial Position as at 31 December 2016 are as follows:

US\$	d'Amico International Shipping S.A.	d'Amico Tankers d.a.c.	d'Amico International S.A.
Current financial receivable	70,318,643		
of which related party	70,318,643	70,318,643	
Current financial payable	(10,001,170)		
of which related party	(10,001,170)		(10,001,170)
Total	60,317,473	70,318,643	(10,001,170)

The effect, by legal entity, of related party transactions on the Group's combined Statement of Financial Position as at 31 December 2015 were the following:

US\$	d'Amico International Shipping S.A.	d'Amico Tankers d.a.c.
Current financial receivable	68,825,906	
of which related party	68,825,906	68,825,906
Total		68,825,906

19. ULTIMATE HOLDING COMPANY

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

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

20. GUARANTEES AND COMMITMENTS

d'Amico International Shipping S.A. has provided guarantees to its subsidiary company, d'Amico Tankers d.a.c., in respect of the US\$ 250.0 million revolving loan facility at Crédit Agricole Corporate & Investment Bank, the US\$ 48.0 million Crédit Agricole Corporate & Investment Bank & DNB NOR Bank ASA facility, the US\$ 40.0 million Crédit Agricole Corporate & Investment Bank facility, the US\$ 31.5 million Danish Ship Finance A/S facility, the US\$ 41.6 million Century Tokyo Leasing Corporation facility, the US\$ 10.472 million Century Tokyo Leasing Corporation for financing general working capital, the US\$ 23.075 million Skandinaviska Enskilda Banken AB facility, the US\$ 20.0 million ING Bank N.V. London Branch facility, the US\$ 39.0 million Danish Ship Finance A/S facility, the US\$ 45.08 million Banca IMI SpA, the US\$ 21.78 million Century Tokyo Leasing Corporation facility, the US\$ 9.5 million Crédit Agricole Corporate & Investment Bank facility, the US\$ 58.0 million MPS Capital Services Banca per le Imprese SpA, the US\$ 19.5 million ABN AMRO Bank N.V. facility, the US\$ 19.375 million DNB Bank ASA facility, the US\$ 9.0 million ING Bank N.V. London Branch and to Eco Tankers Limited with respect to the US\$ 20.0 million facility at Norddeutsche Landesbank Girozentrale. The total amount outstanding in respect of these facilities at 31 December 2016 amounted to US\$ 450.579 million.

In addition, d'Amico International Shipping S.A. guaranteed for the repayment of the outstanding loan of US\$ 16.45 million granted to DM Shipping d.a.c. by d'Amico Tankers d.a.c..

A US\$ 150 thousand guarantee is given at the Credit Suisse account in respect of credit cards held by the members of the Executive Committee.

Earnings Per Share (E.P.S.)

US\$ thousand	2016	2015
Basic e.p.s.	(0.017)	(0.027)
Diluted e.p.s.	(0.017)	(0.027)
Weighted average number of ordinary shares used as the denominator in calculating basic e.p.s.	420,295,298	412,460,868
Adjustment for calculation of diluted e.p.s. – options*	4,599,590	5,667,958
Weighted average number of ordinary shares used as the denominator in calculating diluted e.p.s.	424,894,888	418,128,826

* 2016: share option plan; 2015: warrant shares

Reclassifications

In the cash-flow the following items pertaining to 2015 have been reclassified:

US\$ thousand	Original position	Amount	Reclassification	Amount
Movement in loan to subsidiary	Financing activities	4,254,122	Investing activities	4,254,122



Significant events since the end of the Period

d'Amico International Shipping:

- **Amendments to the bylaws of the Company and increase in the authorized share capital:** In January 2017 – d'Amico International Shipping S.A. announced that further to recent, important changes to the Luxembourg law of 10 August 1915 on commercial companies by the law of 10 August 2016 (the “Company Law”), governing law of d'Amico International Shipping S.A., the board of directors of the Company (the “Board of Directors”) resolved to convene an extraordinary general meeting of shareholders to be held on 3 March 2017 (the “EGM”) to modify the articles of association of the Company in order to align its provisions with the amended Luxembourg Company Law, and at the same time take the opportunity to set the authorised share capital, including the existing issued share capital of the Company at a total amount of one hundred million US dollars (US\$ 100,000,000) enabling the Board of Directors to increase the share capital of the Company within the next five years with a view to strengthen the Company’s share capital and financial flexibility. Any such future share capital increase being coherent with the strategy historically pursued by the Company could represent another relevant step in its path of continuous growth and expansion in its traditional markets. Proceeds from such future capital increases, if approved, could serve a variety of the Company’s and its subsidiaries needs as may arise over time, including, but not limited to, increasing the financial flexibility of the Company, seizing investment opportunities, supporting the Company’s stock option plan and other general corporate purposes. Taking into account market conditions and corporate needs, a capital increase could take place in the short to medium term. The Company’s majority shareholder, d'Amico International S.A., currently holding 249,738,038 shares in the Company (amounting to 58.28% of the Company’s total share capital) has confirmed to undertake to vote in favour of the amendments to be made to the articles of association of the Company at the EGM and to subscribe from time to time, under the terms and conditions to be determined by the Company, for any new share or other financial instrument to be offered in any potential future capital increase at least pro-rata to its existing shareholding by exercising the preferential subscription rights which could be granted to it.
- **Luxembourg, 3 March 2017** – The Extraordinary General Meeting of Shareholders of d'Amico International Shipping S.A. resolved:
 - To approve the proposed amendment to the articles of association of the Company as proposed by the Board of Directors to conform with recent changes to the Luxembourg company law as well as to increase the authorised corporate capital and to renew, for a period of five years, the authorisation of the Board of Directors to increase the capital in one or several tranches as well as the authorisation of the Board of Directors to limit or cancel, in full or partially, the preferential subscription right of existing shareholders.
 - to set the authorised corporate capital, including the issued share capital, at a total amount of US\$ 100 million, divided into one billion shares with no nominal value and to renew, for a period of five years, the authorisation of the Board of Directors to increase the capital in one or several tranches within the limits of the amended authorised capital, as well as the authorisation of the Board of Directors to limit or cancel, in full or partially, the preferential subscription right of existing shareholders.

The Board of Directors of the Company – exercising the powers delegated by the Extraordinary General Meeting of Shareholders as described above – has on the basis of this authorization resolved:

- To prepare the launch of a public rights offering, in Luxembourg and Italy, addressed to the shareholders of the Company that would result in an increase of the share capital of the Company, through the issuance of new shares with no par value and with the same rights (including, but not limited to the right of dividend) as the shares existing at the time of the issuance, up to a US\$ equivalent of a maximum of Euro 35 million (including share premium);

the new shares would be offered to the Company's existing shareholders as holders of preferential subscription rights (the **"Preferential Subscription Rights"**) for the subscription to new shares of the Company (the **"New Shares"**) together with free warrants – exercisable over a five years time horizon – to be issued simultaneously (the **"Warrants"**). The Warrants would give right to warrants holders to subscribe to additional shares with no nominal value and with the same rights (including, but not limited to the right to dividends) attached thereto as to the existing shares (the **"Warrant Shares"**) (the **"Rights Offering"**). New Shares that would not be subscribed during the preferential subscription right period would be expected to be offered by the Company through a subsequent private placement (the **"Private Placement"** and together with the Rights Offering, the **"Offering"**);

- the Warrants, as proposed to be issued, would, if duly exercised according to the terms and conditions of the Warrants that are yet to be defined by the Board of Directors of the Company, result in an increase in the share capital of the Company, within the limits of the authorized capital, up to a US\$ equivalent of a maximum of Euro 60 million (including share premium), through the issuance of Warrant Shares with no par value and regular dividend and incorporating the same rights of the shares existing at the time of the issuance;
- the New Shares and the Warrant Shares are expected to be listed on the MTA Star Segment, with the appropriate filings of a request for admission to listing with Borsa Italiana to be initiated in due course.

d'Amico Tankers d.a.c.:

- **'Second-Hand Owned Vessels':** in January 2017, d'Amico Tankers d.a.c. sold M/T High Endurance and M/T High Endeavour, two 46,992 dwt medium-range product tanker vessels, built in 2004 by STX, South Korea (the "Vessels"), to Sea World Tankers a client of Sea World Management SAM (the "Buyer"), for a consideration of US\$ 13.5 million each. At the same time, d'Amico Tankers d.a.c. will maintain the commercial employment of the Vessels having also concluded with the Buyer a 4 year time charter agreement at an attractive rate.
- **'Time Charter-Out' Fleet:** In February 2017, d'Amico Tankers d.a.c. extended a time charter contract with an oil major due to expire in Q1 for another year, at a profitable rate.
- **'Time Charter-In' Fleet:** In February 2017, the contract on M/T High Enterprise, an MR vessel built in 2009 and time-chartered-in by d'Amico Tankers d.a.c. since then, was extended for a further 1 year period at a reduced rate.
- **New-building vessels:** In January 2017, M/T High Challenge, an 'Eco' new-building MR (Medium Range – 50,000 dwt) product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to the Company.
- **Newbuilding Vessels:** In February 2017, d'Amico Tankers agreed with Hyundai Mipo Dockyard Co. Ltd. – South Korea to postpone the delivery of its first newbuilding LR1 (Long Range – 75,000 dwt) from April 2017 to October 2017. This agreement follows a specific request of an oil major and a key customer of the Company, which will take the vessel on a 18 month TC contract upon her delivery from Hyundai Vinashin Shipyard Co. Ltd. – Vietnam. At the same time, the estimated delivery dates of the remaining 5 LR1s under construction at Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, have also been slightly delayed by approximately 2 months compared to the original schedule.

GLENDIA International Shipping d.a.c.:

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

The manager responsible for preparing the Company's financial reports, Mr. Antonio Carlos Balestra di Mottola, in his capacity of Chief Financial Officer of d'Amico International Shipping S.A. (the "Company") declares to the best of his knowledge, that the consolidated and statutory financial statements prepared in accordance with the applicable set of accounting standards as published in this report, give a true and fair view of the assets, liabilities, financial position and income statement of the Company and its consolidated subsidiaries and that the report on operation and the management report include a fair review of the development and performance of the business and the position of the Company and its consolidated subsidiaries, together with a description of the principal risks and uncertainties that they face.

March 2, 2017

A handwritten signature in black ink, appearing to read 'Antonio Carlos Balestra di Mottola'. The signature is fluid and cursive, with a large initial 'A' and 'C'.

Antonio Carlos Balestra di Mottola, Chief Financial Officer

AUDITORS' REPORT





**To the Shareholders of
d'Amico International Shipping S.A.**

Report on the financial statements

We have audited the accompanying financial statements of d'Amico International Shipping S.A. (the "Company"), which comprise the statement of financial position as at 31 December 2016, and the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

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

Responsibility of the "Réviseur d'entreprises agréé"

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of d'Amico International Shipping S.A. as of 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

We draw attention to Note 1 to these financial statements, which states that the Company may be impacted by the consolidated financial position of the Group ("d'Amico International Shipping S.A and its subsidiaries"). This, along with other matters, indicates the existence of a material uncertainty which may cast significant doubt about the ability of both the Company or the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the financial statements.

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

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 8 March 2017

Véronique Lefebvre



**To the Shareholders of
d'Amico International Shipping S.A.**

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of d'Amico International Shipping S.A. (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Responsibility of the "Réviseur d'entreprises agréé"

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of d'Amico International Shipping S.A. and its subsidiaries as of 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

*PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T: +352 494848 1, F: +352 494848 2900, www.pwc.lu*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*

Emphasis of Matter

We draw attention to Note 1 to these consolidated financial statements, which states that d'Amico International Shipping S.A. and its subsidiaries incurred a net loss of 12,838USD Thousand during the year ended 31 December 2016 and, as of that date, the Group's current liabilities exceeded its current assets by 37,965USD Thousand. This, along with other matters as described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

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

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 8 March 2017

A handwritten signature in black ink, appearing to read 'V. Lefebvre', written in a cursive style.

Véronique Lefebvre



d'Amico International Shipping S.A.

Luxembourg

d'Amico International Shipping S.A.
25/C, Boulevard Royal - 11th Floor
L-2449 - Luxembourg
Grand Duchy of Luxembourg
Ph. +352 2626 2929

Ireland

d'Amico Tankers d.a.c.
The Anchorage
17-19, Sir John Rogerson's Quay
Dublino D02 DT18 - Ireland
Ph. +353 1 676 1840

Monaco

d'Amico Tankers Monaco S.A.M.
20, Bd de Suisse
MC 98000 - Monaco
Ph. +377 9310 5656

United Kingdom

d'Amico Tankers UK Limited
2, Queen Anne's Gate Buildings
Dartmouth Street
Londra SW 1H 9BP - UK
Ph. +44 20 7340 2000



d'Amico
INTERNATIONAL SHIPPING S.A.