d'Amico
INTERNATIONAL SHIPPING S.A.

Annual Report 2017

d'Amico International Shipping S.A.

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2017 Annual Report

CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS

Year ended 31 December 2017

d’Amico International Shipping S.A.
Registered office at 25C Boulevard Royal, Luxembourg
RCS B124790
Share capital US$ 65,321,531.80 as at 31 December 2017

This document is available on www.damicointernationalshipping.com

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LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present d'Amico International Shipping's Annual Report. In 2017 we experienced a weak product tanker market, affected by still high global product inventories, low trading activity and supply disruptions in the Atlantic during the hurricane season. Due to this challenging market, d'Amico International Shipping posted a Net Loss of US$ (38.1) million, including a US$ (10.9) million impairment registered on three vessels we plan to sell in 2018.

Once again, our prudent long-term chartering strategy allowed us to mitigate the effects of the weak freight markets. In fact, we benefited from a 33% time-charter coverage during the year at an average daily rate of US$15,433. Such good level of time-charter coverage is one of the pillars of DIS' commercial strategy, allowing us to secure forward earnings and cash generation, while reducing our exposure to the spot market and the volatility of our results. Thanks to this coverage, DIS achieved a total blended daily time-charter equivalent (spot and time-charter) of US$ 13,150 in 2017, despite the tough market conditions experienced during the year.

During the year, we also took significant steps to strengthen the Company's balance sheet and liquidity position. In particular, we finalized a share capital increase that generated US$ 37.8 million in proceeds in Q2 and raised an additional US$ 28.4 million in December, resulting from the exercise of 84,454,853 warrants during DIS' First Additional Exercise Period. In addition, DIS generated net cash proceeds (after debt repayment) of over US$ 40 million in 2017, through the sale and time-charter back of 2 MRs in Q1 and 1 MR in Q4, and the sale and lease-back of 3 MRs, one each in the last three quarters of the year. Furthermore, in Q4 DIS signed agreements for one additional sale and lease-back and one additional sale and time-charter back, which generated an additional US$ 20.6 million in net cash in Q1'18.

I believe the product tanker market is heading towards a recovery, with all the market fundamentals signalling a not too distant improvement in freight rates. In particular, the recent acceleration in global economic activity should sustain a strong increase in oil consumption in both 2018 and 2019, resulting in an expansion in the demand for seaborne transportation of refined products. Furthermore, 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 the older and less flexible refineries in Europe and Australia. This structural shift in the world refining capacity has been driving ton-mile demand for product tankers and is expected to continue with a large part of the new refinery capacity coming online located in the Middle East, close to where the crude oil is extracted. The high level of product inventories built-up in 2015 was one of the main causes of the soft market experienced in the last two years. However, the overhang of products stocks has been largely absorbed. Since peaking in August 2016 at 1.58 billion barrels, OECD industry product stocks drew by an impressive 160 million barrels (10%) and were at year-end 2017 only slightly above the five-year average.

On the supply side, a very limited fleet growth is expected in the coming years. In particular, the net fleet growth (newbuilding deliveries less scrapping) in the specific market segments in which DIS operates (Medium Range 1 and 2 and Long Range 1 vessels), is forecasted by us to be of just over 2% in 2018 and just under 2% in 2019. These are amongst the lowest growth rates in the last 15 years. 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 while 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-buildings ordered between 2012 and 2015, at historically low prices, for a total investment of US$ 755 million, will prove very well timed. DIS' investment plan will be completed by January 2019 and will position us as a market leader, operating one the most modern and versatile product tanker fleets, allowing us to fulfil the requirements of our top-quality customer base.

Our recent investments and initiatives to strengthen our balance sheet and liquidity position, together with our proven chartering strategy, our long-term commercial relationships and the top-quality management of our vessels, will allow DIS to take full advantage of the favourable market outlook, generating value for our Company's Shareholders.

On behalf of the Board of Directors, I would like to thank you, Shareholders, for your continued support and trust. We look towards a bright future with confidence.

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
Antonio Carlos Balestra di Mottola, Chief Financial Officer
Cesare d'Amico
Massimo Castrogiovanni
Stas Andrzej Jozwiak
John Joseph Danilovich
Heinz Peter Barandun
Giovanni Battista Nunziante (resigned 28 July 2017)

Indipendent Auditors

Moore Stephens Audit S.A.

KEY FIGURES

Financials

US$ Thousand	2017	2016
Time charter equivalent (TCE) earnings	257,437	261,386
EBITDA *	36,838	54,989
as % of margin on TCE	14.31%	21.04%
EBIT *	(11,428)	10,134
as % of margin on TCE	(4.44)%	3.88%
Net profit / (loss)	(38,083)	(12,838)
as % of margin on TCE	(14.79)%	(4.91)%
Earnings / (loss) per share (US$)	(0.075)	(0.031)
Operating cash flow	(11,308)	55,667
Gross capital expenditure (CapEx)	(148,102)	(151,198)
	As at 31 December 2017	**As at 31 December 2016**
Total assets	1,013,235	989,204
Net financial indebtedness	510,285	527,793
Shareholders' equity	394,432	363,366

*see Alternative Performance Measures on page 28

Other operating measures

	2017	2016
Daily operating measures TCE earnings per employment day (US$)[1]	13,150	14,534
Fleet development Total vessel equivalent	54.7	50.1
- Owned	30.3	27.7
- Chartered	24.4	22.4
Off-hire days/ available vessel days[2] (%)	2.0%	2.0%
Fixed rate contract/ available vessel days[3] (coverage %)	33.0%	45.9%

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

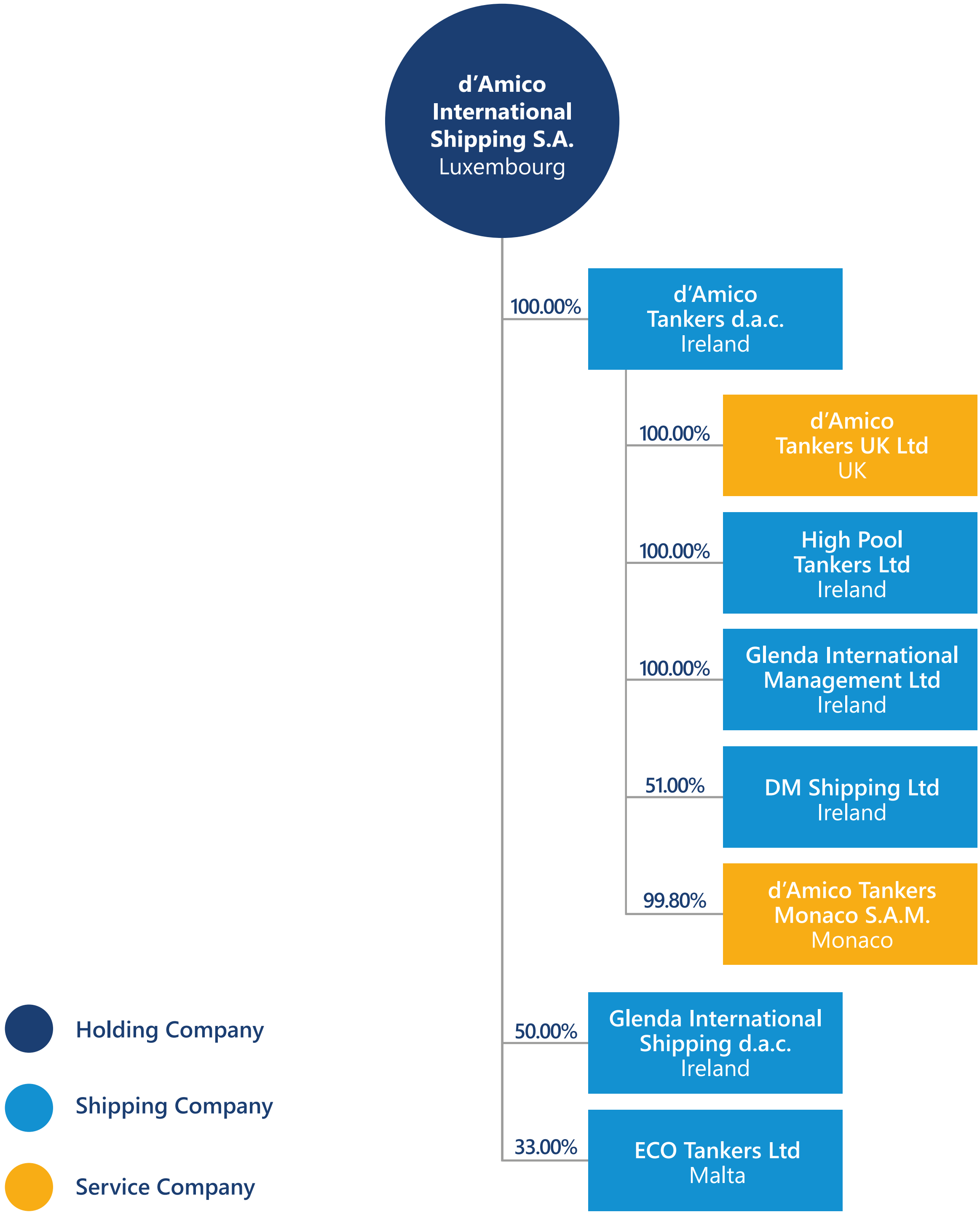
[2] This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

[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.

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 Group, 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), controlling a fleet with an average age of approximately 7.5 years, compared to an average in the product tankers industry of 10.7 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, 2017, 68% of the DIS fleet was IMO Classed, allowing the Group to transport a large range of products.

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

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

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

DIS’ Global Footprint

DIS has a presence in Luxembourg, Dublin (Ireland), London (U.K.), Monte Carlo (Monaco), Singapore and Stamford, CT (USA). These offices are located in the key maritime centres around the world. Each of the offices provides DIS’ customers with access to the full range of services, promoting its business in the relevant geographic area. DIS’ believes that its international presence allows it to meet the needs of its international clients in different geographical areas, while the offices also strengthen the recognition of the Group’s brand name worldwide. In addition, through the different opening hours of offices located in several time zones, DIS is able to continuously monitor its operations and to assist its customers 24 hours per day.

Fleet

The DIS Group controlled as at 31 December 2017, either through ownership or charter arrangements, a modern fleet of 55.5 product tanker (December 31, 2016: 52.8). The product tanker vessels of the DIS Group range from approximately 36,000 to 75,000 dwt.

Since 2012 DIS ordered 22 new buildings, of which 5 were still under construction at the end of 2017. All these newbuildings are all fuel efficient and in compliance with recent environmental legislation. They can therefore cater to the high standards required by the Group's oil customers, in addition to being highly cost effective.

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

The following tables sets forth information about the DIS fleet on the water as at December 31, 2017.

LR1 fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
Owned				
Cielo Bianco	75,000	2017	Hyundai Mipo, South Korea	IMO II/III

MR fleet

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
Owned				
High Challenge	50,000	2017	Hyundai Mipo, South Korea	IMO II/III
High Wind	50,000	2016	Hyundai Mipo, South Korea	IMO II/III
High 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 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
GLENDA Melissa	47,203	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDA Meryl	47,251	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDA Melody[4]	47,238	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDA Melanie[5]	47,162	2010	Hyundai Mipo, South Korea	IMO II/III
GLENDA Meredith[5]	46,147	2010	Hyundai Mipo, South Korea	IMO II/III
GLENDA Megan[4]	47,147	2009	Hyundai Mipo, South Korea	IMO II/III
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

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

[5] Vessels owned by GLENDA International Shipping d.a.c. (in which DIS has 50% interest)

Bareboat with purchase obligation				
High Discovery	50,036	2014	Hyundai Mipo, South Korea	IMO II/III
High Fidelity	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Priority[6]	46,847	2005	Nakai Zosen, Japan	-
TC-in long-term with purchase option and purchase obligation				
High Adventurer	50,000	2017	Onomichi, Japan	IMO II/III
Crimson Pearl	50,000	2017	Minaminippon Shipbuilding, Japan	IMO II/III
Crimson Jade	50,000	2017	Minaminippon Shipbuilding, Japan	IMO II/III
TC-in long-term without purchase option				
Carina	47,962	2010	Iwagi Zosen, Japan	-
High Efficiency[7]	46,547	2009	Nakai Zosen, Japan	-
High Strength[7]	46,800	2009	Nakai Zosen, Japan	-
High Prosperity	48,711	2006	Imabari, Japan	-
Freja Hafnia	53,700	2006	Shin Kurushima, Japan	-
SW Southport I	46,992	2004	STX, South Korea	IMO II/III
SW Tropez	46,992	2004	STX, South Korea	IMO II/III
TC-in short-term				
High Sun[8]	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Force	53,603	2009	Shin Kurushima, Japan	-
Silver Express	44,935	2009	Onomichi, Japan	-
High Pearl	48,023	2009	Imabari, Japan	-
High Current	46,590	2009	Nakai Zosen, Japan	-
High Enterprise	45,800	2009	Shin Kurushima, 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	-
High Power	46,874	2004	Nakai Zosen, Japan	-
Port Said	45,999	2003	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
TC-in long-term without purchase option				
SW Cap Ferrat I	36,032	2002	STX, South Korea	IMO II/III
TC-in short-term				
Port Stewart	38,877	2003	Guangzhou, China	-

[6] Vessel sold by d'Amico Tankers d.a.c in Oct'17 and taken back in bare-boat charter contract for 5 years

[7] Vessel owned by the joint-venture DM Shipping d.a.c. (in which DIS has 51% interest) and time chartered to d'Amico Tankers d.a.c.

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

Fleet Employment and Partnership

As at December 31 2017, d'Amico International Shipping directly employed 55.5 Vessels: 1 LR1 ('Long Range 1'), 12.5 MRs ('Medium Range') and 4 Handy-size on term contracts at a fixed rate, whilst 32 MRs and 6 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.

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

DM Shipping d.a.c., a 51/49 jointly controlled entity with the Mitsubishi Group. The JV company owns 2 MR vessels, built respectively in July and October 2009, currently time-chartered to d'Amico Tankers.

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

d'Amico International Shipping is part of the d'Amico Group (d'Amico), one of the world's leading privately-owned marine transportation companies with over 70 years of experience in the shipping business, whose ultimate parent company is d'Amico Società di Navigazione S.p.A. (Italy). At the closing of the period, the entire d'Amico Group controls a wide fleet of owned and chartered-in vessels, of which 55.5 are part of the DIS fleet, operating in the product tanker market. d'Amico International Shipping benefits from a strong brand name and a well-established reputation in the international markets due to the long operating history of the d'Amico Group. In addition, it benefits from the expertise of the d'Amico Group, which provides support for technical management services, as well as safety, quality and technical products and services to DIS' vessels, including crewing and insurance arrangements.

d'Amico International Shipping operates from Luxembourg, Ireland, UK, Monaco, Singapore and the USA. As at December 31 2017, the Group employed 703 seagoing personnel and 36 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 primarily 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. In addition to this, DIS has one Long Range 1 (LR1 – 75,000 dwt) already on the water and five more LR1s currently under construction and expected to be delivered between H2 2018 and Q1 2019.

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	High	High	Medium (LR1) / Low (LR2)
Arbitrage Voyages	No	Yes	Yes
% world fleet[9]	21%	48%	31%

[9] Source: Clarksons Research, as of January 1 2018. Percentage of total product tankers (4,605 vessels) excludes vessels with stainless steel tanks.

NON-FINANCIAL STATEMENTS

Corporate Social Responsibility

A general overview of the d'Amico Group CSR strategy

Over the last years, d'Amico International Shipping, through the d'Amico Group, has established a new Corporate Social Responsibility strategy, reflecting the extent to which the Group understands and appreciates the environmental and social aspects of its business. The strategy is monitored on an ongoing basis and demonstrates the depth of energies and resources the Group employs in protecting the environment and helping those in need.

The d'Amico Group is committed to compliance with the applicable regulations in force (and anticipating those to come) also through the adoption of appropriate operational, safety and environmental procedures. This commitment is the main objective of the *Integrated Management System, which addresses in a wider framework any strategy and policy on safety, on protection and respect of the environment, personnel safety, quality, and energy.*

The implementation of the Integrated Management System originates from a choice made by the d'Amico Group, which attaches primary importance to 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, enables 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, drive the continuous growth of our Company's performance in terms of safety, customer and stakeholder satisfaction and environmental practices.

Through its flexible Integrated Management System the Group can 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.

In addition, all procedures and practices in compliance with the Maritime Labour Convention 2006 that guarantee the respect of the crew under contractual, health, and safety aspects, are properly implemented through the Integrated Management System.

Health, Safety, Quality and Environment (HSQE): an objective beyond compliance

Health, Safety and Quality objectives

d'Amico International Shipping, through the d'Amico 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, the ultimate Group holding, 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 Integrated Management System for Health, Safety, Quality and Environment (HSQE) 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. In this respect a new version of TMSA, TMSA 3, has been issued by OCIMF to maintain its relevance, to reflect changes in legislation and best practice, to provide clarity, to encourage a more unified interpretation of the Key Performance Indicators and best practice guidance, and to promote Continuous Improvement.

In particular the new TMSA introduced updated industry legislative requirements, including the Manila Amendments to the Maritime Labour Convention 2006, the Polar Code and the Ballast Water Management Convention; revised elements on Environmental and Energy Management (previously Environmental Management) incorporating the OCIMF Energy Efficiency and Fuel Management information paper; added a new element on Maritime Security.
d'Amico Società di Navigazione has performed every action to permit the migration to the new TMSA programme, compulsory from December 31, 2017.

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, DIS through the d'Amico Group has been promoting internal HSQE (Health, Safety, Quality and Environmental) management procedures and operating an integrated management 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. New versions of these two standards (ISO 9001:2015 and ISO 14001:2015) have been issued by ISO, with the aim to better harmonize the various requirements included in the standards. The compliance with the new Certificate is required within September 2018. The d'Amico Group has planned to start the next RINA audit on April 2018.

To promote crew safety, the Group 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 and together with a proper training of the seagoing and onshore personnel, any dangerous situation is properly evaluated and proper preventive measures are implemented.

Environmental concern – the quality of DIS Fleet

All the above listed systems and procedures aim to preserve the marine environment. The Group is constantly committed to promoting responsible behaviour towards the environment within its workforce. Protecting and respecting the environment is a mission for the d'Amico Group and part of its corporate values.

In addition to the previously described initiatives, with the intention of 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, in order to identify upcoming failures. This in turn will lead to an improvement in equipment reliability, reducing cost of asset failures, and improving workers' safety.

Indeed, every year DIS' product tankers are required to undergo the following external examinations:

- Inspection and monitoring of compliance with international rules and regulations 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, in 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.

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.

Energy efficiency and reduction of emissions

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

Increased energy efficiency is one of the most 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 DIS Group's personnel to increase energy efficiency in its vessel systems and operational processes.

DIS'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 analysed within the annual Integrated Management System Review. In this regard, d'Amico Società di Navigazione, has also obtained the certification ISO 50001, the international standard, that recognizes Management Systems aimed at promoting energy efficiency.

The Paris Climate Agreement (2015) dealing with greenhouse gas emissions, sets out a global action plan to put the world on track to avoid dangerous climate change by limiting global warming to well below 2°C.

The EU was the first major economy to submit its intended contribution to the new agreement in March 2015. It is already taking steps to implement its target to reduce emissions by at least 40% by 2030.

In this regard, EU issued the Regulation 2015/757 for the Monitoring Reporting and Verification (MRV) of CO_2 emissions by vessels for voyages between European ports. In this respect, d'Amico has prepared a specific Monitoring and Reporting Plan for each vessel and the procedure to provide all data necessary to the monitoring and reporting. The monitoring starts in January 2018. At the end of the year, all data shall be verified and a report with the CO_2 emissions shall be submitted in 2019 to the EU Commission, which will issue a specific certificate to each vessel.

This represents a first step to understand how the maritime industry can contribute to the reduction of global emissions.

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

Comparison of bunker consumption and related emissions of gas, such as CO_2, NO_x and SO_x, into the atmosphere for the year 2016 and 2017

Total bunker consumed per vessel

The consumption per vessel in 2017 is 2.2% lower than in 2016.

Mix of bunkers consumed per vessel

In 2017 DIS' owned vessels consumed 2.7% less Intermediate Fuel Oil (IFO) with Sulphur content higher than 1%, relative to the previous year. In addition from 2016 to 2017, DIS' vessels consumed 94% less Maritime Diesel Oil (MDO) with Sulphur content higher than 0.1% and 3% more MDO with a Sulphur content lower than 0.1%, highlighting the shift towards cleaner fuels.

Emission of different types of Gas per vessel

There is a decrease in the overall emissions from DIS' owned vessels in 2017 relative to the previous year. In particular, the emissions per vessel decreased by 2.2% for CO_2 and NO_x and by 2.5% for SO_x

Ballast Water Treatment System

Last September the new IMO Ballast Water Convention entered into force. Ballast water contains a variety of organisms, such as marine and coastal plants and animals from different regions of the world. If taken up in one place and released in another, some organisms may survive and prosper in their new environment. These "non-native species" can have a serious ecological, economic and public health impact on the receiving environment. To prevent the problem of invasive species from ballast water, the IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments in 2004.

To comply with the Convention requirements, d'Amico Group has prepared Plans, record books and procedures to guide vessels not only to respect the rule, but also above all to guarantee the prevention of this kind of pollution. A dedicated Ballast Water Treatment System has been already installed on over 80% of its owned fleet vessels while the installation is planned on the outstanding during the next dry-docks, and specific contingency measures are in place to prevent and respond to any failure and improper operation.

Other projects sustaining the environment

DIS through the d'Amico Group supports the preservation of the marine environment from pollution and excessive over-use, through the participation in various projects. DIS also constantly promotes responsible behaviour of its people towards the environment.

With the aim of promoting and developing the Italian maritime heritage, including its care for the environment, the d'Amico Group supports since more than a decade the "Associazione Promotore Musei del Mare e della Navigazione Onlus" and is also very active in supporting regularly the Oceanographic Museum of Monaco, by participating to projects, which aim to protect the oceans and its biodiversity, and increase the awareness towards marine matters.

The d'Amico Group is also partner of the "Istituto Italiano di Navigazione". Founded in 1959, the organization considers itself a link between the various institutions and businesses to promote the technical and scientific development of navigation and shipping.

Commitment to Humanitarian, Educational and Cultural matters

The d'Amico Group is also at the forefront in sustaining solidarity, training and cultural projects in the countries where it operates.

For the d'Amico Group, solidarity is a moral obligation. The group contributes to charitable activities all over the world to assist the neediest populations and territories, with a special attention dedicated to children. Moreover, the d'Amico Group has always been committed to sustaining events in favour of the protection of human life and scientific research, as well as contributing to the reconstruction of towns, villages and cities struck by natural disasters. The d'Amico Group was on the front-line in assisting in the reconstruction of a small village in Japan after the 2011 Tsunami, which hit the country's northeastern coast. Lately, the d'Amico Group actively helped the people from the villages of the Khanh Hoa's province in Vietnam, when it was violently hit by the typhoon "Damrey".

The Group has also launched "d'Amico Ishima Sea Jewels", a project aiming to organize, for the spouses of d'Amico seafarers, seminars and activities to promote the understanding of health, finance and wellness oriented subjects. The majority of the spouses of the Filipino seafarers operating on d'Amico vessels stay at home to oversee the whole family, taking care of their children in school and the house budget while their husbands are on-board the d'Amico vessels.

Also by supporting on a yearly basis the organization "Save the children", d'Amico Group contributes to health, education and prevention projects, which provide to many children worldwide a better future.

In addition, the d'Amico Group provides education, professional development and guidance to its employees and to students outside the group, which are interested in careers in the maritime industry. By financing several projects at different educational levels, d'Amico contributes to the development of successful career paths inside and outside the organization.

In this respect, the d'Amico Group contributes to shape the future of shipping by contributing and partnering with several national and international maritime institutions.

In particular, the d'Amico Group is one of the founding members of the ITS Institute for Sustainable Mobility - "G. Caboto" Foundation – (Istituto Tecnico Superiore per la Mobilità Sostenibile – G. Caboto) is a private-law institute, composed of public and private bodies, which aims to promote technical and scientific shipping culture, forming specialized technical staff also for its vessels.

In addition, the d'Amico Group also strengthened recently its partnership with the Royal Institution of Naval Architects – the British professional association of naval engineers founded in 1860, London – and the Naval Engineering Department of Genoa University (DITEN), to promote and foster the exchange of technical and scientific information in ship-designing and shipbuilding. In this respect, more than a decade ago the three organizations created, the "Student Naval Architect Award", which is assigned to the best thesis of one of the students. Every year d'Amico Group also offers a scholarship/project work to the highest-ranking student of the IPE Institute of Naples, seeking to contribute to the student's professional training.

Furthermore, d'Amico also actively participates in the Connecticut Maritime Association, a non-profit trade association representing people from all over the Shipping and Trade Industry. Through this association, the d'Amico Group supports students intending to enter the shipping industry, by awarding the winners of the CMA Essay Contest, which evaluates papers focusing on the maritime market submitted by University students.

To maintain a strong bond with the territories it operates in, d'Amico Group has also always supported arts and cultural events worldwide. In doing so, the d'Amico Group aims also to spread the Italian culture.

In this respect, in 2015 the d'Amico Group launched "The Owner's Cabin" project, a unique artist's residency program that places artists on board of one of its vessels traveling around the world, allowing them to produce artwork inspired by the international shipping environment they experience while on-board the group's vessels.

Human Resources, Social and Employee Matters, Respect for Human Rights

As at 31 December 2017, the Group employed a workforce of 703 seagoing personnel and 36 onshore personnel.

In 2017 the Group has confirmed that one of its strategic priorities is the development of the human capital of its employees, with the firm belief that their contribution (at any level of the organization) is its real and distinctive competitive advantage in the market. Furthermore, the Group is aware that the deep changes affecting the present and the future of work will have an important impact on jobs, skills, as well as its compensation systems.

Another strategic priority for the Group is the promotion of diversity and inclusion. The complexity of the markets in which the Group operates, and the worldwide scale of its operations, makes this goal both challenging and crucial.

In this regard, the continuous investment on developing our employees' professionalism recognizes the value of differences, while inclusiveness is promoted every day in every area of the organization. The Group in fact, believes that a culture that empowers diversity and inclusion is a driver to advance organizational excellence and success and that teamwork based on multifaceted cultural dimensions brings high value to organizations. That's why our main goal in people our management strategy is to let our people feel valued, respected, involved in the Company, giving them access to equal opportunity, well over the mere compliance with equal employment opportunity or non-exclusionary laws.

In this respect, DIS Group promotes a culture based on policies and practices to maximise and retain talent, embrace the use of technology and innovation, improve employee wellbeing, ensure prevention of unlawful behaviour. Its goal is, in fact, to create a workplace environment where every employee has the capacity to perform at higher levels by also ensuring work-life balance plans supporting both genders to balance family needs whilst, fostering professional responsibilities, and work participation.

This strategic priority is confirmed by the changes in the gender and nationality composition of its workforce in the last years. The number of shore-based personnel's nationalities increased remarkably, reaching 14 at the end of 2017. Likewise, the number of women employed increased as well, resulting in a more balanced working environment.

As far as our investment on people, the Group, through corporate leadership programs for onshore as well seagoing personnel, seeks to encourage employees' productivity, collaboration, engagement and accountability. The majority of the delivered training hours were focused on the consolidation of management and core shipping skills.

Continuous attention is dedicated to the retention and development of staff that the Group deems key for the management of its fleet, leading to an overall average job retention rate for these positions of 98.4 % in 2017.

The people performance management continues to be a key process for the evaluation of personnel performance, talent management and for the establishment of the Group's incentive system, which has recently been revised to align it with the latest best practices.

With regards to the reward system, the Group has confirmed the Stock Option Plan, to reinforce the alignment of interests between its employees involved in the Plan (the "Beneficiaries") and its Shareholders. The plan promotes value creation in the medium to long-term, through the establishment of a number of goals, linked also to the performance of the Company's share price.

The scale and complexity of the Group and the challenges set by the industry in which it operates in demand to work on several communication tools to promote its image and enhance awareness of its role and objectives.

The seagoing personnel play a key role in the safe and efficient operation of the fleet. The crewing policy implemented by the Group, which boasts years of experience in the sector, aims to promote on-board safety and environmental protection, also through crew efficiency and reliability.

The Group's recruitment program seeks to further development its presence in Mumbai. The Indian market has an established track record of providing highly professional and skilled seafarers with proficiency in the English language. The Group has also established an important partnership in Manila, securing a strong presence in the Philippine market.

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

The «Home Grown Officers» philosophy is a fundamental aspect of the personnel development strategy. In this respect, the d'Amico Group realizes specific 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. In this respect, the d'Amico Group chooses to co-operate with nautical institutes for the education of its cadets, who could become the future officers its fleet. One such institute is the ITS Institute for Sustainable Mobility - "G. Caboto", which focuses on the training of specialized technical staff.

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, repairs and insurance. The Group's risk management includes the following policies:

(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 that its vessels and its staff fully comply with external requirements such as those imposed by oil majors.

(ii) Bunkering is managed by DIS, with the support of a d'Amico Group Company (Rudder S.A.M.), which has an in-depth knowledge of the market, with the aim of reducing costs, deviations and quality issues.

(iii) Dry-docks and repairs – the management of dry-docks and repairs is coordinated through the d'Amico Group, providing economies of scale and 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.

(iv) DIS Group's insurance plan provides coverage for a wide range of risks which may arise from ship ownership and management and which may expose the Group 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.

(v) Piracy risk is a major issue 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 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 DIS Group, 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 to stay 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 DIS Group 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)*; (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.

Anti-Corruption And Bribery Matters

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 in 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 including the due diligence of new agents, joint venture partners and key suppliers prior to signing of contract.

(iv) Risk assessment before entering a new country.

(v) Monitoring of compliance with rules on travel, meals lodging and entertainment.

(vi) Continuous internal communication on compliance issues, progress and training.

(vii) Combined oversight of the Internal Audit function, the Control and Risk Committee, the Chief Control and Risk Officer, the manager in charge of preparing the Company's financial reports and the Supervisory Committee.

(viii) Management commitment on all levels.

(ix) the adoption of a Code of Ethics (the "Code") which includes the principal rules of good behavior to reduce and prevent in a material way the risk of commission of the different types of crimes, including fraud. On 7 May 2014 an updated version of the Code was approved by the Board of Directors of DIS upon revision performed by the Control and Risk Committee. The Company decided to adopt the main principles of ethics of its ultimate parent company, d'Amico Società di Navigazione S.p.A. but tailored these to satisfy the applicable Luxembourg legislation.

(x) d'Amico International Shipping S.A. (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 corporate liability of legal entities, in case of crimes committed by subjects that act on behalf of the company, such as representatives, executives, directors, subordinates, and persons who – even de facto – carry out management or control activities. Under the Decree 231, corporations may be held liable for a specific list of offences committed – or even attempted – in the interest or for the benefit of the Company.

Companies shall not be considered liable if the individual committed the crime in their own sole interest, or in the interest of third parties (not linked to the Company).
Furthermore, the Company's liability shall be excluded where proven that the board of directors had adopted and efficiently implemented – before the offence was committed – a compliance program ("Organizational Management and Control Model" or "231 Model") aimed at developing 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 the risk of perpetration of the offences provided for by the 231 Decree.
The Company must have appointed an internal supervisory body, ("Supervisory Committee"), with the function of monitoring the effective implementation of the 231 Model, and its constant updating. For the administrative liability to be excluded, it must be proven that this appointed Supervisory Committee did not omit to exercise its control duty.
In order to be considered effectively implemented, the 231 Model has to:

- specifically point out the areas of risk;

- provide specific procedures concerning the Supervisory Committee decision-making process and the implementation of its decisions;

- provide an appropriate financial management, to prevent the perpetration of financial crimes;

- provide a specific duty to inform the Supervisory Committee in case a violation of the 231 Model occurs;

- provide disciplinary sanctions.

Liability shall also be excluded where the offence was committed by a natural person with the fraudulent intention of avoiding the implemented 231 Model.

The 231 Model must identify the areas of activity where there is a chance of perpetration of the listed crimes (hereinafter "Risk Areas"), identifying appropriate procedures aimed at preventing the mentioned crimes, including the duty of each division of the Company to report violations and provide relevant information to the Supervisory Committee. Disciplinary sanctions are also required, so as to punish each violation of the procedures.
In compliance with the provisions of the Decree 231, the Board of Directors of d'Amico International Shipping S.A. in its meeting held on 12 March 2008, has adopted the 231 Model (subsequently amended on 30 July 2015 and on 2 March 2017) and has established a Supervisory Committee. Moreover, the Company is continuously improves the implementation of specific control activities (COSO Framework) to prevent the commission of crimes, and recently decided to publicize on its website the Supervisory Committee e-mail's account as a direct channel to be used by whistle-blowers.

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:
https://en.damicointernationalshipping.com/media/6620/2016-report-on-corporate-governance-and-ownership-structure.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 Italians 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, 2017 in the 2017 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 eMarketSDIR/ eMarketSTORAGE system, Commission de Surveillance du Secteur Financier (CSSF) and Société de la Bourse de Luxembourg S.A. in its quality of DIS Officially Appointed Mechanism for the central storage of regulated information (hereinafter, the "OAM").

[10] 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).

Shareholders Information

Investor Relations

d'Amico International Shipping's Investor Relations team runs a structured program aimed at promoting an ongoing dialogue with institutional investors, shareholders and the markets to ensure a regular dissemination of exhaustive, complete, and timely information on its activities, in accordance with legal requirements and by complying withthe relevant corporate governance standards and recommendations, while respecting thelimits arising from the confidential nature of certain information.

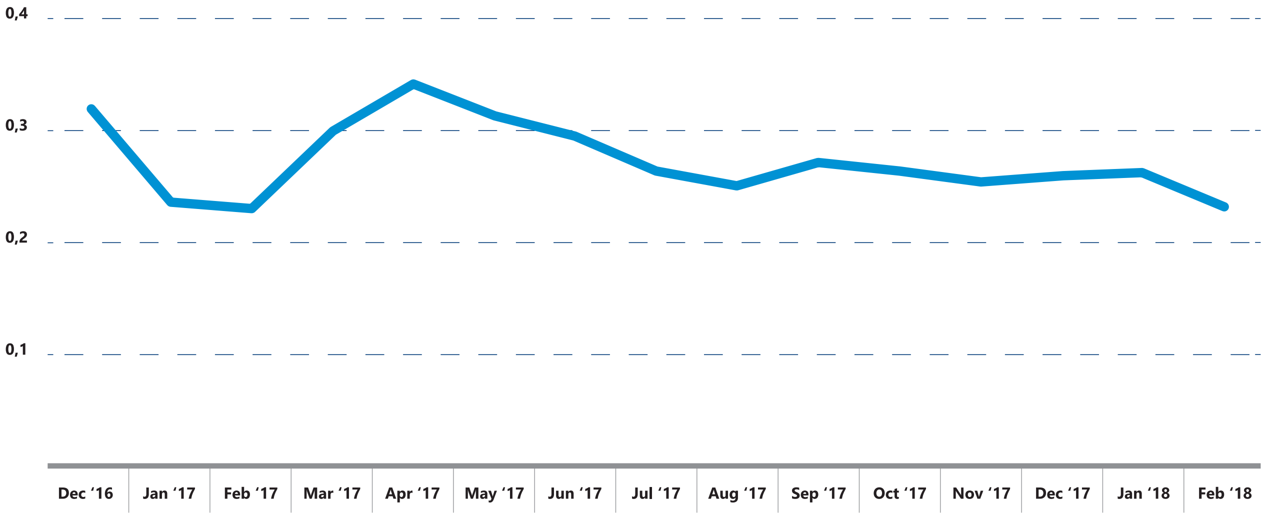
The financial results were presented on a quarterly basis through public conference calls, which can be widely accessed, including through the Group's Investor Relations website. During 2017 the IR team kept in constant contact with the financial community to discuss DIS' performance and results through 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 centers, and meetings were organized with investors which were deemed to have a particular interest in investing in our company, taking into account our market capitalisation, equity valuation, sector of operation and the cyclical nature of our business.

More information is 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.**

Share Price Performance

d'Amico International Shipping S.A.'s share capital consists of 653,215,318 ordinary shares. The Company's shares are listed on Borsa Italiana SpA in the STAR segment.



In 2017, DIS' share price fell by 19%, ending the year at € 0.259, versus € 0.319 at the end of 2016. The market capitalization of the Company's shares was of € 167.0 million at the end of 2017. The average daily traded volume during the year was of 1.6 million shares.

Financial Calendar

The 2018 Company's Financial Calendar is the following:

2017 Annual Financial Statements	March	Thursday 01
Annual General Meeting	April	Wednesday 18
2018 First Interim Management Statements	May	Thursday 03
2018 Half Yearly Report	July	Tuesday 31
2018 Third Interim Management Statements	November	Thursday 08

Alternative Performance Measures (APM)

Along with the mostly directly comparable IFRS measures, DIS management is regularly using Alternative Performance 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. APMs are financial and non-financial measures of historical or future financial performance, financial position or cash-flows, other than a financial measure defined or specified in the Group's applicable financial reporting framework and standards (IFRS); for this reason they might not be comparable to similarly titled measures used by other companies and are not measurements under IFRS or GAAP and thus should not be considered substitutes for the information contained in the Group's financial statements. In the following section are set out the Group's definitions of used APMs:

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

Time charter equivalent earnings

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

EBITDA and EBITDA Margin

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

EBIT and EBIT Margin

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

Gross CAPEX

It means gross capital expenditure, that is the expenditure for the acquisition of fixed assets as well as expenditures capitalised as a result of the intermediate or special surveys of our vessels, or of investments for the improvement of DIS vessels, as indicated under Net acquisition of fixed assets within the cash-flow from investing activities; it gives an indication about the strategic planning (expansion) of the Group (capital intensive industry).

Net Indebtedness

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

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

Available vessel days

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

Coverage

Ratio indicating how many available vessel days are already covered by fixed rate contracts (time charter contracts or contracts of affreightment). It provides an indication of how exposed the Group is to changes in the freight market during a certain period (please refer to Time charter equivalent earnings in the Management financial review).

Daily spot rate or daily TC rate

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

Off-hire

Means the period in which a vessel is unable to perform the services for which it is immediately required under a time charter. Off-hire periods can include days spent on repairs, dry-docking and surveys, whether or not scheduled. It can help to explain changes in time-charter equivalent earnings between different periods (please refer to Revenues, in the Management financial review).

Time charter equivalent earnings per day

Is a measure of the average daily revenue performance of a vessel on a per voyage basis. DIS' method of calculating time charter equivalent earnings per day is consistent with industry standards and is determined by dividing voyage revenues (net of voyage expenses) by on-hire days for the relevant time period. Time charter equivalent earnings per day is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance, since it is unaffected by the changes in the mix of charter contracts (i.e. spot charters, time charters and contracts of affreightment) through which the vessels are employed. It allows a comparison of the Group's performance with industry peers and market benchmarks (please refer to Key figures).

Vessels equivalent

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

OTHER DEFINITIONS

Bareboat charter	Is a contract type under which the ship owner is usually paid monthly in advance charter hire at an agreed daily rate for a specified period of time, during which the charterer is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses (please refer to note 7). A bareboat charter is also known as a "demise charter" or a "time charter by demise".
Charter	Is a contract for the hire of a vessel for a specified period of time or to carry cargo from a loading port to a discharging port. The contract for a charter is commonly called a charter party and there are three main types of such contracts, a bareboat charter party, a voyage charter party and time charter party (refer to definitions in this section).
Contract of affreightment (COA)	Is an agreement between an owner and a charterer which obliges the owner to provide a vessel to the charterer to move specific quantities of cargo, at a fixed rate, over a stated time period but without designating specific vessels or voyage schedules, thereby providing the owner with greater operating flexibility than with voyage charters alone.
Disponent Owner	The company that operates a vessel controlling it either through a time-charter or a bareboat charter.
Fixed-rate contracts	For DIS these usually refer to revenues generated through time-charter contracts or contracts of affreightment (please refer to definitions in this section). Bareboat charter contracts are also usually fixed rate contracts but DIS controls rather than employs vessels through such contracts.
Spot charter or Voyage charter	Is a contract type through which an owner or disponent owner (please refer to definition in this section) is paid freight on the basis of moving cargo from a loading port to a discharging port. The charterer pays the vessel owner on a per-ton or lump-sum basis. The payment for the use of the vessel is known as freight. The disponent owner is responsible for paying both vessel operating expenses and voyage expenses. Typically, the charterer is responsible for any delay at the loading or discharging ports.
Time charter	Is a contract type through which the ship owner or disponent owner (please refer to definition in this section) is paid usually monthly in advance charter hire at an agreed daily rate for a specified period of time (usually a fixed rate contract). With such contracts the charterer is responsible for paying the voyage expenses and additional voyage insurance. A ship-owner or bareboat charterer operating its vessel on time-charter is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses.

Summary of the Results in the Fourth Quarter and FY 2017

The IMF in their January 2018 'Global Economic outlook' stated that world economic activity continues to firm up. Global output is estimated to have grown by 3.7% in 2017, which is 0.1% point faster than projected in the fall and half a percentage point higher than in 2016. The pickup in growth has been broad based, with notable upside surprises in Europe and Asia. Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage points to 3.9%. The revision reflects increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes.

Rates were weak in 2017 for product tankers as the market was depressed by still high global product inventories, low trading activity and supply disruptions in the Atlantic during the hurricane season.

OECD commercial product stocks fell in Q4 by a large 52 million barrels to reach 1.42 billion barrels. Since peaking in August 2016 at 1.58 billion barrels, stocks drew by an impressive 160 million barrels (10%) and were at year-end only slightly above the five-year average.

Instead of seeing the usual seasonal slowdown, global refining throughput in Q4 2017 surged to a new record high of 81.5 million b/d, posting the largest year-on-year growth since Q3 2015. December throughput, likely to finalise as the highest month yet, is expected to be up 2 million b/d from September. Throughput growth came from three major sources: the US, China and India. In the US, refinery intake recovered from Q3 2017 outages, returning to above 17 million b/d in December. Throughput dropped elsewhere in the Atlantic Basin in Q4 2017, with all the remaining net growth in global refinery runs coming from East of Suez. Chinese throughput hit a new record in November, with monthly rates just under 12 million b/d as new refining capacity ramped up, while as expected in December it dropped to 11.5 million b/d. India increased runs to a quarterly record of over 5 million b/d.

Spot chartering activity in the US Gulf has been robust after the disruption of hurricane Harvey, with product flows from the US Gulf growing again pushing spot fixtures in Q4 2017 up 5% year-on-year for loading in the that region for discharge in Latin America. The regional improvement was nonetheless not sufficient to support a significant improvement in charter rates.

The one-year time-charter rate is always the best indicator of spot market expectations. This rate improved throughout 2017, but failed to sustain its upward momentum towards the end of Q4 and in January 2018. One year TC rates for conventional MRs are as at January 2018 currently estimated between US$ 13,500 - US$ 13,750 per day and for eco MR vessels between US$ 14,750 and US$ 15,000 per day.

DIS' Net Result was negative for US$ (38.1) million in full-year 2017 vs. a Net Loss of US$ (12.8) million posted in 2016.

The variance compared with the previous year is largely due to a weaker freight market in 2017. In fact, ***DIS' daily spot rate was US$ 12,026 in the full-year 2017*** vs. 13,302 in the full-year 2016. At the same time, 33% of DIS' total employment days in 2017, were covered through 'time-charter' contracts at an average daily rate of US$ 15,433 (2016: 45.9% coverage at an average daily rate of US$ 15,989). Such good level of time charter coverage is one of the pillars of DIS' commercial strategy and allows it to mitigate the effects of spot market volatility, securing a certain level of earnings and cash generation. DIS' total daily average rate (which includes both spot and time-charter contracts) was US$ 13,150 in the full-year 2017 compared with US$ 14,534 achieved in the previous year.

2017 results were also negatively impacted by US$ 10.9 million impairment booked on three vessels, which are currently under 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.

In 2017, DIS had ***US$ 148.1 million in 'capital expenditures'***. This figure is mainly in relation to DIS' newbuilding plan and includes the acquisition of three leased assets for a total of US$ 68.0 million in the period, following three sale and lease back contracts which generated a positive net cash effect of a total US$ 28.4 million in the period (US$ 11.2 million in Q2, US$ 10.7 million in Q3 2017, US$ 6.5 million in Q4 2017). Since 2012, DIS has ordered a total of ***22 'Eco design' product tankers***[11] (10 MR, 6 Handy-size and 6 LR1 vessels), of which 17[1] vessels have been already delivered as at the end of 2017. This corresponds to an overall ***investment plan*** of approximately ***US$ 755.0 million*** and is in line with the Group's strategy to modernize its fleet through new-buildings with an eco-design. In addition, DIS has already fixed the majority of its new-building vessels on long-term time-charter contracts with three oil-majors and a leading refining company, all at profitable levels.

In Q2 2017, DIS launched a share capital increase issuing preferential subscription rights of for up to 140,250,109 new shares with up to 140,250,109 warrants issued simultaneously at an issuance price of EUR 0.249 per new share. The offering was fully subscribed and generated proceeds of US$ 37.8 million in May 2017, strengthening the Group's balance sheet and liquidity position.

In December 2017, at the end of the first additional exercise period for 'd'Amico International Shipping Warrants 2017-2022', 84,454,853 Warrants were exercised at the price of Euro 0.283 per ordinary share, generating further proceeds of US$ 28.4 million.

Operating performance

US$ Thousand	**2017**	**2016**
Revenue	390,971	347,110
Voyage costs	(133,534)	(85,724)
Time charter equivalent earnings	**257,437**	**261,386**
Time charter hire costs	(126,664)	(117,198)
Other direct operating costs	(80,370)	(73,509)
General and administrative costs	(15,482)	(15,690)
Result from disposal of vessels	1,917	-
EBITDA	**36,838**	**54,989**
Depreciation and impairment	(48,266)	(44,855)
EBIT	**(11,428)**	**10,134**
Financial income	2,419	1,767
Financial (charges)	(28,379)	(24,134)
Share of profit (loss) of equity accounted investee	85	230
Profit / (loss) before tax	**(37,303)**	**(12,003)**
Taxes	(780)	(835)
Net profit / (loss)	**(38,083)**	**(12,838)**

Revenue was US$ 391.0 million in 2017 compared with US$ 347.1 million realized in the previous year. The increase in gross revenues compared with the previous year was mainly a consequence of the higher number of vessels operated on average by DIS in 2017 (2017: 54.7 vs. 2016: 50.1). The off-hire days percentage in 2017 of 2.0% was in line with the previous year.

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

Voyage costs reflect the mix of spot and time-charter employment contracts. These costs, which occur only for vessels employed on the spot market, amounted to US$ 133.5 million in 2017 compared with US$ 85.7 million recorded in 2016.

Time charter equivalent earnings were US$ 257.4 million in 2017 vs. US$ 261.4 million in 2016. The variance compared with last year is due to the weaker product tanker market experienced in 2017.
In particular, DIS realized a **Daily Average Spot Rate of US$ 12,026 in 2017** compared with US$ 13,302 achieved in the previous year. This variance is due to the much weaker market experienced in H1 2017 relative to the first semester of 2016 (H1 2017: US$ 12,492 vs. H1 2016: US$16,848) partially compensated by a stronger second-half of 2017 compared with the same period of the previous year (H2 2017: US$ 11,638 vs. H2 2016: US$ 10,111).

Following its strategy, in 2017 DIS maintained a **high level of 'coverage'** (fixed contracts), securing an average of 33% (2016: 45.9%) of its available vessel days at a **Daily Average Fixed Rate of US$ 15,433** (2016: US$ 15,989). 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$ 13,150 in 2017** vs. 14,534 in 2016.

DIS TCE daily rates (US$)	**2016**					**2017**				
	Q1	Q2	Q3	Q4	**FY**	Q1	Q2	Q3	Q4	**FY**
Spot	18,076	15,560	10,101	10,120	**13,302**	13,363	11,763	11,960	11,299	**12,026**
Fixed	15,706	16,059	16,106	16,085	**15,989**	15,908	15,078	15,681	15,003	**15,433**
Average	16,970	15,803	12,904	12,601	**14,534**	14,412	12,851	12,977	12,459	**13,150**

Time charter hire costs relate to the chartered-in vessels and amounted to US$ 126.7 million in 2017 vs. US$ 117.2 million in 2016. In 2017, DIS operated a higher number of chartered-in vessels (2017: 24.4 vs. 2016: 22.4) but at a lower daily average cost relative to 2016.

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$ 15.5 million in 2017 and slightly lower than the US$ 15.7 million posted in the previous year. These costs relate mainly to onshore personnel, together with office costs, consultancies, travel expenses and others.

Result on disposal of vessel. In 2017, DIS sold M/T High Endurance, M/T High Endeavour (two 2004-built MR vessels) and M/T High Prosperity (a 2006-built MR vessel), sold and leased back M/T High Fidelity, M/T High Discovery (two 2014-built MR vessels) and M/T High Priority (a 2005-built MR vessel). These transactions generated a total net gain on disposal of US$ 1.9 million at the end of the year.

EBITDA was **US$ 36.8 million in 2017** compared with US$ 55.0 million achieved in 2016. The reduction relative to last year, is mainly due to lower 'TCE Earnings' achieved in 2017. **DIS' EBITDA Margin was 14.3% in 2017** compared with 21.0% in 2016.

Depreciation and Impairment amounted to US$ 48.3 million in 2017 vs. US$ 44.9 million in 2016. The total amount for 2017 includes an impairment of US$ 10.9 million (2016 included an impairment of US$ 6.6 million) booked on three vessels, which are currently under 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 2017 profit and loss.

EBIT was negative for US$ (11.4) million in 2017 compared to a positive result of US$ 10.1 million posted in 2016.

Net financial income was of US$ 2.4 million in 2017 vs. US$ 1.8 million in 2016. The 2017 amount comprises US$ 0.3 million realized bank interest income (funds held with financial institutions on deposit and current accounts) and interest on the financing provided to the DM Shipping joint venture, US$ 0.8 million positive exchange difference (primarily on the USD/JPY rate) and US$ 1.2 million unrealized gain in relation to the ineffective part of DIS' interest rate swap agreements. The variance relative to the same period of last year is due to the higher positive exchange difference on the USD/JPY rate achieved in 2017.

Net financial charges were US$ 28.4 million in 2017 vs. US$ 24.1 million in 2016. The amount comprises the interest expenses due on DIS' loan facilities, actual expenses on interest rate swaps and amortization of financial fees.

DIS recorded a ***Loss before tax*** **of US$ (37.3) million vs.** US$ (12.0) million loss in 2016.

Income taxes amounted to US$ 0.8 million in 2017, in line with the previous year.

The ***Net Result*** for **2017 was US$ (38.1) million** compared with a Net Loss of US$ (12.8) million posted in 2016.

Consolidated Statement of Financial Position

US$ Thousand	As at 31 December 2017	As at 31 December 2016
ASSETS		
Non-current assets	823,752	837,055
Current assets	189,483	152,149
Total assets	**1,013,235**	**989,204**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	394,432	363,366
Non-current liabilities	426,157	435,724
Current liabilities	192,646	190,114
Total liabilities and shareholders' equity	**1,013,235**	**989,204**

Non-current assets mainly relates 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 2017 is lower than the previous year, due to 4 owned vessels currently classified as 'assets held for sale' (disclosed below under Current Assets). According to the valuation report provided by a primary broker, the estimated market value of DIS' owned fleet as at December 31, 2017 was of US$ 761.3 million.

Gross Capital expenditures (Capex) were US$ 148.1 million in 2017 vs. US$ 151.2 million in 2016. This amount for 2017, comprises mainly the instalments paid on the newbuilding vessels under construction at Hyundai-Mipo, the US$ 27.0 million acquisition of M/T High Fidelity, the US$ 28 million acquisition of M/T High Discovery and the US$ 13 million acquisition of M/T High Priority, as the result of three sale and lease-back transactions. Dry-dock costs pertaining to owned vessels are also capitalized.

Current assets as at December 31 2017 amounted to US$ 189.5 million. Other than the working capital items (inventories and trade receivables amounting to US$ 15.5 million and US$ 66.2 million respectively), current assets include 'Cash and cash equivalent' of US$ 29.7 million, and assets held for sale of US$ 77.8 million, comprising the book value of 1 MR vessel (M/T High Presence) and 3 Handy vessels (M/T Cielo di Milano, M/T Cielo di Hanoi and M/T Cielo di Salerno). The sale of the M/T High Presence was agreed in Q4 but the vessel is expected to be delivered to the new owners in Q1 2018, whilst the other three Handy vessels are currently under sale negotiations. The value of these 3 last vessels is reported net of US$ 10.9 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$ 426.2 million as at December 31 2017 and mainly consist of the long-term portion of debt due to banks (disclosed under the Net Indebtedness section of the report) together with US$ 63.1 million in liabilities for financial leases.

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$ 50.8 million (essentially relating to trade and other payables), US$ 3.3 million in liabilities from financial leases and US$ 10.0 million in other current financial liabilities. The total balance of Current liabilities includes also US$ 56.8 million of outstanding debt on the four vessels classified as 'assets held for sale'.

The **Shareholders' equity** balance as at December 31 2017 was of US$ 394.4 million (US$ 363.4 million as at December 31 2016). The variance with the previous year is primarily due to the US$ 37.8 million share capital increase launched in Q2 2017, to the US$ 28.4 million warrants exercised in Q4 2017 (first additional exercise period of the 'd'Amico International Shipping Warrants 2017-2022'), to the Net Result generated in the current year and to the valuation of cash-flow hedges.

Net Indebtedness

DIS' Net debt as at December 31, 2017 amounted to **US$ 510.2 million** compared to US$ 527.8 million at the end of 2016. The net debt/fleet market value ratio was of 66.6% as at December 31, 2017 vs. 70.4% as at December 31, 2016.

US$ Thousand	As at 31 December 2017	As at 31 December 2016
Liquidity - Cash and cash equivalents	29,694	31,632
Current financial assets	344	95
Total current financial assets	**30,038**	**31,727**
Bank loans and other lenders– current	128,488	124,975
Shareholders' loan	-	10,001
Liabilities from financial lease	3,267	-
Other current financial liabilities – 3rd p.ties	10,043	11,885
Total current financial debt	**141,798**	**146,861**
Net current financial debt	**111,760**	**115,134**
Other non-current financial assets – third parties	5,947	2,213
Other non-current financial assets – related party DMS	21,685	20,853
Total non-current financial assets	**27,632**	**23,066**
Bank loans non-current	357,544	427,304
Liabilities from financial lease	63,144	-
Other non-current financial liabilities – 3rd parties	5,469	8,420
Total non-current financial debt	**426,157**	**435,724**
Net non-current financial debt	**398,525**	**412,658**
Net financial indebtedness	**510,285**	**527,792**

The balance of ***Total Current Financial Assets (Cash and cash equivalents together*** with some short-term financial receivables) was of US$ 30.0 million as at the end of 2017.

Total Non-current Financial Assets includes mainly DIS' (through d'Amico Tankers d.a.c.) shareholder loan to DM Shipping d.a.c., a 51/49 joint venture 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, 2017 amounted to US$ 486.0 million, of which US$ 128.5 million is due within one year (including also US$ 56.8 million outstanding debt on the 4 vessels classified as 'assets held for sale'). Other than some short term credit lines, DIS' debt as at December 31 2017 comprises mainly the following long-term facilities granted to d'Amico Tankers d.a.c. (Ireland), the key operating company of the Group: (i) US$ 250 million Term Loan facility granted by a pool of nine primary financial institutions (Crédit Agricole Corporate and Investment Bank, Nordea Bank, ING Bank, Banca IMI, Commonwealth Bank of Australia, Skandinaviska Enskilda Banken (SEB), The Governor and Company of the Bank of Ireland, Credit Industriel et Commercial, DnB), to refinance 8 existing vessels and provide financing for 6 new-building vessels, with an outstanding debt of US$ 100.1 million; (ii) Intesa medium-term facility with an outstanding debt of US$ 30.0 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$ 28.6 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 (sold in Q4 2017) and for an MR vessel built and delivered in January 2016, for an outstanding debt of US$ 18 million; (v) ING Bank 6 years term loan facility to finance 2 MR vessels built in 2005 for a total outstanding debt of US$ 6.8 million; (vi) 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$ 31.2 million; (vii) DnB NOR Bank 5 years term loan facility to finance 1 MR vessel built in 2014 for a total outstanding debt of US$ 17.7 million; (viii) ABN Amro 6 years term loan facility to finance 1 Handysize vessel built in 2014 for a total outstanding debt of US$ 16.9 million; (ix) Banca IMI (Intesa Group) 7 years term loan facility to finance 2 Handy-size vessels built respectively in 2015 and 2016 for a total outstanding debt of US$ 39.8 million; (x) Skandinaviska Enskilda Banken (SEB) 6 years term loan facility to finance 1 MR vessel built in 2015 for a total outstanding debt of US$ 19.5 million; (xi) Crédit Agricole CIB 4 years term loan facility to finance 1 Handy-size vessel built in 2006 and purchased in 2015 for a total outstanding debt of US$ 7.8 million; (xii) Monte dei Paschi di Siena 5 year term loan facility to finance 2 LR1 vessels (one delivered in November 2017 and the other under construction at Hyundai-Mipo and expected to be delivered in 2018), with an outstanding debt of US$ 37.4 million; (xiii) Century Tokyo Leasing 6 years term loan facility to finance 2 Handy-size vessel delivered respectively in July and October 2016 and 1 MR vessel delivered in January 2017, with an outstanding debt of US$ 67.8 million; (xiv) 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$ 6.2 million. In addition, DIS' debt comprises also: its portion of the bank loans of its joint venture 'Glenda International Shipping d.a.c.' with Commerzbank AG Global Shipping and Credit Suisse amounting to US$ 45.4 million, to finance the 6 Glenda International Shipping d.a.c. vessels, delivered between 2009 and 2011.

Liabilities for financial leases include the financial leases on M/T High Fidelity, M/T High Discovery and M/T High Priority, which were sold and leased back during the year.

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

Cash Flow

DIS' **Net Cash Flow for 2017 was negative for US$ (2.5) million vs. US$ (20.1) million in 2016**. During the year, gross capital expenditures for US$ 148.1 million, were partially compensated by US$ 105.0 million proceeds from disposal and US$ 51.7 million positive financing cash flow.

US$ Thousand	**2017**	**2016**
Cash flow from operating activities	(11,308)	55,667
Cash flow from investing activities	(42,853)	(149,197)
Cash flow from financing activities	51,666	73,407
Change in cash balance	**(2,495)**	**(20,123)**
Cash and cash equivalents net of bank overdrafts at the beginning of the year	20,164	40,287
Cash and cash equivalents	29,694	31,632
Bank overdrafts	(12,025)	(11,468)
Cash and cash equivalents net of bank overdrafts at the end of the year	**17,669**	**20,164**

Cash flow from operating activities was negative for US$ (11.3) million in 2017 vs. positive for US$ 55.7 million in 2016. The lower result achieved in 2017 was due mainly to the weaker freight markets compared to 2016.

The net ***Cash flow from investing activities*** was negative for US$ (42.9) million in 2017 (negative for US$ (149.2) million in 2016). The 2017 amount comprises US$ 80.1 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 and the US$ 68.0 million acquisition of a right of use for the leased assets (M/T High Fidelity, M/T High Discovery and M/T High Priority). The net investing cash flow includes US$ 105.0 million 'proceeds from the disposal of fixed assets' in relation to the sale of M/T High Endurance and M/T High Endeavour in Q1 2017, the sale of M/T High Fidelity in Q2 2017, the sale of M/T High Discovery in Q3 2017 and the sale of M/T High Prosperity and M/T High Priority in Q4 2017.

Cash flow from financing activities was positive for US$ 51.7 million in 2017. This figure comprises mainly: (i) US$ 66.1 million equity capital raised through DIS' share capital increase and the warrants exercised during the first additional exercise period of the 'd'Amico International Shipping Warrants 2017-2022'; (ii) US$ 127.3 million in bank debt repayments; (iii) US$ 58.1 million in bank loan drawdowns; (iv) US$ 66.4 million inception and amortization of the financial leases; (v) US$ 10.0 million repayment in Q1 2017 of a shareholder loan granted by DIS majority shareholder (d'Amico International S.A.), towards the end of 2016.

Quarterly Results

Fourth Quarter results

US$ Thousand	Q4 2017	Q4 2016
Revenue	101,787	86,137
Voyage costs	(38,521)	(27,703)
Time charter equivalent earnings	**63,266**	**58,434**
Time charter hire costs	(33,659)	(27,310)
Other direct operating costs	(21,347)	(20,665)
General and administrative costs	(4,374)	(3,533)
Result from disposal of vessels	(725)	-
EBITDA	**3,161**	**6,926**
Depreciation and impairment	(20,451)	(16,932)
EBIT	**(17,290)**	**(10,006)**
Financial income	685	2,773
Financial (charges)	(7,691)	(11,397)
Share of profit (loss) of equity accounted investee	(7)	63
Profit / (loss) before tax	**(24,303)**	**(18,567)**
Income taxes	(196)	(355)
Net profit / (loss)	**(24,499)**	**(18,922)**

Market and key operating measures review by Quarter

	Q1	Q2	Q3	Q4	FY
Total vessel equivalent					
2017	**53.3**	**54.1**	**55.4**	**56.6**	**54.7**
2016	49.5	49.0	50.2	51.7	50.1
Off-hire days/available vessel days (%)					
2017	**3.7%**	**1.9%**	**0.9%**	**1.4%**	**2.0%**
2016	1.8%	1.5%	1.9%	2.5%	2.0%
TCE earnings per employment day (US$)					
2017	**14,412**	**12,851**	**12,977**	**12,459**	**13,150**
2016	16,970	15,803	12,904	12,601	14,534

Financials by Quarter

The 2017 quarterly financials largely reflect the performance of freight markets during that period.

US$ Thousand	Q1	Q2	Q3	Q4	FY
Revenue	91,938	96,164	101,082	101,787	390,971
Voyage costs	(25,372)	(34,066)	(35,575)	(38,521)	(133,534)
Time charter equivalent earnings	**66,566**	**62,098**	**65,507**	**63,266**	**257,437**
Time charter hire costs	(28,928)	(30,687)	(33,390)	(33,659)	(126,664)
Other direct operating costs	(19,905)	(19,784)	(19,334)	(21,347)	(80,370)
General and administrative costs	(3,902)	(3,391)	(3,815)	(4,374)	(15,482)
Other operating Income	2,677	(39)	4	(725)	1,917
EBITDA	**16,508**	**8,197**	**8,972**	**3,161**	**36,838**
Depreciation and impairment	(9,223)	(9,356)	(9,236)	(20,451)	(48,266)
EBIT	**7,285**	**(1,159)**	**(264)**	**(17,290)**	**(11,428)**
Financial income	1,513	138	83	685	2,419
Financial charges	(6,870)	(6,814)	(7,004)	(7,691)	(28,379)
Share of profit (loss) of equity accounted investee	81	9	2	(7)	85
Profit / (loss) before tax	**2,009**	**(7,826)**	**(7,183)**	**(24,303)**	**(37,303)**
Income taxes	(177)	(206)	(201)	(196)	(780)
Net profit / (loss)	**1,832**	**(8,032)**	**(7,384)**	**(24,499)**	**(38,083)**

The following table shows the Net Debt at the end of the fourth quarter 2017 compared with the figures at end of the third quarter of the same year:

US$ Thousand	As at 31 December 2017	As at 30 September 2017
Cash and cash equivalents	29,694	31,497
Current financial assets	344	106
Current financial debt	128,488	99,708
Other current financial liabilities	13,310	13,708
Non-current financial assets	27,632	27,254
Non-current financial debt	357,544	398,626
Other non-current financial liabilities	68,613	59,122
Net financial indebtedness	**510,285**	**512,307**

The substantial increase in current financial debt from 30 September 2017 is due to the reclassification of US$ 44.2 million outstanding debt on the three additional vessels classified under Assets held for sale as at the end of December 2017.

Significant Events in the Year

In 2017, the main events for the d'Amico International Shipping Group were the following:

Amendments to the bylaws of d'Amico International Shipping S.A. ("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.

On March 3 2017 the Extraordinary General Meeting of Shareholders of d'Amico International Shipping S.A. (the "Company") resolved:

- To approve the proposed amendment to the articles of association of the Company as proposed by the Board of Directors in the explanatory report published on 30 January 2017 and available to the Shareholders on the Company's website (**https://en.damicointernationalshipping.com/**);

- 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.

On March 3 2017, 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 € 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").

- The Warrants, if duly exercised according to their terms and conditions, 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 € 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.

'DIS controlling shareholder will guarantee 100% of the capital increase': On April 10 2017, d'Amico International S.A. ("DAM") the controlling shareholder of d'Amico International Shipping S.A., confirmed its unconditional and irrevocable undertaking to exercise all the preferential subscription rights which it is entitled to receive under the offering and to subscribe for and to fully and timely pay up the corresponding number of new shares with warrants issued simultaneously, as set out in the undertaking letter dated on 30 January 2017. Following the press release issued by DIS on March 3, 2017 and the relevant DIS Board of Directors resolution of the same day, DAM further irrevocably undertook and committed to subscribe to any share that will not be subscribed in the private placement and on the same terms, notably as to pricing, as will be proposed in the rights offering and the private placement.

The Board of d'Amico International Shipping S.A. approves the rights issue terms and conditions. On April 18 2017 the Board of Directors of d'Amico International Shipping S.A., exercising the powers delegated by the Extraordinary General Meeting of Shareholders of 3 March 2017, has resolved:

- To approve a rights issue addressed to the shareholders of the Company which consists of (i) an offering by the Company with preferential subscription rights (the "Preferential Subscription Rights") of new shares of the Company (the "New Shares") with warrants issued simultaneously (the "Warrants") to be exercised into shares (the "Warrant Shares"), (the "Rights Offering") and (ii) in case the Preferential Subscription Rights are only partially exercised during the Rights Offering, a private placement whereby the Board of Directors will place any New Shares that were not subscribed in the Rights Offering and with cancellation in this second round of offering of any preferential subscription right (the "Private Placement", together with the Rights Offering, the "Offering");

- To approve an increase of the share capital of the Company, within the limits of the authorised capital, of up to a maximum of the USD equivalent of € 34,922,277 (including share premium), through the issuance of up to 140,250,109 New Shares, that will generally in all respects rank pari-passu with the existing shares, at an issuance price per New Share of € 0.249 (the "Issuance Price"), in the ratio of 1 New Share for every 3 Preferential Subscription Rights exercised (the "Ratio") and with attached up to 140,250,109 free Warrants issued simultaneously in the ratio of 1 Warrant for every 3 Preferential Subscription Rights exercised;

- To approve a further increase of the share capital of the Company, within the limits of the authorised capital, of up to a maximum of the USD equivalent of € 59,606,296 (including share premium), through the issuance – in one or more tranches – of up to 140,250,109 Warrant Shares upon exercise of the Warrants, that will generally in all respects rank pari-passu with the shares in issue on the relevant exercise date.

The Board of Directors has decided to proceed with the Offering to strengthen the Company's balance sheet. The Offering has been structured to reward shareholders with a medium to long-term investment horizon, with the long maturity of the Warrants, providing to the investors the possibility of benefiting from an expected recovery in the highly cyclical product tankers market.

The Warrants confer certain rights and can be exercised under the Warrant terms and conditions. Based on the Warrant Terms and Conditions, the holders of Warrants will have the right to subscribe to Warrant Shares in the ratio of 1 Warrant Share for every 1 Warrant exercised based on the following exercise prices and exercised during the following periods:

- € 0.315, for the Warrants exercised in all the banking days in June 2018;
- € 0.340, for the Warrants exercised in all the banking days in June 2019;
- € 0.367, for the Warrants exercised in all the banking days in June 2020;
- € 0.395, for the Warrants exercised in all the banking days in June 2021;
- € 0.425, for the Warrants exercised in all the banking days in June 2022.

d'Amico International S.A. announced the results of the right issue - approximately 99.2% take up during the rights subscription period – gross proceeds of the USD equivalent of approximately € 34.7 million

On 18 May 2017 – d'Amico International Shipping S.A. announced that, in connection with its offering with preferential subscription rights (the "Preferential Subscription Rights") of up to 140,250,109 new shares (the "New Shares") with up to 140,250,109 warrants issued simultaneously (the "Warrants", which will be named "d'Amico International Shipping Warrants 2017 – 2022") at an issuance price of € 0.249 per New Share (the "Issuance Price"), it has received subscriptions, through the exercise of Preferential Subscription Rights, for 139,156,784 New Shares with 139,156,784 Warrants issued simultaneously through the exercise of Preferential Subscription Rights. This represents a take up of approximately 99.2%.

Results of Rights Subscription Period

A total of 417,470,352 Preferential Subscription Rights representing approximately 99.2% of the total number of Preferential Subscription Rights were exercised during the exercise period for the Preferential Subscription Rights which started on 24 April 2017 and ended on 18 May 2017 (the "Rights Subscription Period"). Given the ratio of 1 New Shares with 1 Warrant issued simultaneously for 3 Preferential Subscription Rights the Company will issue 139,156,784 New Shares with 139,156,784 free Warrants issued simultaneously, to be exercised into shares (the "Warrant Shares"), to the subscribers who subscribed the New Shares during the Rights Subscription Period. The New Shares are negotiated on Mercato Telematico Azionario under ISIN code LU0290697514, which is the ISIN code for the DIS shares.

Warrants

Trading on the Mercato Telematico Azionario of Borsa Italiana of the related Warrants commenced by the end of May under ISIN code LU1588548724.

The Board of Directors of d'Amico International Shipping S.A. announced the results of the private placement and the final results of rights issue. Capital Increase 100% subscribed and gross proceeds of the offering equal to the USD equivalent of € 34.9 million.

On 23 May 2017, In connection with its offering with preferential subscription rights (the "Preferential Subscription Rights") of up to 140,250,109 new shares (the "New Shares") with up to 140,250,109 free warrants issued simultaneously (the "Warrants") at an issuance price of € 0.249 per New Share (the "Issuance Price"), d'Amico International Shipping S.A. announced that, following the private placement of the unsubscribed New Shares (the "Private Placement"), all the remaining 1,093,325 New Shares have been subscribed (representing an additional capital increase - including share premium - of the USD equivalent of approximately € 272,238) with 1,093,325 Warrants issued simultaneously. The take up at the Private Placement, together with the take up of approximately 99.2% during the rights subscription period which started on 24 April 2017 and ended on 18 May 2017 (the "Rights Subscription Period"), represents a total take up of 100% for the rights issue offering as a whole. The Company's capital will amount to USD 56,876,046.50 divided into 568,760,465 shares with no nominal value.

The Board of Directors of d'Amico International Shipping S.A. also approved the opening of additional warrants exercise periods.

On 9th November 2017, the Board of Directors of d'Amico International Shipping S.A., resolved to exercise the right set out in article 3.2 of the "Warrant DIS 2017 - 2022" Regulation, ISIN code LU1588548724 (the "Warrants") and to establish 5 additional exercise periods of one consecutive calendar month each (the "Additional Exercise Periods") defining for each new exercise window the strike price, as provided in article 4.2 of the Warrants Regulation, as follows (based also on the press release issued on 22nd November 2017 "DIS amends the dates for the Warrants' additional exercise periods"):

- € 0.283, for Warrants exercised on all the Banking Days from 27th November to 27th December 2017;
- € 0.328 for Warrants exercised on all the Banking Days from 27th November to 27th December 2018;
- € 0.354 for Warrants exercised on all the Banking Days from 27th November to 27th December 2019;
- € 0.381 for Warrants exercised on all the Banking Days from 27th November to 27th December 2020;
- € 0.410 for Warrants exercised on all the Banking Days from 27th November to 27th December 2021.

DIS' Board of Directors, taking into account the highly volatile nature of DIS' business, as well as the repercussions that this may sometimes have on the its stock price, also during the course of the year, considered appropriate to set, in addition to the 5 regular annual exercise periods in June (starting from June 2018), 5 additional exercise periods, so as to: (i) increase the liquidity of the Warrants for the benefit of its holders; (ii) maximize for the benefit of the Warrants holders, the optional component of the instrument and consequently their value (iii) provide additional financial flexibility to the Warrants holders, which can exercise the instruments twice during a 12 months period; (iv) increase, from the point of view of DIS, the probability of the Warrants being subscribed – which should result in more equity being raised; (v) in essence, maximize for both Warrant holders and DIS, the effectiveness of the instrument. The Warrant Regulation is available on DIS' website at **investorrelations.damicointernationalshipping.com**

DIS' controlling shareholder confirms its positive medium-term view on the sector and will exercise 100% of its warrants during the first additional exercise period.
On 27th November 2017 – d'Amico International S.A., the controlling shareholder of d'Amico International Shipping S.A. , consistently with its positive medium-term view for DIS' business and its financial commitment to subscribe all of the new shares offered in the Company's last capital increase earlier this year, has informed DIS of its unconditional and irrevocable undertaking to exercise all its 84,339,337 warrants (the "Warrants") for a total amount equal to € 23,868,032.37, during the first additional exercise period (November 27th – December 27th 2017), as set out in the press release issued by DIS on November 24 2017, and to fully and timely pay up the corresponding new ordinary shares of DIS issued simultaneously, admitted to trading on the MTA market organized and managed by Borsa Italiana S.p.A., without par value and with the same rights and features as DIS' ordinary shares outstanding at the issue date, in the ratio of one (1) ordinary DIS share for one (1) Warrant exercised.

Results of d'Amico International Shipping Warrants 2017-2022 During this First Additional Exercise Period no. 84,454,853 Warrants were exercised at the price of € 0.283 per ordinary share, resulting in the subscription of no. 84,454,853 Warrant Shares. Following such subscription, DIS' share capital will amount to US$65,321,531.80, represented by 653,215,318 ordinary shares without nominal value. In accordance with the Terms and Conditions of the Warrants, the Warrant Shares were issued on the 28th of December 2017.

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 years' time-charter agreement at an attractive rate. The sale of the two vessels generated US$5.2 million in cash after commissions and following the reimbursement of the vessels' existing bank loans.

  In May 2017, d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T High Fidelity, a 49,990 dwt medium-range product tanker vessel, built in 2014 by Hyundai-Vinashin Shipyard Co. Ltd. for a consideration of US$ 27.0 million. This transaction allowed d'Amico

Tankers to generate around US$ 11.2 million in cash, net of commissions and reimbursement of the vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program and allowing the Group to benefit from the anticipated market recovery. In addition, through this transaction d'Amico Tankers will maintain full control of the Vessel, since a 10-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the 10th year of the charter period. Furthermore, d'Amico Tankers has the option to repurchase the Vessel, starting from the third anniversary of her sale at a competitive cost of funds.

In July 2017, d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T High Discovery, a 49,990 dwt medium-range product tanker vessel, built in 2014 by Hyundai-Vinashin Shipyard Co. Ltd. for a consideration of US$ 28.0 million. This transaction allowed d'Amico Tankers to generate around US$ 10.7 million in cash, net of commissions and reimbursement of the vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program and allowing the Group to benefit from the anticipated market recovery. In addition, through this transaction d'Amico Tankers will maintain full control of the Vessel, since a 10-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the 10th year of the charter period. Furthermore, d'Amico Tankers has the option to repurchase the Vessel, starting from the third anniversary of her sale at a competitive cost of funds.

In September 2017, d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T High Priority, a 46,847 dwt medium-range product tanker vessel, built in 2005 by Nakai Zosen (Japan) for a consideration of US$ 13.0 million. This transaction allowed d'Amico Tankers to generate around US$ 6.5 million in cash, net of commissions and reimbursement of the vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program. In addition, through this transaction d'Amico Tankers will maintain full control of the Vessel, since a 5-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the 5th year of the charter period. Furthermore, d'Amico Tankers has the option to repurchase the Vessel, starting from the second anniversary of her sale at a competitive cost of funds. In October 2017, following delivery of the M/T High Priority to its new owners, d'Amico Tankers d.a.c. bareboat-chartered-in the vessel for a 5 year period.

In October 2017, d'Amico Tankers d.a.c. singed a memorandum of agreement for the sale of M/T High Prosperity, a 48,700 dwt medium-range product tanker vessels, built in 2006 by Imabari Shipbuilding Co. Ltd. (Japan) for a consideration of US$ 14,245 million. This transaction generated a positive net cash effect of around US$ 6.9 million for d'Amico Tankers in Q4 2017, net of commissions and reimbursement of the vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program. At the same time, d'Amico Tankers will maintain the commercial employment of the vessels having also concluded with the buyer a 6 years' time-charter agreement at a competitive rate.

In November 2017, d'Amico Tankers d.a.c. singed a memorandum of agreement for the sale of M/T High Presence, a 48,700 dwt medium-range product tanker vessels, built in 2005 by Imabari Shipbuilding Co. Ltd. (Japan) for a consideration of US$ 14.14 million. This transaction will generate at delivery of the Vessel in Q1 2018, a positive net cash effect of around US$ 7.2 million for d'Amico Tankers, net of commissions and reimbursement of the vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program. At the same time, d'Amico Tankers will maintain the commercial employment of the vessels having also concluded with the buyer a 6 years' time-charter agreement at a competitive rate.

In December 2017, d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T High Freedom, a 49,990 dwt medium-range product tanker vessel, built in 2014 by Hyundai Mipo (South Korea) for a consideration of US$ 28.0 million. This transaction will allow d'Amico Tankers to generate around US$ 13.4 million in cash in Q1 2018, net of commissions and reimbursement of the vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program. In addition, through this transaction d'Amico Tankers will maintain full control of the Vessel, since a 10-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the 10th year of the charter period. Furthermore, d'Amico Tankers has the option to repurchase the Vessel, starting from the second anniversary of her sale at a competitive cost of funds.

- **'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.

  In October 2017, d'Amico Tankers d.a.c. extended a time charter contract with an oil major due to expire in Q3 for another year.

  In October 2017, d'Amico Tankers d.a.c. fixed one of its newbuilding LR1 vessels, delivered in November 2017, for a 6 months period with an option for additional 6 months, to a leading trading house, at a profitable rate.

  In November 2017, d'Amico Tankers d.a.c. extended a time charter contract with an oil major due to expire in Q4 for another year.

- **'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.

  In March 2017, d'Amico Tankers d.a.c. agreed to time-charter-in the M/T High Sun, an MR vessel built in 2014 and owned by Eco Tankers Limited (in which DIS has 33% interest) for an 18 month period. The vessel was delivered to d'Amico Tankers d.a.c. in May 2017.

  In May 2017, the contract on M/T Freja Baltic, an MR vessel built in 2008, was extended for a further 1 year at a reduced rate.

  In June 2017, d'Amico Tankers d.a.c. time-chartered-in the M/T Silver Express, an MR vessel built in 2009 for a 12 month period.

  In June 2017, d'Amico Tankers d.a.c. time-chartered-in the M/T Crimson Jade, a newbuilding MR vessel built in Minaminippon Shipbuilding (Japan), for a 7 year period with options to extend the contract.

  In June 2017, the time-charter-in contract on M/T Port Russel, a Handy vessel built in 2002, with d'Amico Tankers ended and the vessel was redelivered to her Owners.

  In July 2017, the contract on M/T High Force, an MR vessel built in 2009, was extended for a further 1 year (with an option for an additional 3 months), starting from September 2017, at a reduced rate.
  In August 2017, the time-charter-in contract on M/T Port Moody, an MR vessel built in 2002, with d'Amico Tankers ended and the vessel was redelivered to her Owners.

In October 2017, the contracts on M/T High Beam and M/T High Current, two MR vessels built in 2009 and time-chartered-in by d'Amico Tankers d.a.c. since 2014, were extended for a further 1 year, at a reduced rate.

In November 2017, the time-charter-in contract on M/T Port Union, an MR vessel built in 2003, with d'Amico Tankers ended and the vessel was redelivered to her Owners.

In November 2017, d'Amico Tankers d.a.c. time-chartered-in M/T High Adventurer, a newbuilding MR vessel built in Onomichi Dockyard (Japan), for a 8 year period with options to extend the contract.

In December 2017, the time-charter-in contract on M/T Port Stanley, an MR vessel built in 2003, with d'Amico Tankers ended and the vessel was redelivered to her Owners.

- **Newbuilding vessels:** In January 2017, M/T High Challenge, an 'Eco' new-building MR product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to the Group.

  In February 2017, d'Amico Tankers agreed with Hyundai Mipo Dockyard Co. Ltd. – South Korea – to postpone the delivery of its first newbuilding LR1 from April 2017 to October 2017. This agreement follows a specific request of an oil major and a key customer of the Group, 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.
  In November 2017, M/T Cielo Bianco, an 'Eco' new-building LR1 product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to the Group.

GLENDA International Shipping d.a.c.:

- **'Time Charter-Out' Fleet:** In February 2017, GLENDA International Shipping d.a.c. reduced the time charter out rates on its 6 owned MR vessels for a 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.

Significant Events since the End of the Period and Business Outlook

d'Amico Tankers d.a.c.:

- **'Second-Hand Owned Vessels':** in February 2018, the vessels M/T High Presence and M/T High Freedom were delivered to their new owners. From their respective dates of delivery the vessels were chartered back to d'Amico Tankes d.a.c., through a 10 year bareboat contract for the M/T High Freedom and a 6 year time-charter contract for the M/T High Presence.

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

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

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

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

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

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

d'Amico International Shipping:

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

	As at 31 December 2017				As at 2 March 2018			
	LR1	MR	Handysize	**Total**	LR1	MR	Handysize	**Total**
Owned	1.0	18.0	8.0	**27.0**	2.0	16.0	8.0	**26.0**
Bareboat chartered*	0.0	3.0	0.0	**3.0**	0.0	4.0	0.0	**4.0**
Long-term time chartered	0.0	11.5	1.0	**12.5**	0.0	12.5	1.0	**13.5**
Short-term time chartered	0.0	12.0	1.0	**13.0**	0.0	11.0	1.0	**12.0**
Total	**1.0**	**44.5**	**10.0**	**55.5**	**2.0**	**43.5**	**10.0**	**55.5**

*** with purchase obligation**

Business Outlook

Going into Q1 2018 the supply / demand balance in the Atlantic has improved after it was thrown into disarray following the hurricanes which hit the region. The export of products out of the United States has rebounded from the low point in September and is back to around 5 million b/d. The rebalancing of tonnage supply and demand resulted in an improvement in charter rates throughout most of Q4, before starting to move sideways in the last part of the quarter and so far in Q1 2018.

In the Atlantic basin, the key positive in January and early February 2018 has been the severe weather which resulted in port delays briefly reducing the list of available ships. In the Eastern hemisphere in the start of 2018, the Asian refiners came back online after maintenance, resulting in an improvement in the market.

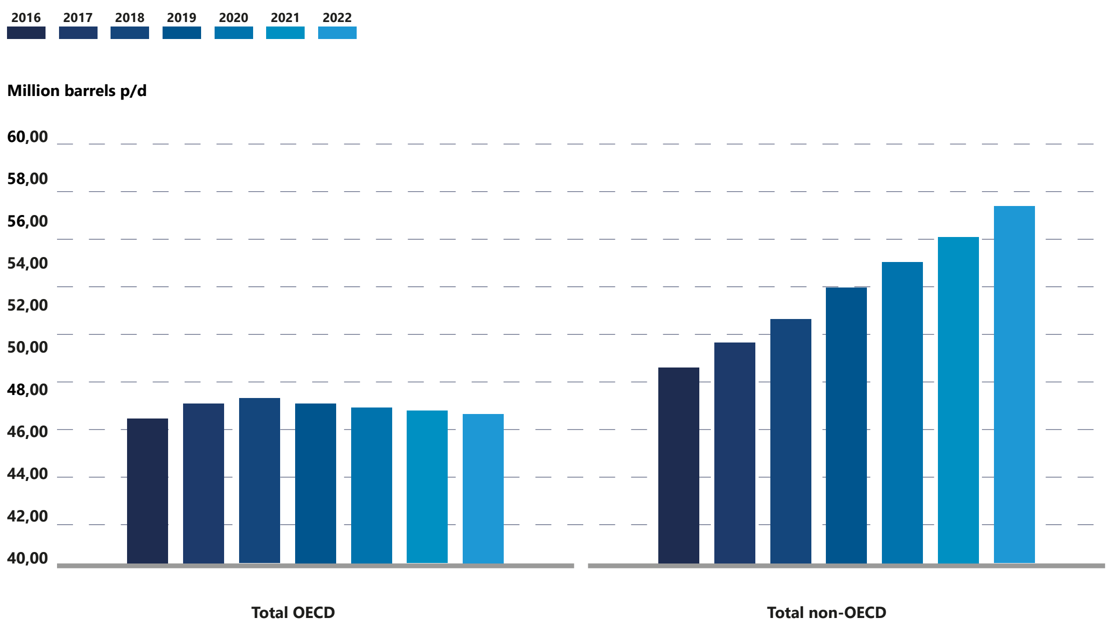
The IEA has recently slightly revised upwards its projections for oil demand growth in 2018 to 1.4 million b/d (down from the 2017 expansion of 1.6 million b/d), based on the IMF's more optimistic estimated GDP growth figures for 2018.

The product tanker market should continue improving as fleet supply growth decelerates and trade expands driven by: 1) strong oil demand, 2) rising US exports and 3) high refining margins and utilisation in the US, driving an increase in exports towards the Caribbean and Latin America 4) the lower product inventories which after strong drawdowns over the last 18 months are now close to the 5 year averages 5) the sharp rise expected by the EIA in US shale oil output in 2018 of 1.8 million b/d, contributing to a forecasted non-OPEC oil output growth of 2.4 million b/d, which should limit further increases and could eventually lead to a drop in oil prices.

Ship prices and the one-year time-charter rates have been moving gradually higher throughout 2017, with charterers taking period contracts at rates above the spot market, indicating the improving outlook for the sector.

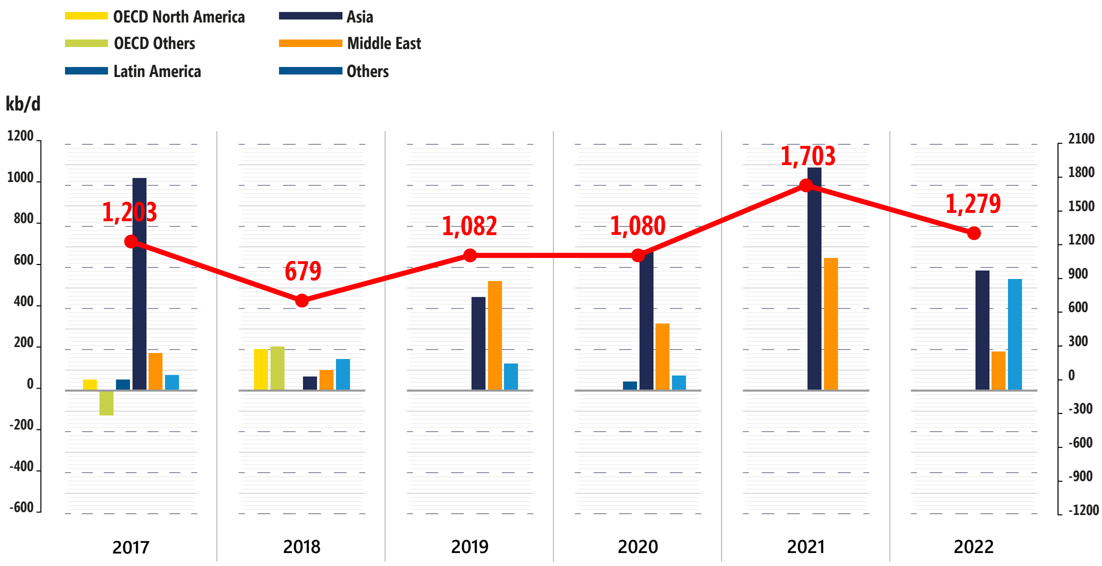
The key drivers that should affect the product tanker freight markets and d'Amico International Shipping's performance are (i) global oil supply (ii) the crude oil price and refinery margins (iii) demand for refined products and (iv) the product tankers fleet growth rate. Some of the factors that could drive a recovery in the product tanker market in the medium-term are detailed below:

Global Oil Demand1 2016 – 2022[1]

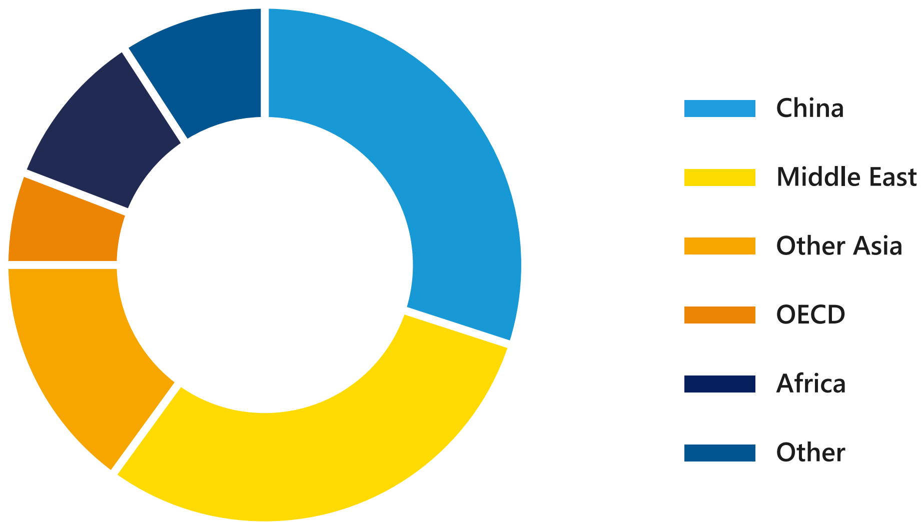


[1] Source: IEA April 2018

Capacity additions 2017-2022 by region[1]



Refinery growth 2017-2022[1]



Product Tanker Demand

- The International Energy Agency stated in their most recent report that they have revised upwards their projections for oil demand growth for 2018 to 1.4 million b/d based on the IMF's more optimistic forecasts for global GDP growth.

[1] **Source: Clarksons Research Services, July'17, IEA and BP Statistics**

- The IEA forecasts global refinery throughput will drop in Q1 2018 by 400,000 b/d quarter-on-quarter, to 81.1 million b/d, while increasing by around 1.0 million b/d year on year. From January to May 2018, global refining throughput is, however, expected to increase by an impressive 1.1 million b/d.

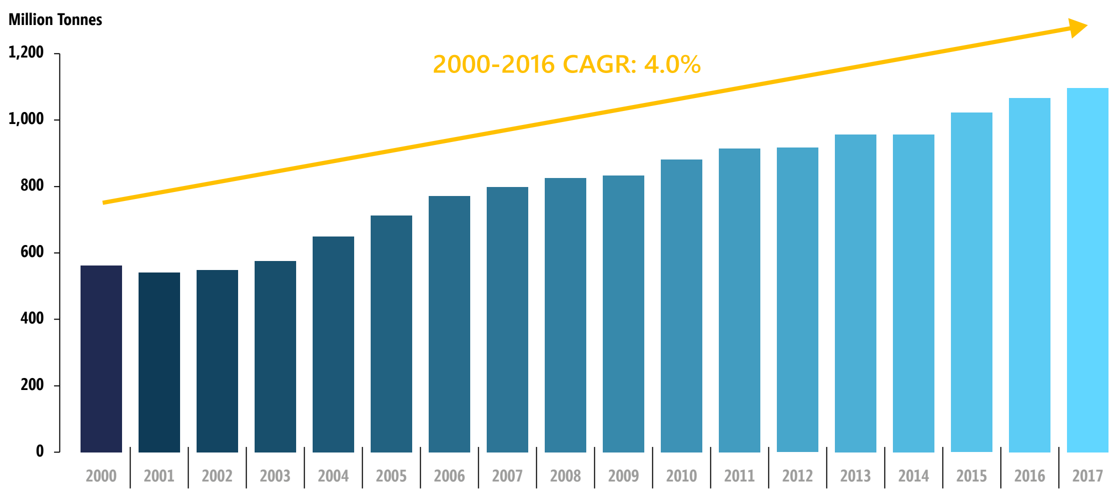
- The transport and petrochemical sectors account for the majority of the forecasted oil demand growth, at just under one-half and just over one-third, respectively.

- The International Maritime Organisation (IMO) has mandated that from 2020 vessels use marine fuels with less than 0.5% sulphur content outside the Emissions Control Areas (ECA), down from the current standard of 3.5%. Changes in this regulation are likely to lead to a surge in demand for ultra-low sulphur distillates and gasoil. However, since these fuels are not available in sufficient quantities in many locations, they will have to be imported. This could structurally support demand for product tankers.

- According to Clarksons total seaborne volume of petroleum products traded has been growing at a 4.1% CAGR since 2000, driven by refinery expansion and throughput. In 2018, according to Clarksons', product tanker dwt demand is projected to grow by 3.8%, with products trade anticipated to expand on several trade routes, partly as a result of expected healthy growth in non-OECD oil demand. In addition to rising oil demand, expanding refinery capacity in key countries such as the US and China is also expected to support oil products trade growth, notably on ex-USG and intra-Asian routes.

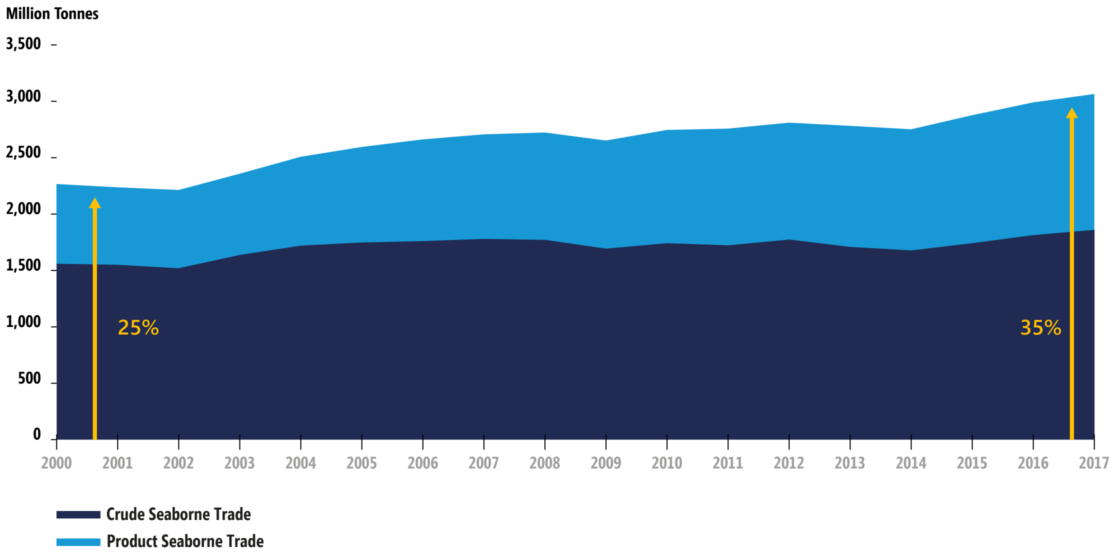
- Seaborne trade thrives on the existence of mismatches – in the oil products sector these can be in any given country driven by differences among the types of products produced and demanded, the types and quality of oil products produced by refineries, and the margins achieved by refineries due to the different prices of crude oil used, of the energy consumed and of their technological sophistication. The global refinery map is changing constantly, leading to product supply imbalances between regions. As these mismatches grow product tanker demand will increase.

World Seaborne Refined Products Trade[1]



[1] Source: Clarkson Research Services as at Feb'18

Product share of Oil Seaborne Trade[1]

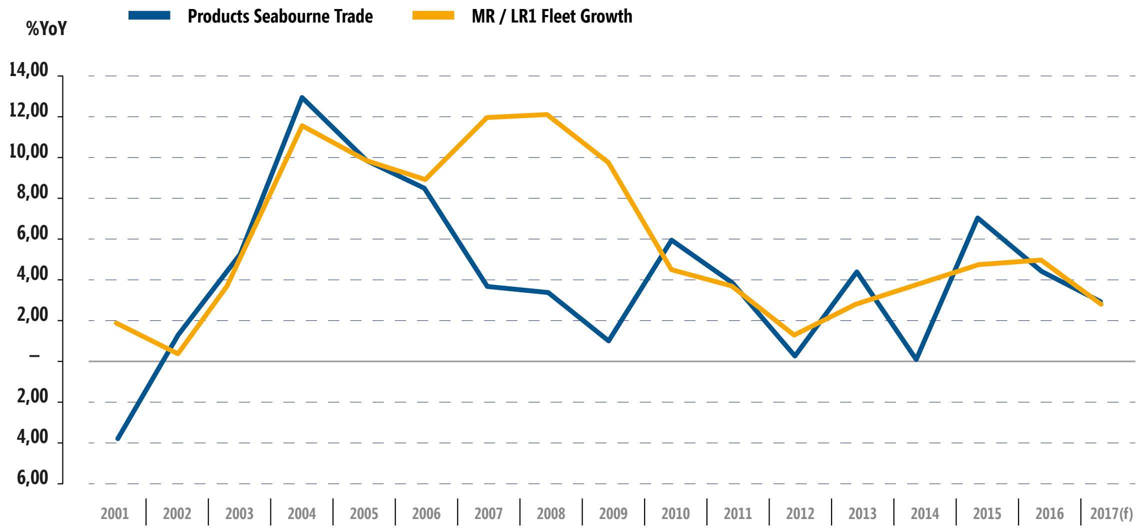


Product Tanker Supply

- According to Clarksons' estimates at the end of 2016, excluding cancelations, slippage and pure chemical tankers, 89 MRs were scheduled to be delivered in 2017. However only 71 were delivered last year (20% less than planned).
- 27 MRs and 3 LR1s were demolished in 2017, leading to a net fleet growth in this period of 44 MRs and 15 LR1s which, corresponding to a total net growth of 2.7% in these segments.
- According to Clarksons 74 MR Product Tankers and 13 LR1s will be delivered in 2018, which coupled with DIS' management forecast for removals, should result in a modest fleet growth of 2.1% in these segments.
- Slippage, cancellations and order changes which over the last few years have resulted in actual fleet growth significantly lower than planned at the beginning of each year, could contribute to an even slower fleet expansion than currently expected also in 2018.
- On average MR tankers are scrapped around 24 years of age. According to Clarksons there are 103 MRs older than twenty years of age, or 5% of the existing fleet.
- Shipyards are going through a period of uncertainty. Lack of orders and poor returns are leading to a reduction in global shipyard capacity.
- The International Maritime Organisation's (IMO) mandate that from 2020 vessels are to use marine fuels with less than 0.5% sulphur content could result in older less efficient ships being removed from trading as they become uncompetitive and are forced to burn the more expensive low sulphur fuels.
- Port delays and increasing length of voyages have influenced the product tankers trade and are effectively reducing the ready supply of tonnage.

[1] **Source: Clarkson Research Services as at Feb'18**

Growth in Seaborne Volumes of Refined Products vs Growth in the MR and LR Fleet[1]



[1] Source: Clarksons Research Services, March 2018

d'AMICO INTERNATIONAL SHIPPING GROUP
CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2017

Consolidated Income Statement

US$ Thousand	Note	2017	2016
Revenue	(3)	390,971	347,110
Voyage costs	(4)	(133,534)	(85,724)
Time charter equivalent earnings	**(5)**	**257,437**	**261,386**
Time charter hire costs	(6)	(126,664)	(117,198)
Other direct operating costs	(7)	(80,370)	(73,509)
General and administrative costs	(8)	(15,482)	(15,690)
Result from disposal of vessels	(9)	1,917	-
EBITDA *		**36,838**	**54,989**
Depreciation and impairment	(13)	(48,266)	(44,855)
EBIT *		**(11,428)**	**10,134**
Financial income	(10)	2,419	1,767
Financial (charges)	(10)	(28,379)	(24,134)
Profit share of equity accounted investee	(11)	85	230
Profit/ (loss) before tax		**(37,303)**	**(12,003)**
Tax	(12)	(780)	(835)
Net profit / (loss)		**(38,083)**	**(12,838)**
The net result is entirely attributable to the equity holders of the Group			
Basic earnings per share in US$[1]		**(0.075)**	**(0.031)**

*see Alternative Performance Measurements on page 28

Consolidated Statement of Other Comprehensive Income

US$ Thousand	2017	2016
Profit / (loss) for the period	(38,083)	(12,838)
Items that can subsequently be reclassified into Profit or Loss		
Movement of valuation of Cash flow hedges	2,456	1,689
Movement in conversion reserve	253	(247)
Total comprehensive result for the period	**(35,374)**	**(11,396)**
The net result is entirely attributable to the equity holders of the Group		
Basic comprehensive income / (loss) per share in US$[1]	(0.070)	(0.027)

The notes on pages 59 to 102 are integral part of these consolidated financial statements.

[1] Basic earnings per share (e.p.s.) in 2017 was calculated on an average number of 508,653,542 outstanding shares, while in 2016 e.p.s. was calculated on an average number of 420,295,298 outstanding shares. There was no dilution effect in 2017 earnings per share, while diluted e.p.s. in 2016 was US$(0.030.

Consolidated Statement of Financial Position

US$ Thousand	Note	As at 31 December 2017	As at 31 December 2016
ASSETS			
Property, plant and equipment	(13)	792,851	810,728
Investment in jointly controlled entities	(14)	3,269	3,261
Other Non-current financial assets	(15)	27,632	23,066
Total non-current assets		**823,752**	**837,055**
Assets held for sale	(16)	77,750	66,352
Inventories	(17)	15,495	12,857
Receivables and other current assets	(18)	66,200	41,213
Other current financial assets	(15)	344	95
Cash and cash equivalents	(19)	29,694	31,632
Total current assets		**189,483**	**152,149**
Total assets		**1,013,235**	**989,204**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	(20)	65,322	42,851
Retained earnings	(20)	26,389	64,472
Other reserves	(20)	302,721	256,043
Total shareholders' equity		**394,432**	**363,366**
Banks and other lenders	(21)	357,544	427,304
Liabilities from financial leases	(22)	63,144	-
Other non-current financial liabilities	(25)	5,469	8,420
Total non-current liabilities		**426,157**	**435,724**
Banks and other lenders	(21)	128,488	124,975
Liabilities from financial leases	(22)	3,267	-
Amount due to parent company	(23)	-	10,001
Payables and other current liabilities	(24)	50,811	43,059
Other current financial liabilities	(25)	10,043	11,885
Current tax payable	(26)	37	194
Total current liabilities		**192,646**	**190,114**
Total shareholders' equity and liabilities		**1,013,235**	**989,204**

March 1, 2018

Paolo d'Amico, Chairman

Carlos Balestra di Mottola, Chief Financial Officer

The notes on pages 59 to 102 are integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

US$ Thousand	2017	2016
Profit / (loss) for the period	**(38,083)**	**(12,838)**
Depreciation, amortisation and impairment	48,266	44,855
Current and deferred income tax	780	835
Financial charges (income)	25,260	22,619
Fair value gains on foreign currency retranslation	700	(254)
Profit on disposal of fixed assets	(1,917)	-
Profit share of equity-accounted investment	(85)	(230)
Cash flow from operating activities before changes in working capital	**34,921**	**54,987**
Movement in inventories	(2,639)	(2,581)
Movement in amounts receivable	(25,220)	14,549
Movement in amounts payable	5,650	9,928
Taxes paid	(675)	(1,428)
Net interest (paid)	(23,620)	(17,872)
Movement in other financial liabilities	-	(2,065)
Movement in share option reserve	275	149
Net cash flow from operating activities	**(11,308)**	**55,667**
Acquisition of fixed assets	(148,102)	(151,198)
Proceeds from disposal of fixed assets	105,001	-
Disposal of equity-accounted investee ETL	132	1,238
Dividend from equity-accounted investee ETL	116	330
Movement in financing to equity accounted investee	-	433
Net cash flow from investing activities	**(42,853)**	**(149,197)**
Share capital increase	66,164	2,921
Other changes in shareholders' equity	252	(247)
Treasury shares	-	(609)
Dividends paid	-	(12,412)
Parent company financing	(10,001)	10,000
Movement in other financial payable	(2,000)	(1,000)
Bank loan repayments	(127,258)	(195,852)
Bank loan draw-downs	58,098	270,606
Inception of a financial lease	68,000	-
Repayments of financial lease	(1,589)	-
Net cash flow from financing activities	**51,666**	**73,407**
Net decrease in cash and cash equivalents	**(2,495)**	**(20,123)**
Cash and cash equivalents net of bank overdrafts at the beginning of the year	20,164	40,287
Cash and cash equivalents net of bank overdrafts at the end of the year	**17,669**	**20,164**
Cash and cash equivalents	29,694	31,632
Bank overdrafts	(12,025)	(11,468)

The notes on pages 59 to 102 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 2017	**42,851**	**64,472**	**257,535**	**(1,492)**	**363,366**
Capital increase	22,471	-	44,826	-	67,297
Cost of issue	-	-	(1,132)	-	(1,132)
Share option cost	-	-	275	-	275
Total comprehensive income	-	(38,083)	253	2,456	(35,374)
Balance as at 31 December 2017	**65,322**	**26,389**	**301,757**	**964**	**394,432**

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**

The notes on pages 59 to 102 are integral part of these consolidated financial statements.

Notes

d'Amico International Shipping S.A. (the "Company", DIS) a Sociéte Anonyme, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The ultimate parent company of the Group is d'Amico Societa' 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 labilities, which are stated at fair value through profit or loss or Other comprehensive income for the effective portion of the hedges.

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

1. ACCOUNTING POLICIES

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

Basis of Consolidation

The financial statements present the consolidated results of the parent company, d'Amico International Shipping S.A., and its subsidiaries for the year ended 31 December 2017.

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 proportionally line-by-line; while the investment in DM Shipping (DMS) and Eco Tankers Ltd. (ETL) will be treated as a Joint Venture and the equity method of accounting will be applied.

Foreign currencies

Most of the Group's revenues and costs are denominated in U.S. dollars, which is the functional currency of the Group. 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 (if no significant fluctuations occur), 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 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 Group's 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.

Should the inputs used to measure the fair value of an asset or a liability belong to different categories, then the fair value measurement is categorised entirely in the lowest and most significant fair value hierarchy basket. 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 n.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 on a pro-rata tempora 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, canal passage, 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.

The DIS Fleet is considered as a single cash generating unit (CGU): a 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's corporate function for vessel commercial management, in particular with regard to chartering, vessel operations and administration. Therefore, vessels could reasonably be replacements 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 at December 31 2017, more than 68% 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. For vessels younger than 15 years, dry-docking takes place approximately every 5 years depending on the nature of work and external requirements, with an Intermediate in Water Survey (IWS) every 2.5 years. For vessels older than 15 years dry-docking takes place every 2.5 years. The costs of dry-docking 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. Forecasts take into account also cost of complying with new regulations, including the expected cost of the requirement for some of the vessels of our fleet to install water ballast tank systems. 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) 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..

Financial leases

Following a sale transaction, agreements to charter-in vessels (sale-and-leaseback) for which DIS maintains substantially all the risks and rewards incidental to economic ownership, are recognized in the Statement of Financial Position as finance leases in compliance with IAS 17. Leased assets are measured at the start of the leasing contract at the lower of the present value of minimum lease payments determined in the lease contract and the assets' fair value, plus any incidental expense borne by the lessee. For the purpose of calculating the present value, the interest rate implicit in the lease is used as discount factor. Depreciation method and useful economic life correspond to those applied to comparable purchased assets. Liabilities for financial leases are recognized in the Statement of Financial Position and the interest included in the lease payment is charged to the income statement.

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, increasing or decreasing by overall amortisation, 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.

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. 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 a 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.

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 – amendment to IAS 7, the Group continues disclosing the changes in liabilities arising from financial activities.

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 is providing transportation services of refined petroleum products and vegetable oil operating in only one business segment, Product Tankers. Furthermore, the Group only has one geographical segment, employing all of its vessels worldwide, rather than in specific geographic areas. The Chief operating decision maker is monitoring, evaluating and allocating the Group resources as a whole, operations are run in one single currency – the US$ – and DIS regards, therefore, the product tankers business as a single segment.

Seasonality

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

Accounting principles

Accounting principles adopted from 1st of January 2017

No new accounting principles were adopted in 2017.

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, is effective for periods beginning on or after 1 January 2018. The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around five steps in recognising revenue:

1) Identify the performance obligations in the contract;

2) Determine the transaction price;

3) Allocate the transaction price;

4) Recognise revenue when a performance obligation is satisfied;

5) The standard also provides specific principles to apply, when there is a contract modification, accounting for contract costs and accounting for refunds and warranties.

The Group has undertaken a review of its contracts and considers the main changes are likely to be later recognition of revenue on voyage charters, with a change to a load to discharge basis, and later recognition of revenue on some of the contracts. The directors estimate that the effect of these changes on the retained earnings at 1 January 2018 will be less than $1m.

IFRS 9 – Financial Instruments has an effective date for accounting periods beginning on or after 1 January 2018. IFRS 9 replaces IAS 39 and deals with the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting.

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

Embedded derivatives within a host contract within the scope of IFRS 9 will no longer be separated and the whole contract will be measured at fair value through profit or loss. There will be no change to the treatment of embedded derivatives in a host contract that is not a financial instrument. The group has embedded derivatives within contracts that both are and are not financial instruments within the scope of IFRS 9. The Group does not expect a material change to arise to the carrying values of contracts as a result of the changes to the treatment of some embedded derivatives.
The derecognition principles of IAS 39, 'Financial Instrument: Recognition and Measurement', have been transferred to IFRS 9. There is unlikely to be an impact on the Group.

The impairment model in IFRS 9 moves to one that is based on expected credit losses rather than the IAS 39 incurred loss model. The impairment requirements apply to financial assets measured at amortised cost and fair value through other comprehensive income with expected credit losses recognised on initial recognition based on 12 months expected credit losses, or if there has been a significant increase in the credit risk of the financial asset then the impairment is based on lifetime expected losses. The Group's financial assets mainly consist of trade receivables without a significant financing element, and the Group intends to take the option to apply an impairment model based on the life time expected losses for such instruments. In 2017 the increase in the provision that was recognised under this basis and is of US$ 0.5 million. Apart from cash and cash equivalents, the Group's other material financial assets not measured at fair value is the financing extended to DMS (see note n.15). Under IFRS9, this asset would be assessed at each period end to ascertain whether the credit risk relating to it has increased significantly since initial recognition. If it has, then a provision would be made for lifetime expected credit losses on it. If it has not, then only credit losses expected on defaults within 12 months of the period end would be recognised. So far there has been no significant increase in credit risk on this asset and there is no expected future credit loss.

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

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

Based on existing operating lease commitments the directors estimate that at 1 January 2018 there would be recognition of right of use assets of US$ 133.4 million and an additional lease liability of US$ 133.4 million.

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

2. CAPITAL DISCLOSURE

The d'Amico International Shipping Group 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 while managing market risk by covering part of its employment days through fixed rate contracts.

The capital of the Group was established at the beginning of 2007 as part of the IPO process, taking into consideration the risks affecting d'Amico International Shipping and the industry where the Group operates. The capital of the Company was subsequently increased in the years 2012, 2014, 2015, 2016 and in 2017, to support the growth of DIS' fleet and strengthening its balance sheet.

The Group also has various bank facilities, credit lines and financial leases (see Notes 21 and 22).

The capital structure is reviewed during the year and - if needed - adjusted depending on the Group's 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' representing the drawdown amounts on its facilities divided by the fair market value of the vessels owned (see further details in Notes 13 and 21).

3. REVENUE

US$ Thousand	2017	2016
Revenue	**390,971**	**347,110**

Revenue represents vessel income comprising time charter hire, freight and demurrage. One customer is generating more than 10% of the Group revenues, for a total of US$ 60.8 million; in 2016 two customers are generating more than 10% of the Group revenues each, reaching a total of US$ 84.5 million.

4. VOYAGE COSTS

US$ Thousand	2017	2016
Bunkers (fuel)	(74,328)	(41,595)
Commissions payable	(9,353)	(7,165)
Port charges	(48,232)	(34,971)
Other	(1,621)	(1,993)
Total	**(133,534)**	**(85,724)**

Voyage costs arise from the employment, direct or through our partnerships, of DIS' vessels, through voyage charters or contracts of affreightment. When vessels are employed through time charters they do not incur voyage costs.

5. TIME CHARTER EQUIVALENT EARNINGS

US$ Thousand	2017	2016
Time charter equivalent earnings	**257,437**	**261,386**

Time Charter Equivalent earnings represent revenue less voyage costs. In 2017 about 38.7% of the Time Charter Equivalent earnings came from fixed rate contracts (58.1% in 2016).

6. TIME CHARTER HIRE COSTS

US$ Thousand	2017	2016
Time charter hire costs	**(126,664)**	**(117,198)**

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

7. OTHER DIRECT OPERATING COSTS

US$ Thousand	2017	2016
Crew costs	(42,326)	(37,909)
Technical expenses	(13,596)	(12,752)
Luboil	(2,791)	(3,070)
Technical and quality management	(7,980)	(7,356)
Insurance	(6,090)	(6,366)
Other direct operating costs	(7,587)	(6,056)
Total	**(80,370)**	**(73,509)**

Other direct operating costs include crew costs, technical expenses, technical and quality management fees, insurance costs and sundry expenses originating from the operation of DIS' owned and bareboat chartered vessels.

Personnel

As at 31 December 2017, d'Amico International Shipping S.A. and its subsidiaries employed 703 seagoing personnel and 36 on-shore personnel; the average number of seagoing personnel in 2017 was 721, while the average onshore was 36. 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	2017	2016
Personnel	(6,741)	(7,221)
Other general and administrative costs	(8,741)	(8,469)
Total	**(15,482)**	**(15,690)**

Personnel costs in 2017 relate to on-shore personnel salaries. Personnel costs also comprises the amount of US$ 1.2 million (2016: US$ 1.6 million) relating to directors fees and an amount of US$ 1.0 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. 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 2017	€ 0.0852	7,830,000
Granted during the period	-	-
Exercised during the period	-	-
Forfeited during the period	-	-
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, 2017
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 2017 was equivalent to US$ 275 thousand, while in 2016 its cost was equivalent to US$ 149 thousand.

Sensitivity calculation

The valuation model is particularly sensitive to the dividend yield and the 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

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 amounting to US$ 4.8 million, tax advisory fees amounting to US$ 81.1 thousand, and fees paid to DIS' Auditors amounting to US$ 298.5 thousand (2016: infra-group services and fees US$ 4.1 million, tax advisory fees US$ 78.0 thousand, audit fees US$ 362.0 thousand).

9. RESULT FROM DISPOSAL OF VESSELS

US$ Thousand	2017	2016
Profit on disposal of vessel	1,917	-

Five vessels were sold during 2017. In February and March 2017, M/T High Endurance and M/T High Endeavour were sold respectively, generating a profit on disposal of US$ 1.3 million for each vessel. At the end of May M/T High Fidelity was sold and leased-back generating a profit on disposal; at the end of July and at the beginning of October, the M/T High Discovery and M/T High Prosperity respectively were sold and leased-back, generating a loss on disposal, net of the disposal costs; the result on disposal of the leased-back vessels is deferred and recognised over the duration of the lease. No vessel was disposed of in 2016.

10. NET FINANCIAL INCOME (CHARGES)

US$ Thousand	2017	2016
Finance income:		
Interest Income - Banks	309	269
Realized on options	101	-
Realized foreign exchange	-	102
At fair value through income statement:		
Unrealised gain on financial activities	1,176	1,246
Unrealised foreign exchange	833	150
Total financial income	**2,419**	**1,767**
Finance cost:		
Interest expense	(24,078)	(19,790)
Financial fees	(2,768)	(3,041)
Realized on options	-	(1,303)
Exchange differences	(1,533)	-
Total financial charges	**(28,379)**	**(24,134)**
Net financial (charges)/income	**(25,960)**	**(22,367)**

In 2017 financial income comprises realised amounts of bank interest income deriving from funds held with financial institutions on deposit and current accounts, interest on the financing provided to the DM Shipping joint venture totalling US$ 0.3 million and interest income from the de-designation of the interest rate swaps on two vessels sold (M/T High Fidelity and M/THigh Discovery), amounting to US$ 0.1 million.

Financial income in 2017 includes also unrealised amounts for the ineffective portion (fair value) of the interest rate swap cash-flow hedges (please refer to note n.26) amounting to US$ 1.0 million and an exchange difference amounting to US$ 0.8 million arising from the JPY financing provided to the joint venture DM Shipping.

Financial income in 2016 comprised US$ 1.2 million representing the ineffective portion of the interest rate swaps cash-flow hedges, US$ 0.1 million realised and US$ (0.2) million unrealised commercial foreign exchange gain. Information about the type and nature of the hedges is included in note 27.

Financial charges in 2017 include interest expense on bank loans relating to vessels and overdraft facilities amounting to US$ 20.0 million, actual expenses on interest rate swaps amounting to US$ 4.1 million, and amortization of financial fees and the interest implicit in the financial lease of three vessels amounting to US$ 1.8 million; no unrealised losses were recorded in 2017.

11. PROFIT SHARE OF EQUITY ACCOUNTED INVESTEES

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 Jouint Venture Eco Tankers Limited for 2017 amounted to US$ 0.1 million; for the same period in 2016 it amounted to US$ 0.2 million. For more details about the main financial data of the investee, refer to note n.14 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 Limited 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 S.A. 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.

12. 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 2017 tonnage tax provision for d'Amico Tankers d.a.c. and Glenda International Shipping d.a.c. amounted to US$ 0.3 million (2016: 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 taxable at 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 SA had, at the end of 2017, accumulated tax losses to be carried forward of approximately € 56.2 million (US$ 67.4 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 2017 the calculated net assets generated a tax charge of US$ 0.3 million (2016: US$ 0.3 million).

US$ Thousand	2017	2016
Current tax:		
Taxation at corporate tax rates	(189)	(191)
Tonnage Tax	(258)	(222)
Net Wealth Tax / other tax	(333)	(422)
Total current tax	**(780)**	**(835)**
Loss before tax	**(37,303)**	**(12,003)**
Theoretical income tax (tax rate 29.22%)	10,900	3,507
- result for which the Irish Tonnage Tax is applicable	(11,340)	(4,058)
- impact of overseas tax rates	134	132
- effect of temporary differences	117	228
Taxation at corporate tax rates	**(189)**	**(191)**

13. TANGIBLE ASSETS

US$ Thousand	Fleet on water	Vessels under construction	Lessee of vessel	Dry-dock	Other assets	Total
At 1 January 2016						
Cost or valuation	881,913	86,844	-	17,847	2,113	988,717
Accumulated depreciation	(166,405)	-	-	(9,880)	(1,704)	(177,989)
Net book amount	**715,508**	**86,844**	**-**	**7,967**	**409**	**810,728**
Period ended 31 December 2017						
Opening net book amount	715,508	86,844	-	7,967	**409**	810,728
Additions	847	76,808	68,000	1,364,,	**1,084**	148,103
Vessel delivered	84,524	(84,524)	-	-	**-**	-
Disposals at cost	(63,149)	-	-	-	**-**	(63,149)
Depreciation charge	(32,960)	-	(1,087)	(2,453)	**(96)**	(36,596)
Impairment	(10,920)	-	-	-	**-**	(10,920)
Depreciation asset held-for-sale	(750)	-	-	-	**-**	(750)
Depreciation write-back	9,430	-	-	-	**-**	9,430
Transfer to assets held for sale	(64,000)	-	-	-	**-**	(64,000)
Exchange differences	-	-	-	-	**5**	5
Closing net book amount	**638,530**	**79,128**	**66,913**	**6,878**	**1,402**	**792,851**
At 31 December 2017						
Cost or valuation	839,385	79,128	69,000	24,016	**3,202**	1,008,926
Accumulated depreciation	(200,855)	-	(1,087)	(12,333)	**(1,800)**	(216,075)

The following table shows, for comparison purposes, the changes in the fixed assets in 2016.

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)

Fleet

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

Additions include instalments totalling US$ 49.6 million on two vessels that were delivered during the year and instalments of US$ 15.4 million on a further four vessels in the course of construction expected to be delivered between Q3 2018 and Q1 2019. Capitalized instalments of borrowing costs at Group level for 2017 were US$ 0.7 million. Mortgages are secured on all the vessels owned by the Group.

The item includes also three vessels, the M/T High Fidelity, M/T High Discovery and M/T High Priority, which have been sold and leased back in bare-boat to d'Amico Tankers d.a.c. in May 2017, July 2017 and October 2017 respectively, for a total consideration/fair value of US$ 68.0 million. The bareboat charter rate (average compound rate) is of US$ 7.4 thousand per day. The contracts include a purchase obligation at the end of the 10th year for two of the vessels and a purchase obligation at the end of the 5th year for the other vessel, as well as options to repurchase the asset from the third year from the sale for two of the vessels and from the second year from the sale for the remaining vessel.

The total net present value of the Group fleet amounts to US$ 1.043 million and includes DIS' share of the fleet value of Joint operation, Glenda International Shipping Ltd, consolidated using the proportional method.

Measurement of Fair Value – Valuation technique – Impairment testing

The Fleet's recoverable amount is defined as the higher of its fair value less costs to sell and 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) General and administrative costs reflecting d'Amico's current corporate structure; (v) The figures have been discounted at a real rate of 6.86% (before inflation), which represents the Group's weighted average cost of capital based on the Group's current cost of debt financing and DIS' estimate of its required 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 for future charter and discount rates. Management's estimated "headroom" over the fleet net book value as at 31 December 2017 is of US$ 86.2 million.

Given the specificity of the market and the factors influencing the cash-flows, there is a significant sensitivity to changes in 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$ 55.8 million / US$ (55.8) million respectively; an increase of 1% in the discount factor would result in a decrease in the value in use calculation of the fleet of US$ 79.5 million while a decrease in the discount factor by 1% would increase the headroom by US$ 90.7 million.

Impairment charge and assets held for sale reclassification

Continuing the fleet renewal policy, management have commenced marketing of certain vessels and accordingly three vessels have been transferred to the 'Assets Held for Sale' account in accordance with IFRS 5. Prior to reclassification, management performed a review whereby the carrying value of the vessels was compared to their fair value less costs to sell. As a result of the review, a total impairment charge of US$10.9 million was recognised on the three vessels - the Cielo di Milano, Cielo di Salerno and Cielo di Hanoi. The net carrying value following impairment review (US$64.0 million) was transferred to assets held for sale as classified within current assets at year end.

Dry-dock

Dry-dock includes expenditure for the fleet's dry docking programme and resulting amortization; a total of two vessels dry-docked in 2017.

Other assets

Other assets mainly include fixtures, fittings, and office equipment.

14. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

US$ Thousand	As at 31 December 2017	As at 31 December 2016
Eco Tankers Limited - 33%	3,269	3,261
DM Shipping d.a.c. -51%	-	-
Investments at equity	**3,269**	**3,261**

The following table reconciles the value of the investment at the beginning of the year with the closing period (please refer also to note 30).

US$ Thousand	2017	2016
At 1 January	**3,261**	**4,504**
Share of profit	85	230
Distribution of Retained Earnings	(132)	(330)
Distribution of Share Premium	-	(1,238)
Other movements	55	95
At 31 December	**3,269**	**3,261**

As at 31 December 2017 investments accounted for using the equity method amounted to US$ 3.3 million (31 December 2016: US$ 3.3 million). The movement during the year reflects DIS' share of the result of Eco Tankers Limited of US$ 0.1 million and DIS' share of the dividend declared and paid by this subsidiary, of US$ 0.1 million.

15. OTHER FINANCIAL ASSETS

	As at 31 December 2017			As at 31 December 2016		
	Non-current	Current	Total	Non-current	Current	Total
Long-term financing DM Shipping ("DMS")	21,685	-	21,685	20,853	-	20,853
Financial receivable	5,200	-	5,200	2,000	-	2,000
Deferred loss	188	22	210	-	-	-
Fair value of derivative instruments	559	322	881	213	95	308
Total	**27,632**	**344**	**27,976**	**23,066**	**95**	**23,161**

The non-current amount of US$ 27.6 million as at 31 December 2017 comprises a US$ 5.2 million financial receivable from the sale of the vessels M/T High Endurance and M/T High Endeavour during Q1, US$ 0.6 million representing the non-current part of the valuation of the Interest Rate Swaps hedging instruments, US$ 0.2 million corresponding to the deferred loss on the sale and leaseback of the vessel High Discovery and by US$ 21.7 million corresponding to the US Dollar equivalent of the JP¥ 2.4 billion d'Amico Tankers d.a.c.'s long-term financing to the jointly controlled entity DMS, provided as own capital to finance the acquisition of DMS' vessels. The recoverability of the financing is guaranteed by the parent company. As at 31 December 2016 the financing amount to DMS was of US$ 20.9 million (corresponding to JP¥ 2.4 billion). The current amount as at the end of 2016 was mainly composed of the fair value of the Interest Rate Swaps amounting to US$ 0.3 million (on 31 December 2016: US$ 0.1 million).

16. ASSETS HELD FOR SALE

US$ Thousand	As at 31 December 2017	As at 31 December 2016
Assets held for sale	**77,750**	**66,352**

Assets held for sale relates to four vessels, which the Group will sell in 2018. The Group recognized an impairment on three of these vessels of US$ 10.9 million, and their fair value as 31 December 2017 is reported net of such impairment (please refer to notes 1 and 13). Four out of the five vessels-held-for-sale on year-end 2016 have been sold during 2017; the fifth vessel signed Memorandum of Agreement, prior to the year end, as communicated to the market through a press release, and will be delivered in Q1 2017.

17. INVENTORIES

US$ Thousand	As at 31 December 2017	As at 31 December 2016
Inventories	**15,495**	**12,857**

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 notes 4 and 7.

18. RECEIVABLES AND OTHER CURRENT ASSETS

US$ Thousand	As at 31 December 2017	As at 31 December 2016
Trade receivables	63,689	39,572
Other debtors	683	894
Prepayments and accrued income	1,828	747
Total	**66,200**	**41,213**

Receivables as at 31 December 2017, include trade receivables amounting to US$ 64.7million, net of allowance for credit losses of US$ 1.0 million (2016: US$ 0.6 million). Other current assets principally consist of prepayments and accrued income amounting to US$ 1.8 million and other debtors of US$ 0.7million, including US$ 0.3 million tax receivable.

The ageing of trade receivables is disclosed below.

US$ Thousand	As at 31 December 2017	As at 31 December 2016
0-60 days	50,736	33,323
61-90 days	2,858	1,986
91-120 days	3,783	722
>120 days	6,312	3,541
Total	**63,689**	**39,572**

Amounts due over 90 and 120 days mainly represent demurrage receivables. 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, being the counterparty's first-class clients (Oil Majors).

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

19. CASH AND CASH EQUIVALENTS

US$ Thousand	As at 31 December 2017	As at 31 December 2016
Cash and cash equivalents	**29,694**	**31,632**

Cash and cash equivalents comprises US$ 5.3 million relating 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 deposited with d'Amico Tankers d.a.c. is adjusted on a regular base according to mark-to-market valuations of such contracts.

20. SHAREHOLDERS' EQUITY

Changes in 2017 Shareholders' equity items are detailed in the relevant statement.

Share capital

At 31 December 2017 the share capital of d'Amico International Shipping amounted to US$ 65,321,531.80 corresponding to 653,215,318 ordinary shares with no nominal value.

On 3 March 2017 the Extraordinary Meeting of the Shareholders resolved to amend the authorised capital to US$ 100,000,000.00 divided into 1,000,000,000 shares without nominal value. The Board of Directors of the Company further resolved to prepare the launch of a rights offering addressed to its shareholders, resulting in a capital increase of US$ 14,025,010.90 and in the issue of 140,250,109 warrants, the exercise of which is regulated as per information attached to the Prospectus.

84,454,853 of the above-mentioned warrants were exercised during the first, additional exercise period from 27th November to 27th December 2017 at an exercise price of € 0.283, increasing DIS' share capital by US$ 8,445,485.30. Following all 2017 share capital transactions as at year end the share capital of the Company amounted to US$ 65,321,531.80, corresponding to 653,215,318 ordinary shares with no nominal value. All of the Company's shares are ordinary, with the same voting and dividends rights, ranking equally with regard to the Company's residual assets and in general having those rights and obligations provided by the Company's Articles of Association and by the applicable Luxembourg laws.

The remaining warrant-holders, subject to the Terms and Conditions for the exercise of the Warrants, can exercise their right on the remaining 55,795,256 warrants at any time during the following exercise periods: during all trading days of the month of June 2018 at a price of € 0.315 each, during all trading days from 27th November to 27th December 2018 at a price of € 0.328 each, during all trading days of the month of June 2019 at a price of € 0.340 each, during all trading days from 27th November to 27th December 2019 at a price of € 0.354 each, during all trading days of the month of June 2020 at a price of € 0.367 each, during all trading days from 27th November to 27th December 2020 at a price of € 0.381 each, during all trading days of the month of June 2021 at a price of € 0.395 each, during all trading days from 27th November to 27th December 2021 at a price of € 0.410 each and during all trading days of the month of June 2022 at a price of € 0.425 each, although the Board of Directors of the Company may, upon occurrence of certain events, set additional exercise periods.

Retained earnings

As at 31 December 2017 the item includes previous year and current year net results, as well as deductions for dividends declared.

Other reserves

The other reserves include the following items:

US$ Thousand	As at 31 December 2016	Movement in 2017	As at 31 December 2017
Share premium reserve	272,900	43,694	316,594
Treasury shares	(18,122)	-	(18,122)
Share option reserve	149	275	424
Hedging reserve / trough OCI	(1,492)	2,456	964
Retranslational reserve / through OCI	(500)	253	(247)
Legal Reserve	3,108	-	3,108
Total	**256,043**	**46,678**	**302,721**

Share premium reserve

The share premium reserve arose initially as a result of the Group's IPO and related increase of share capital (May 2007) and thereafter as a result of further capital increases, with the latest occurring in May 2017. By statutory provision, it is available for distribution. Certain costs and charges connected with the listing processes and further capital raisings (mainly bank commissions and related advisory fees and charges) have been offset against these reserves.

Treasury shares

Treasury shares at 31 December 2017 consist of 7,760,027 ordinary shares (YE 2016: 7,760,027) amounting to US$ 18.1 million (2016: US$ 18.1 million), corresponding to 1.3% of the outstanding shares at the financial position date (YE 2016: 1.8%). These shares were acquired, as part of DIS' authorised buyback programme and the relevant reserve is constituted within the distributable share premium reserve.

Share option reserve

The reserve was created in connection with the Share Option Plan (reference is made to note n. 8) and is not distributable.

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 and is not distributable. Details of the fair value of the derivative financial instruments are set out in note 25.

Retranslational 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$ and is not distributable.

Legal Reserve

The legal reserve is a requirement of the Luxembourg Law, the balance is not distributable.

21. BANKS AND OTHER LENDERS

US$ Thousand	As at 31 December 2017	As at 31 December 2016
Non-current liabilities		
Banks and other lenders	357,544	427,304
Current liabilities		
Banks and other lenders	128,488	124,975
Total	**486,032**	**552,279**

The balance comprises the following facilities:

Lender / Details	Asset	Repayment terms	interest%	Loan-to-value[1]	Financial covenants	Short-term	Long-term	Total 31 Dec. 2017
				DTL				
Crédit Agricole CIB + 8 syndicated Banks / March 2016 US$ 250m Term Loan Facility	High Performance High Progress High Venture High Courage High Valor High Wind Cielo di New York Cielo di Rotterdam Cielo di Cagliari Cielo di Houston Cielo di Londra	19 or 20 consecutive quarterly instalments from draw-down + balloon at maturity (total balloon for the vessels already on water= US$ 41.35m)	US$ LIBOR + 2.0 % or + 2.15% according to vessel employment	< 76.9%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	11,967	88,151	100,118
Crédit Agricole CIB & DNB NOR Bank ASA / July 2011 US$ 48m Term Loan Facility	High Seas High Tide	28 consecutive quarterly instalments + balloon payment of US$ 12.3m for each vessel at maturity	US$ LIBOR + 2.10%	< 74.1%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	3,088	25,472	28,559
Danish Ship Finance A/S / Oct. 2013 US$ 31.5m Term Loan facility	High Trust	12 consecutive semi-yearly instalments + US$ 12m balloon at maturity	US$ LIBOR + 2.75%	< 80.0%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	1,333	16,667	18,000
Danish Ship Finance A/S / Dec. 2013 US$ 39m Term Loan Facility	High Freedom High Loyalty	14 consecutive semi-yearly instalments, + US$ 10.4m balloon for each vessel at maturity	US$ LIBOR + 2.35%	< 80.0%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	2,600	28,600	31,200
DNB Bank ASA / Dec. 2016 US$ 19.4m Term Loan Facility	High Voyager	20 consecutive quarterly instalments + US$ 11.7m balloon at maturity	US$ LIBOR + 2.55%	<76,9%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	1,482	16,175	17,657

Lender / Details	Asset	Repayment terms	interest%	Loan-to -value(1)	Financial covenants	Short-term	Long-term	Total 31 Dec. 2017
DTL								
Intesa Sanpaolo-Bank of Ireland/ Dec.2014 US$ 75m Facility	Corporate	10 consecutive semi-yearly instalments	US$ LIBOR + 2.25%	n.a.	NFP/ship mkt value < 75% Equity ratio > 35% Liquid assets> US$ 25m Net worth > US$ 100 m	15,000	15,000	30,000
Intesa Sanpaolo / Sept. 2014 Hot money US$10m	n.a.	within 12 months	-	n.a.	n.a.	10,000	-	10,000
ING Bank N.V. London Branch / Dec. 2014 US$ 20m Term Loan Facility	High Presence(2)	24 consecutive quarterly instalments from draw down + US$ 3.1m balloon at maturity	US$ LIBOR + 2.05%	< 76.9%	Liquid assets > = US$ 25 m Net worth > = US$ 100m Equity ratio > = 35%	6,762	-	6,762
MPS Capital Services SpA /July 2015 US$ 58m Term Loan Facility	Cielo Bianco Cielo Rosso	10 consecutive half-yearly instalments from draw-down + balloon at maturity (US$ 17.9m balloon at maturity for the vessel already on water)	US$ LIBOR + 2.25%.	< 80.0%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 30%	1,764	35,634	37,398
Skandinaviska Enskilda Banken AB / March 2015 US$ 23.1m Term Loan Facility	High Trader	24 consecutive quarterly instalments + US$ 13.8m balloon at maturity	US$ LIBOR + 2.45% if CP with Oil major otherwise 2.60%	< 76.9%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	1,412	18,083	19,495
Crédit Agricole CIB / June 2015 US$ 9.5m facility	Cielo di Guangzhou	16 consecutive quarterly instalments + US$ 5.7m balloon at maturity	US$ LIBOR + 2.10%	< 74.1%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	1,000	6,750	7,750
Banca IMI SpA / Oct. 2014 US$ 45.080m Term Loan Facility	Cielo di Ulsan Cielo di Capri	14 consecutive half-yearly instalments + US$ 12m balloon for each vessel at maturity	US$ LIBOR + 2.65%	< 75.0%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	3,011	36,799	39,810
ABN Amro Bank N.V. / Dec.2016 US$ 19.5m Term Loan Facility	Cielo di Gaeta	24 consecutive quarterly instalments + US$ 9.7m balloon at maturity	US$ LIBOR + 2.4% per annum during the initial charter period, thereafter 2.30%	< 76.9%	Liquid asset > US$ 25 m Net worth > US$ 100m Equity ratio > 35%	1,921	14,943	16,864
Tokyo Century Corp. / Dec.2014 US$ 41.6m Term Loan Facility	Cielo di Hanoi(2) Cielo di Salerno(2)	24 consecutive quarterly instalments + US$ 12.5m balloon for each vessel at maturity	US$ LIBOR + 2.3%	< 87.0%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	38,477	-	38,477
Tokyo Century Corp. / November 2015 US$ 21.8m facility	High Challenge	24 consecutive quarterly instalments + US$ 13.1m balloon at maturity	US$ LIBOR + 2.2%	< 87.0%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	1,452	19,239	20,691
Tokyo Century Corp. / August 2016 US$ 10.5m general working capital facility	High Challenge Cielo di Hanoi(2) Cielo di Salerno(2)	22 consecutive quarterly instalments, no balloon	US$ LIBOR + 2.45%	n.a.	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	6,062	2,520	8,582
ING Bank N.V. – London Branch / July 2017 US$ 6.6m Term Loan Facility	Cielo di Milano(2)	18 consecutive quarterly instalments + US$ 0.2m balloon at maturity	US$ LIBOR + 2.5%	< 80.0%	Liquid asset > US$ 25 m Net worth > US$ 100 m Equity ratio > 35%	6,219	-	6,219

Lender / Details	Asset	Repayment terms	interest%	Loan-to -value(1)	Financial covenants	Short-term	Long-term	Total 31 Dec. 2017
				DTL				
Bank of Ireland Overdraft for working capital	n.a.	n.a.	-	n.a.	n.a.	5,997	-	5,997
				GIS				
Commerzbank AG / June 2008 US$ 195m Term Loan Facility	Glenda Melanie Glenda Melissa Glenda Melody Glenda Megan Glenda Meryl Glenda Meredith	10year maturity from vessel delivery, + 62.8m total balloon	US$ LIBOR + spread 0.9% to 1.1%	< 76.9%	n.a.	5,370	40,068	45,438
				DIS				
Cassa Lombarda / Overdraft for working capital	n.a.	n.a.	-	n.a.	n.a.	1,108	-	1,108
Unicredit SpA / Overdraft for working capital	n.a.	n.a.	-	n.a.	n.a.	4,921	-	4,921
Financial Fees						(2,458)	(6,557)	(9,015)
Total 31 December 2017						**128,488**	**357,544**	**486,032**

(1) As specified in the financing contract;

(2) Vessels re-classified as held-for-sale: all relevant bank financing has been re-classified as short-term bank debt.

Lender / Details	Asset	Repayment terms	interest%	Loan-to -value(1)	Financial covenants	Short-term	Long-term	Total 31 Dec. 2016
				DTL				
Crédit Agricole CIB + 8 syndicated Banks / March 2016 US$ 250m Term Loan Facility	High Performance High Progress High Venture High Courage High Valor High Wind High Endeavour (sold Mar.17) High Endurance (sold Feb.17) Cielo di New York Cielo di Londra Cielo di Rotterdam Cielo di Houston Cielo di Cagliari	19 or 20 consecutive quarterly instalments from draw-down + balloon at maturity (total balloon for the vessels already on water= US$ 41.35m)	US$ LIBOR + 2.0 % or + 2.15% according to vessel employment	< 76.9%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	30,043	88,699	118,742
Crédit Agricole CIB & DNB NOR Bank ASA / July 2011 US$ 48m Term Loan Facility	High Seas High Tide	28 consecutive quarterly instalments + US$ 12.3m balloon per vessel	US$ LIBOR + 2.10%	< 74.1%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	3,088	28,559	31,647
Danish Ship Finance A/S / Oct. 2013 US$ 31.5m Term Loan facility	High Trust High Prosperity (sold Nov.2017)	12 consecutive semi-yearly instalments + US$ 12m and US$ 4.6m balloon resp.	US$ LIBOR + 2.75%	< 80.0%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	9,383	18,000	27,383
Danish Ship Finance A/S / Dec. 2013 US$ 39m Term Loan Facility	High Freedom High Loyalty	14 consecutive semi-yearly instalments + US$ 10.4m balloon for each vessel at maturity	US$ LIBOR + 2.35%	< 80.0%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	2,600	31,200	33,800

Lender / Details	Asset	Repayment terms	interest%	Loan-to -value(1)	Financial covenants	Short-term	Long-term	Total 31 Dec. 2016
DTL								
DNB Bank ASA / Dec. 2016 US$ 19.4m Term Loan Facility	High Voyager	20 consecutive quarterly instalments + US$ 11.7m balloon at maturity	US$ LIBOR + 2.55%	<76.9%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	1,500	17,639	19,139
Crédit Agricole CIB / Dec. 2013 US$ 40.0 Term Loan Facility	High Discovery (sold Sept.. 17) High Fidelity (sold May17)	24 consecutive quarterly instalments + US 13.7m and 11.8m balloon resp. at maturity	US$ LIBOR + 2.90%	< 80.0%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	2,480	31,669	34,149
Intesa San Paolo Bank Ireland Plc. / Dec. 2014 US$ 75m Facility	Corporate	10 consecutive semi-yearly instalments	US$ LIBOR + 2.25%	n.a.	NFP/ship mkt value < 75% Equity ratio > 35% Liquid assets> US$ 25m Net worth > US$ 100 m	15,000	30,000	45,000
Intesa Sanpaolo / Sept. 2014 Hot money US$10m	n.a.	within 12 months	-	n.a.	n.a.	10,000	-	10,000
ING Bank N.V. - London Branch / Dec. 2014 US$ 20m Term Loan Facility	High Presence High Priority (sold Oct.17)	24 consecutive quarterly instalments + US$ 3.1m balloon for each vessels at maturity	US$ LIBOR + 2.05%	< 76.9%	Liquid assets > = US$ 25 m Net worth > = US$ 100m Equity ratio > = 35%	15,064	-	15,064
MPS Capital Services SpA / July 2015 US$ 58m facility	Cielo Bianco Cielo Rosso	10 consecutive half-yearly instalments + balloon for each vessel at maturity from drawdown	US$ LIBOR + 2.25%.	< 80.0%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 30%	957	16,368	17,325
Skandinaviska Enskilda Banken AB / March 2015 US$ 23.1m Term Loan Facility	High Trader	24 consecutive quarterly instalments + US$ 13.8m balloon at maturity	US$ LIBOR + 2.45% if CP with Oil major otherwise 2.60%	< 76.9%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	1,412	19,496	20,908
Crédit Agricole CIB / June 2015 US$ 9.5m facility	Cielo di Guangzhou	16 consecutive quarterly instalments + US$ 5.5m balloon at maturity	US$ LIBOR + 2.10%	< 74.1%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	1,000	7,750	8,750
Banca IMI SpA / Oct. 2014 US$ 45.080m Term Loan Facility	Cielo di Ulsan Cielo di Capri	14 consecutive half-yearly instalments + US$ 12m balloon for each vessel at maturity	US$ LIBOR + 2.65%	< 75.0%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	3,011	39,810	42,821
ABN Amro Bank N.V. / Dec. 2016 US$19.5m Term Loan Facility	Cielo di Gaeta	24 consecutive quarterly instalments + US$ 9.7m balloon at maturity	US$ LIBOR + 2.4% per annum during the initial charter period t, thereafter 2.30%	< 76.9%	Liquid asset > US$ 25 m Net worth > US$ 100m Equity ratio > 35%	1,921	16,864	18,785
Tokyo Century Corp. / Dec.2014 US$ 41.6m Term Loan Facility	Cielo di Hanoi Cielo di Salerno	24 consecutive quarterly instalments + US$ 12.5m balloon for each vessel at maturity	US$ LIBOR + 2.3%	< 87.0%	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	2,776	38,477	41,253
Tokyo Century Corp. / August 2016 US$ 10.5m general working capital facility	Cielo di Hanoi Cielo di Salerno	22 consecutive quarterly instalments, no balloon	US$ LIBOR + 2.45%	n.a.	Liquid assets > US$ 25m Net worth > US$ 100m Equity ratio > 35%	1,232	5,390	6,622
ING Bank N.V. – London Branch / July 2016 US$9m Term Loan Facility	Cielo di Milano	12 months from drawdown (July 2016), no balloon	US$ LIBOR + 2.5% for the first 6 months after drawdown and 3% thereafter until maturity	< 83.3%	Liquid asset > US$ 25 m Net worth > US$ 100 m Equity ratio > 35%	8,575	-	8,575
Bank of Ireland / Overdraft for working capital	n.a.	n.a.	-	n.a.	n.a.	5,220	-	5,220

Lender / Details	Asset	Repayment terms	interest%	Loan-to -value(1)	Financial covenants	Short-term	Long-term	Total 31 Dec. 2016
GIS								
Commerzbank International S.A. – Crédit Suisse / June 2008 US$ 195 m Term Loan Facility	Glenda Melanie Glenda Melissa Glenda Melody Glenda Megan Glenda Meryl Glenda Meredith	ten-year maturity from vessel delivery, + 62.8 m total balloon	US$ LIBOR + spread 0.9% to 1.1%	< 76.9%	n.a.	5,370	45,438	50,808
DIS								
Cassa Lombarda / Overdraft for working capital	n.a.	n.a.	-	n.a.	n.a.	1,048	-	1,048
Unicredit SpA / Overdraft for working capital	n.a.	n.a.	-	n.a.	n.a.	5,011	-	5,011
Financial Fees						(1,716)	(8,055)	(9,771)
Total 31 December 2016						**124,975**	**427,304**	**552,279**

All bank loans comply with the covenants.

22. LIABILITIES FROM FINANCIAL LEASES

Liabilities from finance leases are repaid over the lease term. They have the following residual lease terms at the balance sheet date:

US$ Thousand	As at 31 December 2017	As at 31 December 2016
Total future minimum lease payments (gross investment)	96,048	-
due within one year	7,797	-
due in one to five years	38,025	-
due over five years	50,226	-
Present value of minimum lease payments	66,411	-
due within one year	3,267	-
due in one to five years	22,650	-
due over five years	40,494	-
Finance charge included in the minimum lease payments	29,637	-
of which pertaining to the period	1,825	-

The carrying amount of the assets held under finance leases, as well as the main lease terms, are disclosed principally under tangible assets in note 13; the annual rate of return on the net investment reflects current market rates.

23. AMOUNT DUE TO PARENT COMPANY

US$ Thousand	As at 31 December 2017	As at 31 December 2016
d'Amico International S.A.	-	10,001

The short-term financing granted by the parent company at the end of 2016 was reimbursed in 2017.

24. PAYABLES AND OTHER CURRENT LIABILITIES

US$ Thousand	As at 31 December 2017	As at 31 December 2016
Trade payables	41,923	30,956
Other creditors	2,211	6,679
Accruals & deferred income	6,677	5,424
Total	**50,811**	**43,059**

Payables and other current liabilities as at 31 December 2017, 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 27.

25. OTHER FINANCIAL LIABILITIES

US$ Thousand	As at 31 December 2017			As at 31 December 2016		
	Non-current	Current	Total	Non-current	Current	Total
Other financial liabilities	222	7,308	7,530	2,017	7,084	9,101
Fair value of derivative instruments	5,247	2,735	7,982	6,403	4,801	11,204
Total Other financial liabilities	**5,469**	**10,043**	**15,512**	**8,420**	**11,885**	**20,305**

The balance as at 31 December 2017 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; it includes also US$ 3.0 million relating to the outstanding financial payable to Solar Shipping for the purchase of the vessel M/T Cielo di Guangzhou. The derivatives instruments fair value calculation techniques and disclosure about financial market risk are shown in note 27.

26. CURRENT TAX PAYABLE

US$ Thousand	As at 31 December 2016	As at 31 December 2015
Current tax liabilities	**37**	**194**

The balance at the end of 2017 relates to the income 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 Group. 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 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 vessels trade on a worldwide basis to reduce the effect of different regional market conditions. 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, as almost all of the Group's revenues and most of its operating costs are denominated in U.S. 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 actions, hedging its foreign currency exposure, when appropriate, to keep it within acceptable levels. 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 . 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 relating to cash flows not denominated in U.S. Dollars, arises mainly from administrative expenses and operating costs denominated in Euros. For 2017, these payments amounted to an equivalent of US$ 44.8 million, representing 12.6 % of total operational, administrative, financial and fiscal expenses, of which 8.5% related to Euro transactions. Other foreign currencies do not represent a significant portion of our cash flows.

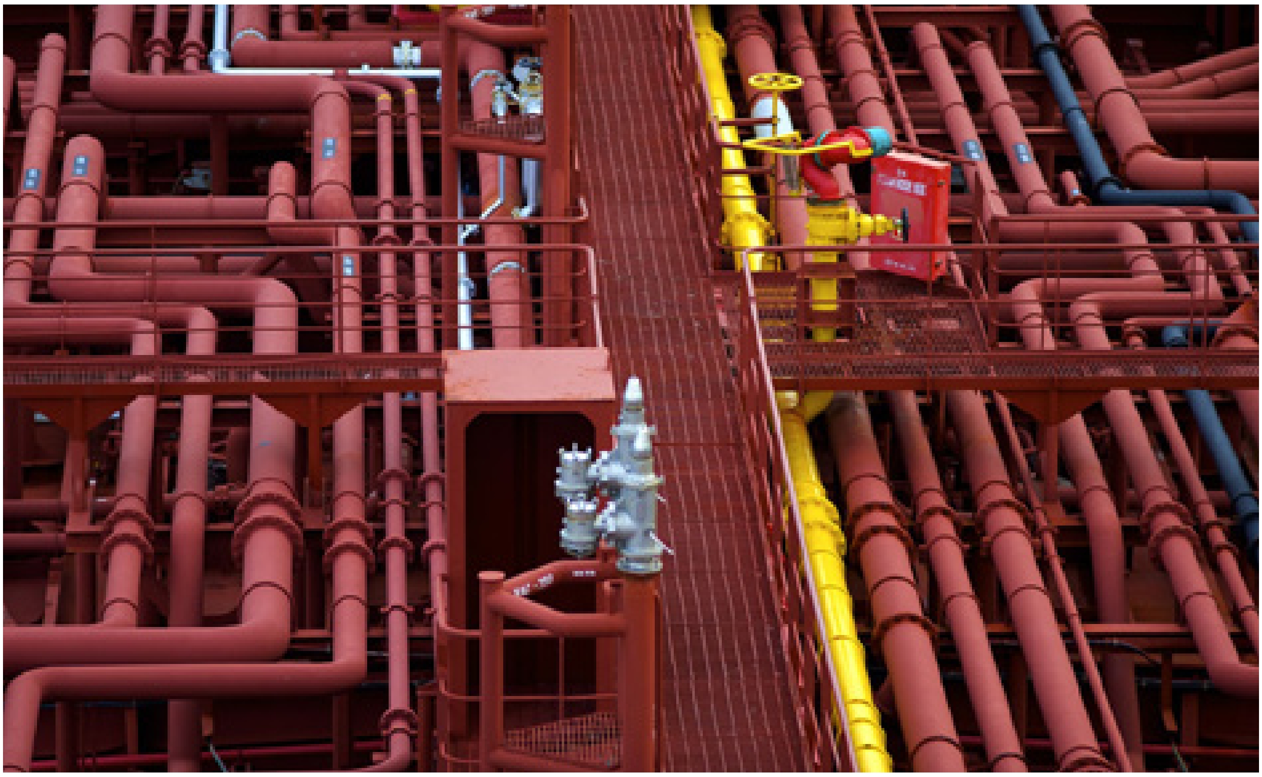
US$ Thousand		2017		2016	
	Variation %	% +	% -	% +	% -
US$ / Ccy	**10%**	**3,766**	**(3,766)**	**3,697**	**(3,697)**

Through a sensitivity analysis, we established a 10% fluctuation in the U.S. Dollar exchange rate against all other currencies would have resulted in a variation of +/- US$ 3.8 million in the result of the Group for the year (US$ +/- 3.7 million in 2016). The overall Group's sensitivity to currency risk has not changed significantly from the 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 variable rates. The risk is managed by the Group through the use of interest rate swap contracts and the hedging activity is regularly evaluated to ensure an adequate coverage is in place.

The risk management strategies provide that: (i) a portion of d'Amico Tankers d.a.c.'s (a fully-owned subsidiary of d'Amico International Shipping SA) 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 considers that by fixing a proportion of the loan interest this will improve the visibility of future interest costs, at a level considered appropriate for the business and allowing the Groupto 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 reviews financing conditions available in the market to ensure its facilities are competitive.



Interest rate sensitivity

US$ Thousand	2017		2016	
	+1% Increase	-1% Decrease	+1% Increase	-1% Decrease
Interest rate cost	(1,436)	1,448	(1,393)	1,393
Interest rate swap / other comprehensive income	10,667	(10,667)	12,805	(12,805)

With all other variables constant, an increase in the level of interest rates of 100 basis points would increase net financial charges by US$ 1.4million (US$ 1.4 million in 2016) while a reduction in interest rates of 100 basis points would decrease net financial charges by US$ 1.4million (US$ 1.4 million in 2016). As at 31 December 2017, had interest rates been 100 bp higher/lower, with all other variables constant, the valuation of the swaps would have increased by US$ 10.7 million or decreased by US$ 10.7 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 accounts 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 2017

US$ Thousand	Loans and receivables	Derivative instruments	Total	Fair Value Level 1	Fair Value Level 2	Total
ASSETS						
Non-current financial assets	27,073	559	27,632	-	559	559
Receivables and other current assets	66,200	-	66,200	-	-	-
Other current financial assets	22	322	344	-	322	322
Cash and cash equivalents	29,694	-	29,694	-	-	-

31 December 2017

US$ Thousand	Loans and receivables	Derivative instruments	Total	Fair Value *Level 1*	Fair Value *Level 2*	Total
LIABILITIES						
Banks and other lenders	486,032	-	486,032	-	-	-
Liabilities from financial lease	66,411	-	66,411	-	-	-
Other non-current financial liabilities	222	5,247	5,469	-	5,247	5,247
Payables and other current liabilities	50,811	-	50,811	-	-	-
Other current financial liabilities	7,308	2,735	10,043	-	2,735	2,735

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2016.

31 December 2016

US$ Thousand	Loans and receivables	Derivative instruments	Total	Fair Value *Level 1*	Fair Value *Level 2*	Total
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 Level 2 financial instruments in the above table refer to derivative instruments and their fair value 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 BBB. Due to the high credit rating of the financial institutions we work with, 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 close to their fair value.

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

In 2017, the realised losses amount to US$ 1.5 million while the unrealised gains amount to US$ 0.8million.

Derivative instruments

Interest rate swaps

At the end of 2017 d'Amico Tankers d.a.c. had in place twenty 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 Bank ASA facility of US$ 48.0 million with termination due in 2019. During 2014 a further eleven IRS were negotiated in relation to new vessel financings on new-buildings; two of these IRS, relating to Cielo di Ulsan and

Cielo Capri, were novated to Intesa Sanpaolo SpA in 2017 and one of these IRS, relating to the Cielo di Salerno, was restructured in the same year, while four others, relating to the High Fidelity and High Discovery, were closed in 2017. In 2015, d'Amico Tankers d.a.c. contracted a further two IRS in relation with the financing of the High Trader and High Voyager, two new-buildings which were delivered respectively in 2015 and 2016. During 2016 four IRS were novated to ING Bank N.V. and one, linked to Cielo di Gaeta, was novated to ABN AMRO Bank N.V. Two IRS contracts were negotiated in 2017 with MPS Capital Services Banca per le Imprese SpA in relation to bank financing for two new buildings, one of which was delivered in the same year and one that will be delivered in 2018; both IRS contracts terminate in 2022. The hedges are deemed highly effective with changes in the fair value recognised in other comprehensive income for the effective portion, and in the income statement for the ineffective portion.

Forward currency contracts

In 2016 and 2017 the Group didn't enter into any new foreign exchange derivative contracts. In 2016, the Group 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 2017 the Group didn't enter into any bunker derivatives. In 2016, the Group 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 shows the accounting impact of the derivatives (Interest Rate Swaps) in 2017 and 2016:

US$ Thousand	2017		2016	
	Profit&Loss	Equity	Profit&Loss	Equity
Interest rate swaps / hedge accounting	1,000	2,456	(1,246)	(1,594)
Total/ fair value hedge	1,000	2,456	(1,246)	(1,594)

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, since 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 has financial risk management policies in place to ensure all payables are settled within agreed terms. Such policies is include a continuous monitoring and evaluation, also of the default risk of the industry and country in which its customers operate, to limit its exposure to delayed payments. To minimise its credit risk the Group has the following risk management strategies: (i) regarding receivables, balances are reviewed regularly on a timely basis. The recovery of demurrage income and charter expenses is followed by a dedicated team. The customer's portfolio includes a large number of oil majors, and large oil trading companies. Historically DIS has, therefore, not experienced significant losses on trade receivables. Nevertheless, the Group recognises an allowance for impairment that represents its estimate of losses that will be incurred with respect to trade and other receivables; (ii) regarding payments relating to services such as crew management, technical and bunker purchases, outgoings are planned to minimise credit risk. (iii) regarding instalment payments relating to vessels under construction, advances are covered by appropriate bank guarantee from creditworthy institutions; (iv) regarding payment to port agents, since 2007 these are managed by the DA Desk, a professional and external organisation specialised in ensuring an effective and timely execution of commercial transactions. The relationships with the agents and the DA Desk are managed through an in-house team with significant experience. (v) regarding banks holding its cash deposits, the Group's policy is deal only with large institutions with strong credit ratings, a first-class reputation and specialised in shipping.

The top 10 customers in 2017 represented approximately 48% of the revenue of the Group (2016: 54.1%). As at 31 December 2017, 49.2% of the total trade receivables were due from the Group's ten largest customers (As at year-end 2016: 47.8%). DIS primarily deals with oil majors and large oil trading companies, with strong credit ratings. Counterparty risks, therefore, mainly relate to demurrage receivables and expenses incurred on the behalf of charterers. Both of these receivables are regularly monitored and written down on an individual basis.

US$ Thousand	As at 31 December 2016	Increase in 2017	W/O in 2017	As at 31 December 2017
Bad debt provision	(592)	(525)	112	(1,005)

The total allowance for trade and other receivables losses as at 31 December 2017 amounted to US$ 1.0 million (2016: US$ 0.6 million). The Group 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 analysis of customer credit risk (counterparty default).

The Group has significant cash deposits with the following banks, which can count on the following S&P credit rating, Calyon Bank (A), JP Morgan (A+), ABN-AMRO (A), and DNB (A).

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 Group 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 Group Management regularly reviews group facilities and cash requirements.

In spite of on-going tough credit market conditions, the Group 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 2017 and 2016 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.

US$ Thousand	As at 31 December 2017				
	< 1 y	1-2 y	2-5 y	> 5 y	Total
Total Banks and other lenders	130,937	88,954	237,610	37,538	**495,039**
Other financial liabilities	3,118	-	-	-	**3,118**
	134,055	**88,954**	**237,610**	**37,538**	**498,157**

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**

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 Group's 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 the d'Amico International Shipping Group. 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 significant transactions of the Group not elsewhere disclosed in the present report for 2017 and 2016 with these related parties is set out below:

US$ Thousand	2017		2016	
	Total	Of which related parties	Total	Of which related parties
Revenue	390,971	4,945	347,110	9,547
Voyage costs	(133,534)	-	(85,724)	-
Time charter hire costs	(126,664)	(14,171)	(117,198)	(14,641)
Other direct operating costs	(80,370)	(8,142)	(73,509)	(6,870)
General and administrative costs	(15,482)	(5,160)	(15,690)	(4,122)
Result from disposal of vessels	1,917	-	-	-
Net financial income (charges)	(25,960)	-	(22,367)	-

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 2017 and 31 December 2016 are the following:

US$ Thousand	As at 31 December 2017		As at 31 December 2016	
	Total	Of which related parties	Total	Of which related parties
ASSETS				
Non-current assets				
Property, plant and equipment	792,851	-	810,728	-
Investment in jointly controlled entities	3,269	-	3,261	-
Other Non-current financial assets	27,632	21,685	23,066	20,853
Current assets				
Assets held for sale	77,750	-	66,352	-
Inventories	15,495	-	12,857	-
Receivables and other current assets	66,200	1,721	41,213	-
Current financial assets	344	-	95	-
Cash and cash equivalents	29,694	-	31,632	-
LIABILITIES				
Non-current liabilities				
Banks and other lenders	357,544	-	427,304	-
Liabilities from financial leases	63,144	-	-	-
Other non-current financial liabilities	5,469	-	8,420	-
Current liabilities				
Banks and other lenders	128,488	-	124,975	-
Liabilities from financial leases	3,267	-	-	-
Amount due to parent company	-	-	10,001	10,001
Payables and other current liabilities	50,811	16,731	43,059	16,386
Other financial current liabilities	10,043	3,000	11,885	-
Current taxes payable	37	-	194	-

The effects, by legal entity, of related party transactions on the Group's consolidated Income Statement for 2017 not disclosed elsewhere in this report are the following:

US$ Thousand	d'Amico International Shipping	DM Shipping d.a.c.	d'Amico Società di Nav. SpA	Eco Tankers Limited	d'Amico Shipping Singapore	d'Amico. Shipping USA
	(consolidated)					
Revenue	390,971					
of which						
Freight out	4,945	-	-	-	4,945	-
Time charter hire costs	(126,664)					
of which						
Vessel charter agreements	(14,171)	(11,148)	-	(3,023)	-	-
Other direct operating costs	(80,370)					
of which						
Technical management expenses and SQE	(8,142)	-	(8,142)	-	-	-
General and Administrative costs	(15,482)					
of which						
Service agreement - Consultancy	(5,160)	-	(1,191)	-	(2,669)	(1,300)
Total		**(11,148)**	**(9,333)**	**(3,023)**	**2,276**	**(1,300)**

An amount of $ 1.1 million of construction supervisory fees – pertaining to the category of Other operating costs – was sustained against the related party Ishima and was capitalised in 2017.

The following table shows the effects, by legal entity, of related party transactions on the Group's consolidated income statement for the year 2016:

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)**

An amount of $ 1.6 million of construction supervisory fees – pertaining to the category of Other operating costs – was sustained against the related party Ishima and was capitalised in 2016.

The effect, by legal entity, of related party transactions on the Group's consolidated Statement of Financial Position as at 31 December 2017 are as follows:

US$ Thousand	d'Amico International Shipping S.A.	d'Amico Shipping Italia S.p.A.	d'Amico Shipping Singa-pore	Rudder SAM	d'Amico Societa' di Naviga-zione	DM Ship-ping d.a.c.	Sirius	Ishima
	(consolidated)							
Other financial assets	27,976							
of which related party	21,685	-	-	-	-	21,685	-	-
Receivables and other current assets	66,200							
of which related party	1,721	-	1,721	-	-	-	-	-
Payables and other current liabilities	50,811							
of which related party	18,254	-	1,550	8,439	5,406	-	1,523	1,336
Other current financial liabilities	10,043							
of which related party	3,000	3,000	-	-	-	-	-	-
Total		**(3,000)**	**171**	**(8,439)**	**(5,406)**	**21,685**	**(1,523)**	**(1,336)**

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

US$ Thousand	d'Amico International Shipping S.A.	d'Amico Shipping Italia S.p.A.	d'Amico Shipping Singapore	Rudder SAM	d'Amico Societa' di Naviga-zione	DM Shipping d.a.c.	Sirius Ishima
	(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	10,001						
of which related party	10,001	-	-	-	-	-	10,001
Total		**(5,136)**	**(6,703)**	**(3,471)**	**20,853**	**(1,075)**	**(10,001)**

29. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at December 31, 2017, the Group's capital commitments amounted to US$ 144.4 million, of which payments over the next 12 months amounted to US$ 91.9 million.

US$ Million	As at 31 December 2017	As at 31 December 2016
Within one year	91.9	96.9
Between 1 – 3 years	52.5	118.1
Total	**144.4**	**215.0**

Capital commitments relate to the payment for: 5 Hyundai-Mipo dockyard 75,000 dwt Product/chemical tanker newbuilding vessels. All newbuilding vessels are expected to be delivered between Q3 2018 and Q1 2019.

Operating leases – chartered in vessels

As at December 31 2017, the Group's minimum operating lease rental commitments amounted to US$ 449.4 million, of which payments over the next 12 months amounted to US$ 126.7 million.

US$ Million	As at 31 December 2017	As at 31 December 2016
Within one year	126.7	109.3
Between 1 – 3 years	129.1	121.5
Between 3 – 5 years	91.5	69.0
More than 5 years	102.1	125.0
Total	**449.4**	**424.9**

As at 31 December 2017, the Group operated 25.5 vessel equivalents on time charter-in contracts as lessee. These had an average remaining contract period of two years at that date (2.4 years including optional periods). Further, 3 additional MR (50,000 dwt) Product/chemical tanker newbuilding vessels are expected to be delivered in time charter to d'Amico Tankers in 2018, with an average contract period of 8.1 years (9.1 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 2017	As at 31 December 2016
Within one year	0.8	0.7
Between 1 – 3 years	1.1	1.1
Between 3 – 5 years	0.6	0.5
More than 5 years	1.5	2.1
Total	**4.0**	**4.4**

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.

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 Group may be subject to tax in the event that vessels are sold and not replaced within the specified time limit or the Group 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 neither contingent liabilities nor commitments made by the Group which are not recognized at the reporting date in relation with the Company interest in its joint ventures.

30. d'AMICO INTERNATIONAL SHIPPING GROUP COMPANIES

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

Name	Registered Office	Share Capital	Currency	Interest %	Consolidation Method
d'Amico International Shipping S.A.	Luxembourg	56,876,047	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 2017 does not differ with respect to the 2016 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.2017**	**31 Dec.2016**	**31 Dec.2017**	**31 Dec.2016**	**31 Dec.2017**	**31 Dec.2016**
Non-current assets	190,415	206,118	50,763	53,722	24,898	26,238
Current assets	14,448	8,669	5,117	2,956	2,707	2,900
Net equity	(110,558)	(112,586)	874	966	(9,693)	(9,669)
Non-current liabilities	(80,146)	(90,876)	(50,666)	(53,027)	(15,846)	(17,331)
Current liabilities	(14,158)	(11,326)	(6,088)	(4,617)	(2,065)	(2,138)

*In compliance with the application of IFRS 11, DM Shipping d.a.c. is not consolidated in the DIS Group accounts, as it shows a negative equity.

US$ Thousand	Glenda International Shipping d.a.c.		DM Shipping d.a.c.*		Eco Tankers Limited	
SUMMARISED S.O.C.I.		**2016**		**2016**	**2017**	**2016**
Time Charter Equivalent Earnings	30,141	31,617	11,114	11,504	5,096	5,881
Other direct operating costs	(13,911)	(13,707)	(4,972)	(4,872)	(2,333)	(2,192)
General and administrative costs	(227)	(222)	(173)	(157)	(127)	(178)
Depreciation and impairment	(15,705)	(18,491)	(2,960)	(3,520)	(1,457)	(1,526)
Financial costs	(2,297)	(1,878)	(2,907)	(2,883)	(921)	(1,289)
Tax	(29)	(36)	(11)	(9)	-	-
Result of the period	(2,028)	(2,717)	91	63	258	696

* In compliance with the application of IFRS 11, DM Shipping d.a.c. is not consolidated in the DIS Group accounts, as it shows a negative equity.

Earnings Per Share (E.P.S.)

US$ Thousand	2017	2016
Basic e.p.s.	(0.075)	(0.031)
Diluted e.p.s.	-	(0.030)
Weighted average number of ordinary shares used as the denominator in calculating basic e.p.s.	508,653,542	420,295,298
Adjustment for calculation of diluted e.p.s. – options**	-	4,599,590
Weighted average number of ordinary shares used as the denominator in calculating diluted e.p.s.	508,653,542	424,894,888

** 2016: share option plan.

d’AMICO INTERNATIONAL SHIPPING S.A.
MANAGEMENT REPORT AND STATUTORY FINANCIAL STATEMENTS
Year ended 31 December 2017

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$ 65,321,531.80 as at 31 December 2017

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. Subsequent capital increases occurred in 2012, 2014, 2015, 2016 and 2017 aimed to financing the subsidiaries’ fleet expansion.

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

Operating performance

The result for 2017 financial period of the Company was US$ 1.2 million loss. The Company’s Income Statement is summarized in the following table.

US$ Thousand	31 December 2017	31 December 2016
Investment income (dividends)	252	530
Investment loss (loss in value)	-	(5,300)
Personnel costs	(463)	(361)
Other general and administrative costs, including tax	(2,997)	(2,999)
Financial income (charges)	2,006	872
Net Profit / (Loss)	**(1,202)**	**(7,258)**

Investment income (dividends) totalling US$ 0.3 million was received in 2017.

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

Statement of Financial Position

US$ Thousand	31 December 2017	31 December 2016
Non-current assets	357,198	238,190
Current assets	7,572	70,722
Total assets	**364,770**	**308,912**
Shareholders’ Equity	357,484	292,247
Current Liabilities	7,286	16,665
Total liabilities and shareholders’ equity	**364,770**	**308,912**

The Company’s Non-current Assets of US$ 357,198 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.

- a medium-term portion financing to d'Amico Tankers, with a book value of US$ 119.0 million.

Current assets are mainly represented by US$ 6.1 million financial receivables from the subsidiary d'Amico Tankers d..a.c..

Significant Events in the Year

In 2017, the main events for the d'Amico International Shipping Group were the following:

Amendments to the bylaws of d'Amico International Shipping S.A. ("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.

On March 3 2017 the Extraordinary General Meeting of Shareholders of d'Amico International Shipping S.A. (the "Company") resolved:

- To approve the proposed amendment to the articles of association of the Company as proposed by the Board of Directors in the explanatory report published on 30 January 2017 and available to the Shareholders on the Company's website (**https://en.damicointernationalshipping.com/**);

- 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.

On March 3 2017, 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 € 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").

- The Warrants, if duly exercised according to their terms and conditions, 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 € 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.

'DIS controlling shareholder will guarantee 100% of the capital increase': On April 10 2017, d'Amico International S.A. ("DAM") the controlling shareholder of d'Amico International Shipping S.A., confirmed its unconditional and irrevocable undertaking to exercise all the preferential subscription rights which it is entitled to receive under the offering and to subscribe for and to fully and timely pay up the corresponding number of new shares with warrants issued simultaneously, as set out in the undertaking letter dated on 30 January 2017. Following the press release issued by DIS on March 3, 2017 and the relevant DIS Board of Directors resolution of the same day, DAM further irrevocably undertook and committed to subscribe to any share that will not be subscribed in the private placement and on the same terms, notably as to pricing, as will be proposed in the rights offering and the private placement.

The Board of d'Amico International Shipping S.A. approves the rights issue terms and conditions. On April 18 2017 the Board of Directors of d'Amico International Shipping S.A. , exercising the powers delegated by the Extraordinary General Meeting of Shareholders of 3 March 2017, has resolved:

- To approve a rights issue addressed to the shareholders of the Company which consists of (i) an offering by the Company with preferential subscription rights (the "Preferential Subscription Rights") of new shares of the Company (the "New Shares") with warrants issued simultaneously (the "Warrants") to be exercised into shares (the "Warrant Shares"), (the "Rights Offering") and (ii) in case the Preferential Subscription Rights are only partially exercised during the Rights Offering, a private placement whereby the Board of Directors will place any New Shares that were not subscribed in the Rights Offering and with cancellation in this second round of offering of any preferential subscription right (the "Private Placement", together with the Rights Offering, the "Offering");

- To approve an increase of the share capital of the Company, within the limits of the authorised capital, of up to a maximum of the USD equivalent of € 34,922,277 (including share premium), through the issuance of up to 140,250,109 New Shares, that will generally in all respects rank pari-passu with the existing shares, at an issuance price per New Share of € 0.249 (the "Issuance Price"), in the ratio of 1 New Share for every 3 Preferential Subscription Rights exercised (the "Ratio") and with attached up to 140,250,109 free Warrants issued simultaneously in the ratio of 1 Warrant for every 3 Preferential Subscription Rights exercised;

- To approve a further increase of the share capital of the Company, within the limits of the authorised capital, of up to a maximum of the USD equivalent of € 59,606,296 (including share premium), through the issuance – in one or more tranches – of up to 140,250,109 Warrant Shares upon exercise of the Warrants, that will generally in all respects rank pari-passu with the shares in issue on the relevant exercise date.

The Board of Directors has decided to proceed with the Offering to strengthen the Company's balance sheet. The Offering has been structured to reward shareholders with a medium to long-term investment horizon, with the long maturity of the Warrants, providing to the investors the possibility of benefiting from an expected recovery in the highly cyclical product tankers market.

The Warrants confer certain rights and can be exercised under the Warrant terms and conditions. Based on the Warrant Terms and Conditions, the holders of Warrants will have the right to subscribe to Warrant Shares in the ratio of 1 Warrant Share for every 1 Warrant exercised based on the following exercise prices and exercised during the following periods:

- € 0.315, for the Warrants exercised in all the banking days in June 2018;
- € 0.340, for the Warrants exercised in all the banking days in June 2019;
- € 0.367, for the Warrants exercised in all the banking days in June 2020;
- € 0.395, for the Warrants exercised in all the banking days in June 2021;
- € 0.425, for the Warrants exercised in all the banking days in June 2022.

d'Amico International S.A. announced the results of the right issue - approximately 99.2% take up during the rights subscription period – gross proceeds of the USD equivalent of approximately € 34.7 million

On 18 May 2017 – d'Amico International Shipping S.A. announced that, in connection with its offering with preferential subscription rights (the "Preferential Subscription Rights") of up to 140,250,109 new shares (the "New Shares") with up to 140,250,109 warrants issued simultaneously (the "Warrants", which will be named "d'Amico International Shipping Warrants 2017 – 2022") at an issuance price of € 0.249 per New Share (the "Issuance Price"), it has received subscriptions, through the exercise of Preferential Subscription Rights, for 139,156,784 New Shares with 139,156,784 Warrants issued simultaneously through the exercise of Preferential Subscription Rights. This represents a take up of approximately 99.2%.

Results of Rights Subscription Period

A total of 417,470,352 Preferential Subscription Rights representing approximately 99.2% of the total number of Preferential Subscription Rights were exercised during the exercise period for the Preferential Subscription Rights which started on 24 April 2017 and ended on 18 May 2017 (the "Rights Subscription Period"). Given the ratio of 1 New Shares with 1 Warrant issued simultaneously for 3 Preferential Subscription Rights the Company will issue 139,156,784 New Shares with 139,156,784 free Warrants issued simultaneously, to be exercised into shares (the "Warrant Shares"), to the subscribers who subscribed the New Shares during the Rights Subscription Period. The New Shares are negotiated on Mercato Telematico Azionario under ISIN code LU0290697514, which is the ISIN code for the DIS shares.

Warrants

Trading on the Mercato Telematico Azionario of Borsa Italiana of the related Warrants commenced by the end of May under ISIN code LU1588548724.

The Board of Directors of d'Amico International Shipping S.A. announced the results of the private placement and the final results of rights issue. Capital Increase 100% subscribed and gross proceeds of the offering equal to the USD equivalent of € 34.9 million.

On 23 May 2017, In connection with its offering with preferential subscription rights (the "Preferential Subscription Rights") of up to 140,250,109 new shares (the "New Shares") with up to 140,250,109 free warrants issued simultaneously (the "Warrants") at an issuance price of € 0.249 per New Share (the "Issuance Price"), d'Amico International Shipping S.A. announced that, following the private placement of the unsubscribed New Shares (the "Private Placement"), all the remaining 1,093,325 New Shares have been subscribed (representing an additional capital increase - including share premium - of the USD equivalent of approximately € 272,238) with 1,093,325 Warrants issued simultaneously. The take up at the Private Placement, together with the take up of approximately 99.2% during the rights subscription period which started on 24 April 2017 and ended on 18 May 2017 (the "Rights Subscription Period"), represents a total take up of 100% for the rights issue offering as a whole. The Company's capital will amount to USD 56,876,046.50 divided into 568,760,465 shares with no nominal value.

The Board of Directors of d'Amico International Shipping S.A. also approved the opening of additional warrants exercise periods.

On 9th November 2017, the Board of Directors of d'Amico International Shipping S.A., resolved to exercise the right set out in article 3.2 of the "Warrant DIS 2017 - 2022" Regulation, ISIN code LU1588548724 (the "Warrants") and to establish 5 additional exercise periods of one consecutive calendar month each (the "Additional Exercise Periods") defining for each new exercise window the strike price, as provided in article 4.2 of the Warrants Regulation, as follows (based also on the press release issued on 22nd November 2017 "DIS amends the dates for the Warrants' additional exercise periods"):

- € 0.283, for Warrants exercised on all the Banking Days from 27th November to 27th December 2017;
- € 0.328, for Warrants exercised on all the Banking Days from 27th November to 27th December 2018;
- € 0.354, for Warrants exercised on all the Banking Days from 27th November to 27th December 2019;
- € 0.381, for Warrants exercised on all the Banking Days from 27th November to 27th December 2020;
- € 0.410, for Warrants exercised on all the Banking Days from 27th November to 27th December 2021.

DIS' Board of Directors, taking into account the highly volatile nature of DIS' business, as well as the repercussions that this may sometimes have on the its stock price, also during the course of the year, considered appropriate to set, in addition to the 5 regular annual exercise periods in June (starting from June 2018), 5 additional exercise periods, so as to: (i) increase the liquidity of the Warrants for the benefit of its holders; (ii) maximize for the benefit of the Warrants holders, the optional component of the instrument and consequently their value (iii) provide additional financial flexibility to the Warrants holders, which can exercise the instruments twice during a 12 months period; (iv) increase, from the point of view of DIS, the probability of the Warrants being subscribed – which should result in more equity being raised; (v) in essence, maximize for both Warrant holders and DIS, the effectiveness of the instrument. The Warrant Regulation is available on DIS' website at **investorrelations.damicointernationalshipping.com**

DIS' controlling shareholder confirms its positive medium-term view on the sector and will exercise 100% of its warrants during the first additional exercise period.
On 27th November 2017 – d'Amico International S.A., the controlling shareholder of d'Amico International Shipping S.A. , consistently with its positive medium-term view for DIS' business and its financial commitment to subscribe all of the new shares offered in the Company's last capital increase earlier this year, has informed DIS of its unconditional and irrevocable undertaking to exercise all its 84,339,337 warrants (the "Warrants") for a total amount equal to € 23,868,032.37, during the first additional exercise period (November 27th – December 27th 2017), as set out in the press release issued by DIS on November 24 2017, and to fully and timely pay up the corresponding new ordinary shares of DIS issued simultaneously, admitted to trading on the MTA market organized and managed by Borsa Italiana S.p.A., without par value and with the same rights and features as DIS' ordinary shares outstanding at the issue date, in the ratio of one (1) ordinary DIS share for one (1) Warrant exercised.

Results of d'Amico International Shipping Warrants 2017-2022 During this First Additional Exercise Period no. 84,454,853 Warrants were exercised at the price of € 0.283 per ordinary share, resulting in the subscription of no. 84,454,853 Warrant Shares. Following such subscription, DIS' share capital will amount to US$65,321,531.80, represented by 653.215.318 ordinary shares without nominal value. In accordance with the Terms and Conditions of the Warrants, the Warrant Shares were issued on the 28th of December 2017.

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 years' time-charter agreement at an attractive rate. The sale of the two vessels generated US$ 5.2 million in cash after commissions and following the reimbursement of the vessels' existing bank loans.

In May 2017, d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T High Fidelity, a 49,990 dwt medium-range product tanker vessel, built in 2014 by Hyundai-Vinashin Shipyard Co. Ltd. for a consideration of US$ 27.0 million. This transaction allowed d'Amico Tankers to generate around US$ 11.2 million in cash, net of commissions and reimbursement of the vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program and allowing the Group to benefit from the anticipated market recovery. In addition, through this transaction d'Amico Tankers will maintain full control of the Vessel, since a 10-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the 10th year of the charter period. Furthermore, d'Amico Tankers has the option to repurchase the Vessel, starting from the third anniversary of her sale at a competitive cost of funds.

In July 2017, d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T High Discovery, a 49,990 dwt medium-range product tanker vessel, built in 2014 by Hyundai-Vinashin Shipyard Co. Ltd. for a consideration of US$ 28.0 million. This transaction allowed d'Amico Tankers to generate around US$ 10.7 million in cash, net of commissions and reimbursement of the vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program and allowing the Group to benefit from the anticipated market recovery. In addition, through this transaction d'Amico Tankers will maintain full control of the Vessel, since a 10-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the 10th year of the charter period. Furthermore, d'Amico Tankers has the option to repurchase the Vessel, starting from the third anniversary of her sale at a competitive cost of funds.

In September 2017, d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T High Priority, a 46,847 dwt medium-range product tanker vessel, built in 2005 by Nakai Zosen (Japan) for a consideration of US$ 13.0 million. This transaction allowed d'Amico Tankers to generate around US$ 6.5 million in cash, net of commissions and reimbursement of the vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program. In addition, through this transaction d'Amico Tankers will maintain full control of the Vessel, since a 5-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the 5th year of the charter period. Furthermore, d'Amico Tankers has the option to repurchase the Vessel, starting from the second anniversary of her sale at a competitive cost of funds. In October 2017, following delivery of the M/T High Priority to its new owners, d'Amico Tankers d.a.c. bareboat-chartered-in the vessel for a 5 year period.

In October 2017, d'Amico Tankers d.a.c. singed a memorandum of agreement for the sale of M/T High Prosperity, a 48,700 dwt medium-range product tanker vessels, built in 2006 by Imabari Shipbuilding Co. Ltd. (Japan) for a consideration of US$ 14.245 million. This transaction generated a positive net cash effect of around US$ 6.9 million for d'Amico Tankers in Q4 2017, net of commissions and reimbursement of the vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program. At the same time, d'Amico Tankers will maintain the commercial employment of the vessels having also concluded with the buyer a 6 years' time-charter agreement at a competitive rate.

In November 2017, d'Amico Tankers d.a.c. singed a memorandum of agreement for the sale of M/T High Presence, a 48,700 dwt medium-range product tanker vessels, built in 2005 by Imabari Shipbuilding Co. Ltd. (Japan) for a consideration of US$ 14.14 million. This transaction will generate at delivery of the Vessel in Q1 2018, a positive net cash effect of around US$ 7.2 million for d'Amico Tankers, net of commissions and reimbursement of the vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program. At the same time, d'Amico Tankers will maintain the commercial employment of the vessels having also concluded with the buyer a 6 years' time-charter agreement at a competitive rate.

In December 2017, d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the MT High Freedom, a 49,990 dwt medium-range product tanker vessel, built in 2014 by Hyundai Mipo (South Korea) for a consideration of US$ 28.0 million. This transaction will allow d'Amico Tankers to generate around US$ 13.4 million in cash in Q1 2018, net of commissions and reimbursement of the vessel's existing loan, contributing to the liquidity required to complete DIS' fleet renewal program. In addition, through this transaction d'Amico Tankers will maintain full control of the Vessel, since a 10-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the 10th year of the charter period. Furthermore, d'Amico Tankers has the option to repurchase the Vessel, starting from the second anniversary of her sale at a competitive cost of funds.

- **'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.

  In October 2017, d'Amico Tankers d.a.c. extended a time charter contract with an oil major due to expire in Q3 for another year.

  In October 2017, d'Amico Tankers d.a.c. fixed one of its newbuilding LR1 vessels, delivered in November 2017, for a 6 months period with an option for additional 6 months, to a leading trading house, at a profitable rate.

  In November 2017, d'Amico Tankers d.a.c. extended a time charter contract with an oil major due to expire in Q4 for another year.

- **'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.

  In March 2017, d'Amico Tankers d.a.c. agreed to time-charter-in the M/T High Sun, an MR vessel built in 2014 and owned by Eco Tankers Limited (in which DIS has 33% interest) for an 18 month period. The vessel was delivered to d'Amico Tankers d.a.c. in May 2017.

  In May 2017, the contract on M/T Freja Baltic, an MR vessel built in 2008, was extended for a further 1 year at a reduced rate.

  In June 2017, d'Amico Tankers d.a.c. time-chartered-in the M/T Silver Express, an MR vessel built in 2009 for a 12 month period.

  In June 2017, d'Amico Tankers d.a.c. time-chartered-in the M/T Crimson Jade, a newbuilding MR vessel built in Minaminippon Shipbuilding (Japan), for a 7 year period with options to extend the contract.

  In June 2017, the time-charter-in contract on M/T Port Russel, a Handy vessel built in 2002, with d'Amico Tankers ended and the vessel was redelivered to her Owners.

  In July 2017, the contract on M/T High Force, an MR vessel built in 2009, was extended for a further 1 year (with an option for an additional 3 months), starting from September 2017, at a reduced rate.
  In August 2017, the time-charter-in contract on M/T Port Moody, an MR vessel built in 2002, with d'Amico Tankers ended and the vessel was redelivered to her Owners.

  In October 2017, the contracts on M/T High Beam and M/T High Current, two MR vessels built in 2009 and time-chartered-in by d'Amico Tankers d.a.c. since 2014, were extended for a further 1 year, at a reduced rate.

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

In November 2017, d'Amico Tankers d.a.c. time-chartered-in M/T High Adventurer, a newbuilding MR vessel built in Onomichi Dockyard (Japan), for a 8 year period with options to extend the contract.

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

- **Newbuilding vessels:** In January 2017, M/T High Challenge, an 'Eco' new-building MR product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to the Group.

  In February 2017, d'Amico Tankers agreed with Hyundai Mipo Dockyard Co. Ltd. – South Korea – to postpone the delivery of its first newbuilding LR1 from April 2017 to October 2017. This agreement follows a specific request of an oil major and a key customer of the Group, 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.

  In November 2017, M/T Cielo Bianco, an 'Eco' new-building LR1 product tanker built by Hyundai Mipo Dockyard Co. Ltd. – South Korea at their Hyundai Vinashin Shipyard Co. Ltd. – Vietnam, was delivered to the Group.

GLENDA International Shipping d.a.c.:

- **'Time Charter-Out' Fleet:** In February 2017, GLENDA International Shipping d.a.c. reduced the time charter out rates on its 6 owned MR vessels for a 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.

Significant Events since the End of the Period and Business Outlook

d'Amico Tankers d.a.c.:

- **'Second-Hand Owned Vessels':** in February 2018, the vessels M/T High Presence and M/T High Freedom were delivered to their new owners. From their respective dates of delivery the vessels were chartered back to d'Amico Tankes d.a.c., through a 10 year bareboat contract for the M/T High Freedom and a 6 year time-charter contract for the M/T High Presence.

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

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

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

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

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

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

d'Amico International Shipping:

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

	As at 31 December 2017				As at 01 March 2018			
	LR1	MR	Handysize	**Total**	LR1	MR	Handysize	**Total**
Owned	1.0	18.0	8.0	**27.0**	2.0	16.0	8.0	**26.0**
Bareboat chartered*	0.0	3.0	0.0	**3.0**	0.0	4.0	0.0	**4.0**
Long-term time chartered	0.0	11.5	1.0	**12.5**	0.0	12.5	1.0	**13.5**
Short-term time chartered	0.0	12.0	1.0	**13.0**	0.0	11.0	1.0	**12.0**
Total	**1.0**	**44.5**	**10.0**	**55.5**	**2.0**	**43.5**	**10.0**	**55.5**

* with purchase obligation

Business Outlook

Going into Q1 2018 the supply / demand balance in the Atlantic has improved after it was thrown into disarray following the hurricanes which hit the region. The export of products out of the United States has rebounded from the low point in September and is back to around 5 million b/d. The rebalancing of tonnage supply vs demand resulted in an improvement in charter rates throughout most of Q4, before starting to move sideways in the last part of the quarter and so far in Q1 2018.

In the Atlantic basin, the key positive in January and early February 2018 has been the severe weather which resulted in port delays briefly shorting the list of available ships. In the Eastern hemisphere in the start of 2018, the Asian refiners came back online after maintenance and the market has started to improve. Nevertheless, as with the western markets, there is sufficient supply of ships to meet demand.

The IEA has recently slightly revised upwards its projections for oil demand growth in 2018 to 1.4 million b/d (down from the 2017 expansion of 1.6 million b/d), based on the IMF's more optimistic estimated GDP growth figures for 2018.

The product tanker market should continue improving as fleet supply growth decelerates and trade expands driven by: 1) strong oil demand, 2) rising US exports and 3) high refining margins and utilisation in the US, driving an increase in exports towards the Caribbean and Latin America 4) the lower product inventories which after strong drawdowns over the last 18 months are now close to the 5 year averages 5) the sharp rise expected by the IEA in US shale oil output in 2018 of 1.4 million b/d, contributing to a forecasted non-OPEC oil output growth of 1.7 million b/d, which should limit further increases and could eventually lead to a drop in oil prices.

Ship prices and the one-year time-charter rates have been moving slowly higher throughout 2017, with charterers taking period contracts at rates above the spot market indicating the improving outlook for the sector.

The key drivers that should affect the product tanker freight markets and d'Amico International Shipping's performance are (i) global oil supply (ii) the crude oil price and refinery margins (iii) demand for refined products and (iv) the product tankers fleet growth rate. Some of the factors that could drive a recovery in the product tanker market in the medium-term are detailed below:

Product Tanker Demand

- The International Energy Agency stated in their most recent report that they have revised upwards their projections for oil demand growth for 2018 to 1.4 million b/d based on the IMF's more optimistic forecasts for global GDP growth.

- The IEA forecasts global refinery throughput will drop in Q1 2018 by 400,000 b/d quarter-on-quarter, to 81.1 million b/d, while increasing by around 1.0 million b/d year on year. From January to May 2018, global refining throughput is, however, expected to increase by an impressive 1.1 million b/d.

- The transport and petrochemical sectors account for the majority of the forecasted oil demand growth, at just under one-half and just over one-third, respectively.

- The International Maritime Organisation (IMO) has mandated that from 2020 vessels use marine fuels with less than 0.5% sulphur content outside the Emissions Control Areas (ECA), down from the current standard of 3.5%. Changes in this regulation are likely to lead to a surge in demand for ultra-low sulphur distillates and gasoil. However, since these fuels are not available in sufficient quantities in many locations, they will have to be imported. This could structurally support demand for product tankers.

- According to Clarksons total seaborne volume of petroleum products traded has been growing at a 4.1% CAGR since 2000, driven by refinery expansion and throughput. In 2018, according to Clarksons', product tanker dwt demand is projected to grow by 3.8%, with products trade anticipated to expand on several trade routes, partly as a result of expected healthy growth in non-OECD oil demand. In addition to rising oil demand, expanding refinery capacity in key countries such as the US and China is also expected to support oil products trade growth, notably on ex-USG and intra-Asian routes.

- 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 changing constantly, leading to product supply imbalances between regions. As these mismatches grow product tanker demand will increase.

Product Tanker Supply

- According to Clarksons' estimates at the end of 2016, excluding cancelations, slippage and pure chemical tankers, 89 MRs were scheduled to be delivered in 2017. However only 71 were delivered last year (20% less than planned).

- 27 MRs and 3 LR1s were demolished in 2017, leading to a net fleet growth in this period of 44 MRs and 15 LR1s which, corresponding to a total net growth of 2.7% in these segments.

- According to Clarksons 74 MR Product Tankers and 13 LR1s will be delivered in 2018, which coupled with DIS' management forecast for removals, should result in a modest fleet growth of 2.1% in these segments.

- Slippage, cancellations and order changes which over the last few years have resulted in actual fleet growth significantly lower than planned at the beginning of each year, could contribute to an even slower fleet expansion than currently expected also in 2018.

- On average MR tankers are scrapped around 24 years of age. According to Clarksons there are 103 MRs older than twenty years of age, or 5% of the existing fleet.

- Shipyards are going through a period of uncertainty. Lack of orders and poor returns are leading to a reduction in global shipyard capacity.

- The International Maritime Organisation's (IMO) mandate that from 2020 vessels are to use marine fuels with less than 0.5% sulphur content could result in older less efficient ships being removed from trading as they become uncompetitive and are forced to burn the more expensive low sulphur fuels.

- Port delays and increasing length of voyages have influenced the product tankers trade and are effectively reducing the ready supply of tonnage.

March 1, 2018

On behalf of the Board

Paolo d'Amico, Chairman

Antonio Carlos Balestra di Mottola,
Chief Financial Officer

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

For the year ended 31 December 2017

Statement of Income and Other Comprehensive Income

US$	Note	2017	2016
Revenue	(3)	252,000	530,000
Impairment on participation	(4)	-	(5,300,000)
General and administrative costs	(5)	(3,130,645)	(2,951,545)
Gross operating result		**(2,878,645)**	**(7,721,545)**
Depreciation	(8)	(3,882)	(639)
Operating result		**(2,882,527)**	**(7,722,184)**
Net financial income (charges)	(6)	2,006,552	871,997
Profit / (Loss) Before Tax		**(875,975)**	**(6,850,187)**
Tax expense	(7)	(325,695)	(407,667)
Net Profit / (Loss)		**(1,201,670)**	**(7,257,854)**
Total comprehensive income for the period		**(1,201,670)**	**(7,257,854)**

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

The notes on pages 121 to 136 are integral part of these financial statements.

Statement of Financial Position

US$	Note	As at 31 December 2017	As at 31 December 2016
Non-current assets			
Tangible assets	(8)	9,693	1,863
Financial fixed assets	(9)	238,188,013	238,188,013
Non-current financial receivable	(10)	119,000,000	-
Total non-current assets		**357,197,706**	**238,189,876**
Current assets			
Receivables and other current assets	(11)	137,914	43,801
Current financial receivables	(10)(17)	6,138,447	70,318,644
Cash and cash equivalents	(12)	1,295,509	359,697
Total current assets		**7,571,870**	**70,722,142**
Total assets		**364,769,576**	**308,912,018**
Shareholders' equity			
Share capital	(13)	65,321,532	42,851,036
Retained earnings	(13)	(9,842,306)	(8,640,636)
Other reserves	(13)	302,004,965	258,036,628
Total shareholders' equity		**357,484,191**	**292,247,028**
Current liabilities			
Bank and other lenders	(14)	6,027,420	6,059,702
Other current financial liabilities	(15)(17)	-	10,001,170
Payables and other current liabilities	(16)	1,257,965	456,545
Current tax payable		-	147,573
Total current liabilities		**7,285,385**	**16,664,990**
Total liabilities and shareholders' equity		**364,769,576**	**308,912,018**

The notes on pages 121 to 136 are integral part of these financial statements.

Paolo d'Amico, Chairman

Antonio Carlos Balestra di Mottola,
Chief Financial Officer

Statement of Cash Flows

US$	2017	2016
(Loss) / profit for the period	**(1,201,670),**	**(7,257,854)**
Dividend	**(252,000)**	**(530,000)**
Impairment on participation	-	5,300,000
Depreciation	3,882	639
Current tax	325,695	407,667
Financial charges (income)	(2,006,552)	(871,997)
Other change in Shareholder equity / Stock Option Plan	274,676	149,527
Cash flow from operating activities before changes in working capital	**(2,855,969)**	**(2,802,018)**
Movement in amounts receivable	(254,230)	(26,960)
Movement in amounts payable	548,828	320,925
Taxes (paid)	(393,434)	(499,668)
Net cash flow from operating activities	**(2,954,805)**	**(3,007,721)**
Acquisition of fixed assets	(11,712)	(2,276)
(Acquisition) disposal of investments	-	1,237,500
Movement in subsidiary financing – Glenda International Shipping d.a.c.	-	-
Movement in subsidiary financing – d'Amico Tankers d.a.c.	(62,481,117)	9,527,211
Investment income - Dividend	252,000	330,000
Net cash flow from investing activities	**(62,240,829)**	**11,092,435**
Share capital increase	66,163,724	2,920,654
Treasury shares	-	(608,814)
Movement in bank and other lenders	-	(2,187,989)
Dividend Paid	-	(12,412,135)
Net cash flow from financing activities	**66,163,724**	**(12,288,284)**
Change in cash balance	**968,094**	**(4,203,570)**
Cash and cash equivalents net of bank overdraft at the beginning of the year	(5,700,005)	(1,496,435)
Cash and cash equivalents net of bank overdraft at the end of the year	**(4,731,911)**	**(5,700,005)**
Cash and cash equivalents at the end of the year	1,295,509	359,697
Bank overdrafts at the end of the year	(6,027,420)	(6,059,702)

The notes on pages 121 to 136 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 2017	**42,851,036**	**(8,640,636)**	**258,036,628**	**292,247,028**
Capital increase	22,470,496	-	44,826,758	67,297,254
Cost of issue	-	-	(1,133,526)	(1,133,526)
Share option cost	-	-	275,105	275,105
Total comprehensive income	-	(1,201,670)	-	(1,201,670)
Balance as at 31 December 2017	**65,321,532**	**(9,842,306)**	**302,004,965**	**357,484,191**

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**

The notes on pages 121 to 136 are integral part of these financial statements.

Notes

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

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.

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 2017

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* has an effective date for accounting periods beginning on or after 1 January 2018. IFRS 9 replaces IAS 39 and deals with the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting.

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

Embedded derivatives within a host contract within the scope of IFRS 9 will no longer be separated and the whole contract will be measured at fair value through profit or loss. There will be no change to the treatment of embedded derivatives in a host contract that is not a financial instrument. The group has embedded derivatives within contracts that both are and are not financial instruments within the scope of IFRS 9.

The derecognition principles of IAS 39, 'Financial Instrument: Recognition and Measurement', have been transferred to IFRS 9. There is unlikely to be an impact on the Company.

The impairment model in IFRS 9 moves to one that is based on expected credit losses rather than the IAS 39 incurred loss model. The impairment requirements apply to financial assets measured at amortised cost and fair value through other comprehensive income with expected credit losses recognised on initial recognition based on 12 months expected credit losses, or if there has been a significant increase in the credit risk of the financial asset then the impairment is based on lifetime expected losses. The Company's financial assets mainly consist of trade receivables without a significant financing element, and the Company intends to take the option to apply an impairment model based on the life time expected losses for such instruments.

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. The capital of the Company was subsequently increased in the years 2012, 2014, 2015 2016 and in 2017, consistent with its strategy of supporting the path of continuous growth and expansion within the traditional market of its operating companies and allowing financial flexibility. 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$	2017	2016
Revenue	252,000	530,000

Two dividends have been received during 2017: US$ 0.1 million was received from the key operating subsidiary d'Amico Tankers Limited in the month of June (2016: US$ 0.2 million) and US$ 0.1 million was received from Eco Tankers Limited (2016: US$ 0.3 million).

4. IMPAIRMENT OF PARTICIPATION

US$	2017	2016
Impairment of participation	-	(5,300,000)

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

5. GENERAL AND ADMINISTRATIVE COSTS

US$	2017	2016
Wages and benefits	(463,391)	(360,780)
Other operating charges	(2,667,254)	(2,590,765)
Total General & Administrative costs	**(3,130,645)**	**(2,951,545)**

Employees

The Company employs one manager and one administrative employees (2016: no changes). The total charge for wages and salaries amounted to US$ 463,391 (2016: US$ 360,780).

Fees were paid to the Company directors for services rendered to the Company and attending the Board's meetings. A total amount of € 780,000 was paid, including net fees for € 624,000 and 20% withholding tax (2016: total € 716,000 net fees and 20% withholding tax).

On 3 March 2016, the Board of Directors of d'Amico International Shipping S.A. 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 2017	€ 0.0852	7,830,000
Granted during the period	-	-
Exercised during the period	-	-
Forfeited during the period	-	-
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, 2017**
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

The cost relating to the Plan in 2017 was equivalent to US$ 275 thousand.

Other operating charges

The amount of US$ 1,576,183 in 2017 includes professional fees and advisory costs incurred by the Company during the year as a result of being a listed entity (2016: US$ 1,211,911), of which fees accrued for the réviseur d'entreprises agréé /statutory auditor for the audit of the 2017 financial statements amount to € 5.6 thousand equivalent to US$ 6.6 thousand.

6. NET FINANCIAL INCOME (CHARGES)

US$	2017	2016
Net financial income (charges)	**2,006,552**	**871,997**

Net financial income amount to US$ 2,006,552 million (2016: US$ 871,997) and concerns mainly the realized interest income on the financing towards the subsidiary d'Amico Tankers d.a.c.

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

7. TAXATION

US$	2017	2016
Tax expenses	**(325,695)**	**(407,667)**

Taxation in 2017 represents the accrual on the Net Wealth Tax charge for the year of equivalent US$ 325,695 (2016: US$ 407,667).

d'Amico International Shipping SA had, at the end of 2017, cumulative tax losses to be carried forward of approximately € 56.2 million (US$ 67.4 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$	2017	2016
At 1 January		
Cost	20,841	18,565
Additions	11,712	2,276
At 31 December	32,553	20,841
Depreciation		
At 1 January	18,978	18,339
Charge for the period	3,882	639
At 31 December	22,860	18,978
Net book value		
At 31 December	9,693	1,863

9. FINANCIAL FIXED ASSETS

Investment in subsidiaries

Company	Country	Ownership	Ccy	Book value as at 31 December 2016	Increase (decrease)	Book value at 31 December 2017
d'Amico Tankers d.a.c.	IRL	100%	USD	178,921,920	-	178,921,920
Glenda International Shipping d.a.c.	IRL	50%	USD	56,314,485	-	56,314,485
Eco Tankers Limited	Malta	33%	USD	2,951,608	-	2,951,608
			USD	**238,188,013**	**-**	**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 2017 is a loss of US$ 26,216,893 and net equity of US$ 213,331,196.

GLENDA 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 2017 is a loss of US$ 2,028,338 and net equity of US$ 110,558,000.

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 2017 is USD 258,938 and net equity is US$ 9,434,114.

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. FINANCIAL RECEIVABLES

US$	As at 31 December 2017	As at 31 December 2016
Non-current financial receivable	119,000,000	-
Current financial receivable	6,138,447	70,318,644
Total	125,138,447	70,138,644

The total balance at the end of the year represents the financing granted to the subsidiary d'Amico Tankers d.a.c.; in 2017 a portion of the financing to the subsidiary was granted as a term revolving facility for medium term corporate purposes, carrying interest rate of 3 Months US$ LIBOR plus a margin, while the current financing bears interest at USD LIBOR 1 month plus a margin; margins are aligned with the markets conditions; the range of rates for the one-month USD Libor was 0.0138% – 0.772% during 2017.

11. RECEIVABLES AND OTHER CURRENT ASSETS

US$	As at 31 December 2017	As at 31 December 2016
Receivables and other current assets	137,914	43,801

In 2017 and in 2016 the balance represents other sundry debtors and prepaid company expenses.

12. CASH AND CASH EQUIVALENTS

US$	As at 31 December 2017	As at 31 December 2016
Cash and cash equivalents	1,295,509	359,697
Bank overdrafts	(6,027,420)	(6,059,702)
Total Cash and cash equivalents	(4,731,911)	(5,700,005)

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

13. CAPITAL AND RESERVES

Subscribed capital

At 31 December 2017 d'Amico International Shipping current subscribed and fully paid-up capital of US$ 65,321,531.80 (corresponding to € 54,465,093.21 at the year-end exchange rate) is divided into 653,215,318 shares without nominal value.

On 3 March 2017 the Extraordinary Meeting of the Shareholders resolved to amend the authorised corporate capital up to US$ 100,000,000.00 divided into 1,000,000,000 shares without nominal value. The Board of Directors of the Company further resolved to prepare the launch of a rights offering addressed to its shareholders, resulting during the month of May in a capital increase of US$ 14,025,010.90 and in the issue of 140,250,109 warrants, the exercise of which is regulated as per information attached to the Prospectus.

84,454,853 of above-mentioned warrants were exercised during the first, additional exercise period from 27th November to 27th December 2017 at an exercise price of € 0.283, rising the share capital by US$ 8,445,485.30; all 2017 share capital transactions and resulting in a current share capital for the Company amounting to US$ 65,321,531.80, corresponding to 653,215,318 ordinary shares with no nominal value. All shares pertain to the category of ordinary shares; they have equal voting and dividends rights, rank equally with regard to the Company's residual assets and in general have those rights and obligations provided by the Company's Articles of Association and by the applicable Luxembourg laws.

The remaining warrant-holders, subject to the Terms and Conditions for the exercise of the Warrants, can exercise their right on the remaining 55,795,256 warrants at any time during the following exercise periods: during all trading days of the month of June 2018 at a price of € 0.315 each, during all trading days from 27th November to 27th December 2018 at a price of € 0.328 each, during all trading days of the month of June 2019 at a price of € 0.340 each, during all trading days from 27th November to 27th December 2019 at a price of € 0.354 each, during all trading days of the month of June 2020 at a price of € 0.367 each, during all trading days from 27th November to 27th December 2020 at a price of € 0.381 each, during all trading days of the month of June 2021 at a price of € 0.395 each, during all trading days from 27th November to 27th December 2021 at a price of € 0.410 each and during all trading days of the month of June 2022 at a price of € 0.425 each, although the Board of Directors of the Company may, upon occurrence of certain events, set additional exercise periods.

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 2016	Movements in 2017	As at 31 December 2017
Share premium reserve	272,900,805	43,693,228	316,594,033
Treasury shares	(18,121,626)	-	(18,121,626)
Share option reserve	149,153	275,105	424,258
Legal reserve	3,108,296	-	3,108,296
Total	**258,036,628**	**43,968,333**	302,004,961

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 further capital increases occurred in the period from December 2012 to December 2017. 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 2017 consist of 7,760,027 ordinary shares (2016: 7,760,027) for an amount of US$ 18.1 million (2016: US$ 18.1 million), corresponding to 1.3% of the outstanding share capital at the financial position date (2016: 1.8%). These shares were acquired as part of the DIS authorised buy-back programme.

Share option reserve

The reserve was created in connection with the Share Option Plan; reference is made to note n. 5.

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 2017	As at 31 December 2016
Bank and other lenders	6,027,420	6,059,702

The outstanding amount of US$ 6.0 million at 31 December 2017 refers to the bank overdraft for general company purpose (Cassa Lombarda: € 1.1 Million, Unicredit US$ 4.9 million), negotiated at an average interest rate of 3.09%.

15. OTHER CURRENT FINANCIAL LIABILITIES

US$	As at 31 December 2017	As at 31 December 2016
Other financial current liabilities	-	10,001,170

The short-term financing granted by the parent company d'Amico International S.A. was reimbursed in the course of the year 2017.

16. PAYABLES AND OTHER CURRENT LIABILITIES

US$	As at 31 December 2017	As at 31 December 2016
Other current liabilities	1,257,965	456,545

The amount of current liabilities in 2017 refers to the day-to-day administrative activity of the Company; in particular, the Company is liable for VAT in Luxembourg and an amount equivalent to US$576 thousand was accrued as VAT payable (2016: total US$ 456,545).

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 € 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 € 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 2016). 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. The sensitivity exercise doesn't give inside to any material amount, taking into consideration the short period of utilization of the bank overdrafts both in years 2017 and 2016, resulting in a not material low amount of interest cost for both years.

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 2017, 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 2017 are the following:

US$	d'Amico International Shipping SA	d'Amico Società di Nav. SpA	d'Amico Tankers Monaco SAM	d'Amico Tankers d.a.c.	Eco Tankers Limited	d'Amico International S.A.	Directors & key management
Revenue	**252,000**						
of which							
Dividend	252,000	-	-	120,000	132,000	-	-
General and administrative costs	**(3,130,645)**						
of which							
Personnel cost (directors)	(882,813)	-	-	-	-	-	(882,813)
Services agreement	(502,384)	(169,107)	(333,277)				
Net financial income (charges)	**2,006,552**						
of which							
Financial interest	2,179,739	-	-	2,338,686,	-	(158,947)	-
Total		**(169,107)**	**(333,277)**	**2,458,686**	**132,000**	**(158,947)**	**(882,813)**

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

US$	d'Amico International Shipping SA	d'Amico Società di Nav. SpA	d'Amico Tankers Monaco SAM	d'Amico Tankers d.a.c.	Eco Tankers 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)**	**(619,949)**	**330,000**	**(965,506)**

The effect, by legal entity, of related-party transactions on the Company's Statement of Financial Position as at 31 December 2017 are as follows:

US$	d'Amico International Shipping S.A.	d'Amico Tankers d.a.c.
Non-current financial receivable	**119,000,000**	
of which related party	119,000,000	**119,000,000**
Current financial receivable	**6,138,447**	
of which related party	6,138,447	6,138,447
Total		**125,138,447**

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

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)**

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 facility at Crédit Agricole Corporate & Investment Bank, the US$ 48.0 million Crédit Agricole Corporate & Investment Bank & DNB NOR Bank ASA facility, the US$ 31.5 million Danish Ship Finance A/S facility, the US$ 39.0 million Danish Ship Finance A/S facility, the US$ 19.375 million DNB Bank ASA facility, the US$ 20.0 million ING Bank N.V. London Branch facility, the US$ 58.0 million MPS Capital Services Banca per le Imprese SpA, the US$ 23.075 million Skandinaviska Enskilda Banken AB facility, the US$ 9.5 million Crédit Agricole Corporate & Investment Bank facility, the US$ 45.08 million Banca IMI SpA, the US$ 19.5 million ABN AMRO Bank N.V. facility, the US$ 41.6 million Tokyo Century Corporation facility, the US$ 21.78 million Tokyo Century Corporation facility, the US$ 10.472 million Tokyo Century Corporation for financing general working capital, the US$ 6.6 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 2017 amounted to US$ 403.336 million.
In addition, d'Amico International Shipping S.A. guaranteed for the repayment of the outstanding loan of US$ 21.7 million granted to DM Shipping d.a.c. by d'Amico Tankers d.a.c..

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

Earnings Per Share (E.P.S.)

US$ Thousand	2017	2016
Basic e.p.s.	(0.002)	(0.017)
Diluted e.p.s.	-	(0.017)
Weighted average number of ordinary shares used as the denominator in calculating basic e.p.s.	508,653,542	420,295,298
Adjustment for calculation of diluted e.p.s. – options*	-	4,599,590
Weighted average number of ordinary shares used as the denominator in calculating diluted e.p.s.	508,653,542	424,894,888

* 2016: share option plan

The manager responsible for preparing the Company's financial reports, Mr. Carlos Balestra di Mottola, in his capacity of Chief Financial Officer of d'Amico International Shipping SA (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 1, 2018

Antonio Carlos Balestra di Mottola, Chief Financial Officer

AUDITORS' REPORTS

MOORE STEPHENS

2-4, rue du Château d'Eau
3364 Leudelange
LUXEMBOURG

T +352 26 26 84 1
F +352 26 26 84 99
mail@moorestephenslux.com
www.moorestephenslux.com

To the Shareholders of
D'Amico International Shipping S.A.
25C Boulevard Royal
L-2449 Luxembourg

Leudelange, March 1, 2018

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of D'Amico International Shipping S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion
We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Regulation, Law and standards are further described in the « Responsibilities of "Réviseur d'Entreprises Agréé" for the Audit of the Consolidated Financial Statements » section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MOORE STEPHENS Audit S.A.
Société Anonyme - Cabinet de révision agréé

R.C.S. Luxemburg Nr. B 165 462
Capital Social 51.000 EUR

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of non-current assets
Key audit matter
The risk relates to management's estimate of the value in use of the fleet calculated based on estimates of future cash flows. We focused on the area as management is required to exercise considerable judgement because of the inherent complexity in this estimation.

When there is an indication of impairment, management calculate the value in use of the group's cash generating unit (CGU). Due to the significant remaining life of the Group's vessels, management need to make key assumptions involving significant estimates with respect to a) expected future rates, b) expected future operating costs, and c) cost of capital.

Reference is made to note 13 in the consolidated financial statements.

How our audit addressed the key audit matter
As part of our audit procedures we performed a walk-through of the impairment review process and challenged management as to the key assumptions. We checked the methodology with respect to the identification of the relevant cash generating unit (CGU) and considered its appropriateness. We checked the reasonableness of the key assumptions with reference to available market data (broker estimates, operating costs, estimated future capital expenditure, vessel useful life and residual value) and competitor analysis. We checked and recalculated the discount rate with reference to the weighted average cost of capital (WACC) of the Group. We checked the mathematical accuracy of the value in use calculations prepared by management.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of "Réviseur d'Entreprises Agréé" 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.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs 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.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the consolidated Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises Agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises Agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements
We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on April 19, 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement, as published on the Company's website https://en.damicointernationalshipping.com/, is the responsibility of the Board of Directors. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent, at the date of this report, with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remain independent of the Group in conducting the audit.

Other matter
The Corporate Governance Statement includes, when applicable, information required by Article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

MOORE STEPHENS Audit S.A.

Horst SCHNEIDER
Réviseur d'Entrepises Agréé

2-4, rue du Château d'Eau
3364 Leudelange
LUXEMBOURG

T +352 26 26 84 1
F +352 26 26 84 99
mail@moorestephenslux.com
www.moorestephenslux.com

To the Shareholders of
D'Amico International Shipping S.A.
25C Boulevard Royal
L-2449 Luxembourg

Leudelange, March 1, 2018

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the financial statements

Opinion
We have audited the financial statements of D'Amico International Shipping S.A. (the "Company"), which comprise the statement of financial position as at December 31, 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion
We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Regulation, Law and standards are further described in the « Responsibilities of "Réviseur d'Entreprises Agréé" for the Audit of the Financial Statements » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For Key Audit Matters please refer to the report on consolidated financial statements as at December 31, 2017 issued March 1, 2018.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the financial statements and our report of "Réviseur d'Entreprises Agréé" 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.

Responsibilities of the Board of Directors and Those Charged with Governance for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises Agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises Agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements
We have been appointed as “Réviseur d’Entreprises Agréé” by the General Meeting of the Shareholders on April 19, 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement, as published on the Company’s website https://en.damicointernationalshipping.com/, is the responsibility of the Board of Director. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent, at the date of this report, with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remain independent of the Company in conducting the audit.

Other matter

The Corporate Governance Statement includes, when applicable, information required by Article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

MOORE STEPHENS Audit S.A.

Horst SCHNEIDER
Réviseur d'Entrepises Agréé

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

www.damicointernationalshipping.com

d'Amico
INTERNATIONAL SHIPPING S.A.