



d'AMICO INTERNATIONAL SHIPPING S.A.
2019 ANNUAL REPORT
CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS
Year ended 31 December 2019

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d'Amico International Shipping S.A.
Registered office at 25C Boulevard Royal, Luxembourg
RCS B124790
Share capital US\$ 62,051,623.70 as at 31 December 2019

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LETTER TO SHAREHOLDERS

[•]

BOARD OF DIRECTORS AND AUDITORS

BOARD OF DIRECTORS

Chairman, Chief Executive Officer
Paolo d'Amico

Directors
Antonio Carlos Balestra di Mottola *Chief Financial Officer*
Cesare d'Amico
Massimo Castrogiovanni
Stas Andrzej Jozwiak
John Joseph Danilovich

INDEPENDENT AUDITORS

Moore Audit S.A.

KEY FIGURES

Financials

<i>US\$ Thousand</i>	2019	2018
Time charter equivalent (TCE) earnings *	258,332	244,870
EBITDA *	104,226	17,519
<i>as % of margin on TCE</i>	40.35%	7.15%
EBIT *	15,025	(17,325)
<i>as % of margin on TCE</i>	5.82%	(7.07)%
Net profit / (loss)	(27,527)	(55,100)
<i>as % of margin on TCE</i>	(10.66)%	(22.50)%
<i>Adjusted Net profit / (loss)**</i>	(7,699)	(57,383)
Earnings / (loss) per share (US\$)	(0.026)	(0.085)
Operating cash flow	59,268	7,587
Gross capital expenditure (CapEx)*	(65,231)	(101,485)
	As at	As at
	31 December 2019	31 December 2018
Total assets	1,132,049	1,039,737
Net financial indebtedness*	682,810	588,708
Shareholders' equity	352,465	337,343

*see Alternative Performance Measures on page 28;

** Excluding results on disposal and non-recurring financial items, as well as the asset impairment and the effects of IFRS 16 – please refer also to the summary of financial results for the fourth quarter and the full year 2019.

OTHER OPERATING MEASURES *

	2019	2018
Daily operating measures - TCE earnings* per employment day (US\$) ¹	14,239	12,184
Fleet development - Total vessels equivalent	48.8	54.4
- Owned and Bareboat	23.4	25.9
- Chartered	8.6	4.6
- Time chartered-in	16.8	23.9
Vessel equivalent under commercial management	2.0	1.5
Off-hire days/ available vessel days ² (%)	1.8%	0.9%
Fixed rate contract / available vessel days ³ (coverage %)	51.6%	34.2%

*see Alternative Performance Measures on page 28

¹This 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. This figure excludes TCE Earnings generated by the ‘vessels under commercial management’, as DIS passes these earnings on to the vessels’ owners, after deducting a 2% commission on all their gross revenues.

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.

NON-FINANCIAL STATEMENTS

GROUP STRUCTURE

Set out below is d'Amico International Shipping Group's structure as at 31 December 2019:



Glenda International Management and Eco Tankers Limited are going through a voluntary strike-off process; DMS will go through a voluntary liquidation.

D'AMICO INTERNATIONAL SHIPPING GROUP

d'Amico International Shipping S.A. (DIS, the Group, d'Amico International Shipping or the Company) is an international marine transportation company, part of the d'Amico Group, which traces its origins to 1936. d'Amico International Shipping operates, mainly through its fully owned subsidiary d'Amico Tankers d.a.c. (Ireland), which as at 31 December 2019, controls a fleet of 46.5 vessels, of which 32.5 owned and bareboat vessels (with purchase obligation), with an average age of approximately 6.6 years, compared to an average in the product tankers industry⁴ of 11.5 years for MRs (25,000 – 54,999 dwt) and of 11.1 years for LR1s (55,000 - 84,999 dwt). All DIS' vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to major oil companies and trading houses. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), with the requirements of oil-majors and energy-related companies and other relevant international standards. Based on MARPOL/IMO rules, cargoes such as palm oil, vegetable oil and other chemicals can only be transported by vessels that meet certain requirements (IMO Classed). As at 31 December 2019, 87.1% of DIS' controlled 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 on the spot market. Spot contracts offer the opportunity to maximise DIS' revenue during periods of increasing market rates, although they may result in lower earnings than time charters during periods of decreasing rates. This employment mix varies according to prevailing and forecasted market conditions. Gains can also arise from the sale of the vessels in DIS' 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 in 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 DIS' success.

The quality of its fleet is preserved through scheduled maintenance programmes, by aiming for exacting standards on owned vessels and, by chartering-in vessels from owners who meet 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. DIS believes that its international presence allows it to meet the needs of its international clients in different geographical areas, while the offices strengthen the Group's recognition and its 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.

As at 31 December 2019, the Group employed an equivalent of 706.5 seagoing personnel and 29 onshore personnel.

Fleet

DIS controlled as at 31 December 2019, either through ownership or charter arrangements a modern fleet of 46.5 product tankers and 3 additional vessels in commercial management (31 December 2018: 49.5 product tankers and 4 additional vessels in commercial management). DIS' product tanker vessels range from approximately 36,000 to 75,000 dwt.

Since 2012, DIS has ordered 22 newbuildings, the last of which was delivered in October 2019. All these newbuildings are fuel-efficient and in compliance with recent environmental legislation. They can therefore cater to the high standards required by the Group's oil major customers, in addition to being highly cost effective.

⁴ Source: Clarksons Research as at January 1, 2020

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, providing DIS with 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 to maximise earnings and negotiate favourable contracts with suppliers.

The following table sets forth information about DIS' fleet on the water as at 31 December 2019.

Name of vessel	Dwt	Year built	Builder, Country	IMO classed
LR1 fleet				
Owned				
Cielo di Londra	75,000	2019	Hyundai Vinashin, South Korea	IMO II/III
Cielo di Cagliari	75,000	2018	Hyundai Mipo, South Korea	IMO II/III
Cielo Rosso	75,000	2018	Hyundai Mipo, South Korea	IMO II/III
Cielo di Rotterdam	75,000	2018	Hyundai Mipo, South Korea	IMO II/III
Cielo Bianco	75,000	2017	Hyundai Mipo, South Korea	IMO II/III
Bareboat with purchase options and purchase obligation:				
Cielo di Houston	75,000	2019	Hyundai Vinashin, South Korea	IMO II/III
MR fleet				
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 Tide	51,768	2012	Hyundai Mipo, South Korea	IMO II/III
High Seas	51,678	2012	Hyundai Mipo, South Korea	IMO II/III
GLENDIA Melissa ⁵	47,203	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDIA Meryl ⁶	47,251	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDIA Melody ⁵	47,238	2011	Hyundai Mipo, South Korea	IMO II/III
GLENDIA Melanie ⁶	47,162	2010	Hyundai Mipo, South Korea	IMO II/III
GLENDIA Meredith ⁶	46,147	2010	Hyundai Mipo, South Korea	IMO II/III
High Venture	51,087	2006	STX, South Korea	IMO II/III
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
Bareboat with purchase options and purchase obligations				
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 Freedom	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
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 Voyager	45,999	2014	Hyundai Mipo, South Korea	IMO II/III
High Priority	46,847	2005	Nakai Zosen, Japan	-
TC-in long-term with purchase options				
High Leader	50,000	2018	Japan Marine, Japan	IMO II/III
High Navigator	50,000	2018	Japan Marine, Japan	IMO II/III
High Explorer	50,000	2018	Onomichi, Japan	IMO II/III
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

⁵ Vessel owned by GLENDIA International Shipping d.a.c. (in which DIS has 50% interest) and time chartered to d'Amico Tankers d.a.c.

⁶ Vessel owned by GLENDIA International Shipping d.a.c. (in which DIS has 50% interest).

TC-in long-term without purchase option				
High Prosperity	48,711	2006	Imabari, Japan	-
High SD Yihe ⁷	48,700	2005	Imabari, 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				
Carina	47,962	2010	Iwagi Zosen, Japan	-
Celsius Rimini	53,603	2009	Shin Kurushima Dockyard, Japan	-
Freja Baltic	47,548	2008	Onimichi Dockyard, Japan	-
Vessel under Commercial Agreement⁸				
Philoxenia	49,999	2019	Hyundai Mipo, South Korea	IMO II/III
Falcon Bay	47,147	2009	Hyundai Mipo, South Korea	IMO II/III
Eagle Bay	47,134	2008	Hyundai Mipo, South Korea	IMO II/III

Handy-size fleet

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

Fleet Employment and Partnership

As at 31 December 2019, d'Amico International Shipping directly employed 46.5 Vessels: 6 LR1 ('Long Range 1'), 19.5 MRs ('Medium Range') and 4 Handy-size vessels on term contracts at a fixed rate, whilst 14 MRs and 3 Handy-size vessels were at the same date employed on the spot market. In addition, DIS had 3 MR vessels under commercial management as at 31 December 2019. Some of these DIS' vessels are employed through its joint ventures.

GLENDIA International Shipping d.a.c., a jointly controlled entity with the Glencore Group, in which d'Amico Tankers d.a.c. has a 50% interest. As at 31 December 2019, the JV operator owned 5 MR vessels built between February 2010 and February 2011, two of which were time-chartered to d'Amico Tankers d.a.c. and three to the Glencore Group.

DM Shipping d.a.c. (DMS), a jointly controlled entity with the Mitsubishi Group, in which d'Amico Tankers d.a.c. has a 51% interest. This company owned 2 MR vessels built in 2009, one of which was sold in April 2019, with the other one sold in September 2019. Following a decision of its Board of Directors, DMS will go through voluntary liquidation.

Eco Tankers Limited, a joint venture with Venice Shipping Logistics S.p.A., in which d'Amico International Shipping S.A. has a 33% shareholding. The JV company owned an eco-design MR product tanker of 50,000 dwt built at Hyundai-Vinashin Shipyard Co., Ltd, sold in June 2019. The d'Amico Group was responsible for the commercial, technical and administrative management of the vessel. The company is currently under voluntary liquidation.

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). As at 31 December 2019, the d'Amico Group controlled a wide fleet of owned and chartered-in vessels, of which 49.5 were part of the DIS fleet (including 3 ships in commercial management), operating in the product tanker market. d'Amico International Shipping also benefits from the expertise of the d'Amico Group, which provides technical management services, including crewing and insurance arrangements, as well as safety, quality and environmental services for DIS' vessels.

⁷ Former High Presence sold by d'Amico Tankers d.a.c in Feb'18 and taken back in time charter for 6 years

⁸ DIS passes the TCE Earnings generated by the 'vessels under commercial management' on to their owners, after deducting a 2% commission on all their gross revenues.

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 as 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 size, which comprises vessels ranging from 25,000 dwt to 55,000 dwt. This specific vessel size provides the greatest flexibility in terms of trade routes and port access. In addition, DIS had as at year-end 2019 six Long Range 1 (LR1 – 75,000 dwt), vessels which have a degree of flexibility, whilst providing better economies of scale on longer voyages.

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 markets regionally Focused primarily on the distribution side	Access to more ports than larger vessels Better economies of scale over medium and longer distances versus SR vessels	Better economies of scale over longer haul voyages
Voyages	Only short	Short and long	Short and long
Flexibility	High	High	Medium (LR1) / Low (LR2)
Arbitrage Voyages	No	Yes	Yes
% world fleet ⁹	21.1%	47.6%	31.3%

⁹ Source: Clarksons Research, as of January 1, 2020. Percentage of total product tankers (4,797 vessels) excludes vessels with stainless steel tanks.

CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

The Company is organized and governed in compliance with the applicable Luxembourg laws and regulations on companies and is not obliged to comply with the corporate governance regime of the Luxembourg Stock Exchange. As far as possible, however, the Company complies with the recommendations of the Borsa Italiana Corporate Governance Code (available at the Borsa Italiana website www.borsaitaliana.it), being obliged, however, to adhere to some of its recommendations, so as to remain listed on the STAR segment of the Italian stock market (MTA). Furthermore, due to its incorporation in Luxembourg and listing on the Italian market, the Company is subject to the transparency obligations established by the European Regulations directly applicable from time to time, the Luxembourg Law of 11th January 2008 and subsequent amendments and to those established by the Italian laws and regulations as applicable from time to time.

In accordance with article 123-bis of Legislative Decree No. 58/98 and in line with the recommendations of the Borsa Italiana Corporate Governance Code, the Company provides a complete disclosure of its Ownership Structure and Corporate Governance system as at December 31, 2019 in the 2019 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")¹⁰. 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 that contains other documents regarding the Company's Corporate Governance System. Moreover, the Report is filed with Borsa Italiana S.p.A. and Commissione Nazionale per le Società e la Borsa (CONSOB) through the e-Market SDIR and e-market STORAGE system, Commission de Surveillance du Secteur Financier (CSSF) and Société de la Bourse de Luxembourg S.A., in its quality as DIS' Officially Appointed Mechanism (OAM) for the central storage of regulated information.

ETHICS AND INTEGRITY MATTERS

DIS has always believed that it is important to conduct business and professional negotiations, at different organisational levels, with integrity and transparency, acting in a professional, fair and honest manner, fully aware that these qualities are evidence of a strong sense of social responsibility. The anti-corruption policy implemented by DIS seeks to prevent all forms of corruption within its entity, by promoting a "zero tolerance" approach, including any forms of corruption arising from the behaviour of consultants, agents or contractors.

ANTI-CORRUPTION AND BRIBERY POLICY

The Group is exposed to fraud risk resulting from the significant volume and value of transactions processed. To

¹⁰ The Company falls within the ambit of the Takeover Law. By application of its provisions 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 bids' 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).

minimise and prevent the risk of occurrence of different types of fraud (eg. financial and business risks of fraud) the Group has implemented various controls, procedures and an authority matrix, including but not limited to the following:

- (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 counterparties (clients, agents, joint venture partners and key suppliers) prior to entering into a contract, to avoid any breaches of sanctions imposed by the USA, United Nations, EU or any other nation;
- (iv) Risk assessment before entering a new country;
- (v) Monitoring of compliance with rules on travel, meals lodging and entertainment;
- (vi) Monitoring of compliance with rules on sponsorships, gifts and donations;
- (vii) Continuous internal communication on compliance issues, progress and training of all the Group's employees;
- (viii) Combined oversight by 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;
- (ix) Management commitment at all levels;
- (x) 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 committing 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. On 26 November 2018 the Company issued a new version of the code adjusting it to the data protection regulation. The Company also encouraged its subsidiaries to adopt a code of ethics that is substantively similar to its own;
- (xi) The adoption of 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 (corruption and bribery included) provided for by the Italian Legislative Decree n.231 of 8 June 2001 (the "Decree 231") and the establishment of the **Supervisory Committee**, an internal supervisory body with the function of monitoring the effective implementation of the 231 Model, and its constant updating.

The 231 Decree which DIS complies with, due to its listing on the STAR segment of the Italian Stock Exchange, 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) or where proven that the board of directors has adopted and efficiently implemented, before the offence was committed, the 231 Model and has appointed a Supervisory Committee that did not omit to exercise its control duty or where the offence was committed by an individual with the fraudulent intention of avoiding the 231 Model implemented by the Company.

DIS 231 Model (lastly amended on 9 May 2019):

- specifically identifies the areas of activity where there is a chance of perpetration of the crimes mentioned in the Decree 231 ("Risk Areas");
- identifies appropriate procedures aimed at preventing the crimes mentioned in the Decree 231, including the duty of each division of the Company to report violations and provide relevant information to the Supervisory Committee;
- provides for specific procedures concerning the Supervisory Committee decision-making process and the implementation of its decisions;
- provides for appropriate financial management, to prevent the perpetration of financial crimes;
- provides for a specific duty to inform the Supervisory Committee in case a violation of the 231 Model occurs (the Supervisory Committee e-mail's account as publicized on DIS' website is a direct channel to be used by whistle-blowers);
- provides for a disciplinary sanctions system, so as to punish each violation of the procedures;
- provides for training, to be performed by all the Company's employees.

Moreover, DIS continuously improves the implementation of specific control activities (COSO Framework) to prevent the commission of the crimes mentioned in the Decree 231 and monitors the need to update the 231 Model. During

2019, DIS approved the performance of a new general risk assessment aimed also at updating the model with some recently introduced crimes and approved the issuance of a whistleblowing policy governing both onboard and ashore communication, which is currently managed through two web-sites, dedicated respectively to onboard and ashore non-compliances.

During 2019, DIS also introduced a new anti-corruption policy. DIS' long-standing commitment to doing business with integrity demonstrates a keen sense of social responsibility.

Acting professionally, in a fair, honest and ethical manner in all business dealings and relationships wherever the Company operates (or considers to operate), implementing and enforcing effective systems to counter bribery and corruption, are of outmost importance for the DIS Group. This means avoiding corruption in any form, including bribery, and complying with the anti-corruption laws of every country in which the Group operates, also by promoting a "zero tolerance" approach to acts of bribery, including by advisors, agents or contractors.

Essentially, all DIS Group employees are responsible for the prevention, detection and reporting of bribery and other forms of corruption; they are required to avoid any activity that might lead to, or suggest, a breach of the anti-corruption policy. The DIS Group ensures through the implementation of specific measures, that all cases of suspected corruption are dealt with consistently and whether or not an investigation shows it exists, there will be no retaliation against or adverse consequences for the person reporting the possible case of breach: an anti-corruption reporting system using dedicated email address has been implemented through d'Amico Group's HR department.

Likewise, no DIS employee would suffer any retaliation or adverse consequences for refusing to adopt illegal conduct and for reporting in good faith violations of the anticorruption rules and regulations, as applicable.

Compliance with the anti-corruption Policy is verified through various methods, including but not limited to, active monitoring of the expense reimbursement and gift tracking systems, reports from available business tools, internal and external audits, self-assessment, reports of potential violations and other feedback to the HR department, which is the policy owner.

INTEGRATED MANAGEMENT SYSTEM

The implementation of an Integrated Management System (IMS) is the result of a corporate choice that focuses on the quality of the services provided to customers, occupational health and safety, energy efficiency, environmental protection and corporate social responsibility, through the adoption of recognised international standards and certifications. The IMS has been developed with a business process-oriented approach. It allows the d'Amico Group, and in turn, d'Amico International Shipping, to identify maintain and improve a dynamic organisation and management model. Its unified perspective meets the needs and specificities of different shipping sectors and makes best use of available strategies, in accordance with the many national and international laws and regulations. The d'Amico Group is committed to compliance with all regulations in force – while seeking to anticipate new ones – through the adoption of appropriate operational, safety and environmental procedures.

Continuous monitoring, adequate measurement of performance indicators, strict internal inspections, detailed analysis of collected data, and prompt implementation of corrective and improvement actions, allow the Company to continuously increase its performance and that of its stakeholders, in terms of safety, environmental protection and customer satisfaction.

The IMS, already compliant with the International Safety Management Code, has been extended to the following standards certified by RINA (Italian Maritime Register): ISO 9001 (quality), ISO 14001 (environment), OHSAS 18001 (safety) and ISO 50001 (energy efficiency).

The application of these standards enabled the d'Amico Group to be the first in Italy to obtain the prestigious RINA Best 4 Plus certification, which recognises compliance with the main maritime standards in force.

The d'Amico Group also received the ISO 26000 certification for the application of guidelines on correct integration of corporate social responsibility into its activities, policies, strategies, procedures and goals in its Integrated Management System.

RISK MANAGEMENT

The internal control and risk management system consists of a set of rules, procedures and organisational structures and company practices aimed at identifying, measuring, managing and monitoring the main risks for the Company, so as to minimise their negative effects on the organisation. This system allows the Company to conduct its business in line with the objectives defined by its Board of Directors, fostering informed decision making, while ensuring the safeguarding of the Company's assets, the efficiency and effectiveness of corporate processes, the reliability of the information provided to corporate bodies and the market, the compliance with laws and regulations, as well as with Company by-laws and internal procedures, as defined by the Borsa Italiana Code of Conduct for listed companies.

The current internal control system is the result of subsequent amendments and updates, aimed at implementing an increasingly advanced governance model in line with reference models and existing best practices. The control-and-risk-management system involves all operational levels of the Company and different subjects, to whom specific roles and responsibilities are attributed, as per its Governance structure.

With the objective of supporting top management, the following levels of control are established for the overall monitoring of the Company's control system:

- a first level, in the hands of the operational management, defining and managing the so-called "line controls", inherent to the operational processes. These are procedural, IT, financial and behavioural checks, carried out both by those who perform a specific activity and by those who supervise it. All the Company's functions perform these direct controls in the management of their responsibilities;
- a second level, which oversees the risk assessment and control process, ensuring that it is in line with the Company's objectives and that it responds to the organisational segregation criteria required for effective monitoring. This area is handled by the central monitoring and control functions, such as the Financial Reporting Manager, the Quality-and-Safety and other forms of management-system audits, as set out by the international standards (e.g. UNI EN ISO 9001: 2015 etc.). These forms of control typically do not meet the criteria of full independence and are therefore considered valid second-level controls;
- a third level, supervised by the Internal Audit function, which provides independent assessments through a general check on the structure and functionality of internal controls.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

A GENERAL OVERVIEW OF THE D'AMICO GROUP CSR STRATEGY

d'Amico International Shipping's Corporate Social Responsibility strategy, through the d'Amico Group, has evolved considerably during the last few years. The strategy reflects the extent to which the DIS Group is committed to social and environmental matters and is monitored on an ongoing basis.

With the objective of further structuring its CSR strategy, the d'Amico Group has produced its first Sustainability Report (the Report), which highlights how its CSR is broken down into strategies, policies and commitments towards its stakeholders. The Report stems from a need for awareness of the social, environmental and governance aspects of the d'Amico Group's business. In the report the d'Amico Group identified the main themes which influence its sustainability and therefore its ability to create and preserve value (economic, social and environmental) for its stakeholders. The report was prepared according to the GRI Sustainability reporting Standards of the Global Reporting Initiative. Through specific activities, the d'Amico Group is working to reach 16 out of the 17 UN Development goals. The Report covers the following topics:

- Environmental responsibility, reporting all activities, projects, practices, processes and procedures in relation with the environment, health, quality and safety.
- Social responsibility, highlighting the management of human resources (onshore and seagoing personnel) as well as all aspects related to the community, as further described in the Human Resources section of this annual report.
- Economic responsibility, describing the Company's market presence and the performances achieved, as well as the economic value produced and distributed to its stakeholders (as described in this annual report).

HEALTH, SAFETY, QUALITY AND ENVIRONMENTAL (HSQE) PRINCIPAL RISKS, POLICIES AND OUTCOMES

Health, Safety and Quality – objectives beyond compliance

d'Amico International Shipping, through the d'Amico Group, promotes safety on-board and respect for the environment, aiming to eliminate the risk of incidents such as groundings, fires, collisions, and petroleum spills. In this respect, the ultimate holding company in the d'Amico Group, d'Amico Società di Navigazione S.p.A., arranges insurance cover for the DIS Fleet and operates both 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, Environment and Energy Efficiency (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 listed Key Performance Indicators (KPIs). In addition, the programme establishes best practices to solve problems and to optimize safety and environmental performance. Electronic tools to control and measure KPIs 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 practices, to provide clarity of interpretation, to encourage a more unified interpretation of the KPIs and best practice guidance, and to promote continuous improvement.

The 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, it revised elements on Environmental and Energy Management (previously Environmental Management), incorporating the OCIMF Energy Efficiency and Fuel Management information paper and adding a new element on maritime security.

The assessment is also 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 management procedures and operating an integrated management system on all its vessels, in conformity with the quality and environmental standards ISO 9001 and ISO 14001 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 of better harmonizing the various requirements included in the standards. The d'Amico Group has obtained the compliance with the new certificates at the annual RINA audit in July 2018.

To promote crew safety, the Group Management System includes 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 proper training of the seagoing and onshore personnel, any dangerous situation is properly evaluated ex-ante, and adequate preventive measures are implemented.

Environmental risks - the excellence of the DIS Fleet

The primary goal of all the aforementioned systems and procedures is the preservation of the marine environment. The Group is 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.

Besides previously described initiatives, the technical management of d'Amico Group adopted and implemented a condition-based maintenance (CBM) through the use of specific tools, techniques and HW/SW systems software, with the intention of seeking continuous improvement and of achieving higher machinery reliability, greater fleet flexibility in the management of the maintenance plans, better knowledge of machineries and of their behaviour with changing operating conditions, greater fleet reliability and availability, higher efficiency and therefore better energy performance.

The use of technologies/techniques such as the video endoscopy, thermography, vibrotechnics, tribology and digital measurements lead to an early detection of upcoming failures and component degradation reducing the cost of asset failures and improving the workers' safety.

The implemented CBM has also enabled the Company to achieve the highest level required by the TMSA 3 (Tanker Management and Self-Assessment programme), in the field of maintenance management.

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 if the condition of the ship and its equipment comply with the requirements of international conventions, and if the ship is manned and operated in compliance with these rules;
- Vetting inspections by oil major and energy-related companies, enabling them to assess the quality of the vessel and optimize its selection.

Pursuant to a ship management agreement, d'Amico Società di Navigazione S.p.A., - DIS Group 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 (please also refer to the relevant note of the consolidated financial statement "Other direct operating costs" and "Related party transactions").

The ship managers' responsibilities include those of performing general vessel maintenance, inspections/audits, 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.

Robotics technology, such as drones with flight capabilities in confined spaces with irregular surfaces (cargo tanks), has been recently adopted by the technical management of the d'Amico Group, to conduct vessels CAP surveys, improving the safety aspects related to the structural inspections, while reducing the impact on the availability of cargo tanks for commercial purpose.

New specific environmental (MARPOL) internal audits have been introduced in 2019 along with new Company procedures, instructions and best practices in excess of MARPOL requirements, as well as many internal plans and procedures, aiming to assure the highest environmental compliance at each operational level.

The digitalization of the majority of the record books in 2019 (Oil record book part 1 and part 2, Garbage record book, Cargo record book, Ballast management record book), conducted by the technical management of the d'Amico Group, allows the ship manager to monitor in real time the operations performed on board for the proper handling and disposal of the bilge water, sludge and waste produced by the vessels. It also provides the technical management with an important dashboard on the production levels of bilge and sludge by geographical area, days of navigation and season.

It is not simply an electronic register, but also a tool that helps the d'Amico Group to perform operations correctly, in compliance with current environmental and MARPOL regulations, also based on the ships' specifications according to its certificates and as-built drawings.

The d'Amico Group started to digitise its record books well in advance of the guidelines established in May 2019 by the MEPC 74. This confirms the Group's great attention to MARPOL issues and its focus on innovation.

The *Officer Matrix* is the module to effectively manage the officers' information on all vessels; during 2019 new training activities were introduced, to carefully follow the implementation of the low sulphur fuel regulation, which entered in force on 1 January 2020. The latest project launched in 2019 concerns the Electronic Logbook (ORB), where safety and pollution prevention activities are noted.

A crew *Training matrix* was established, providing guidelines to all crew-management offices. The matrix is a dynamic tool, which is continuously kept up-to-date by the Crew department, to comply with any modification or amendment in respect of the Convention on Standards of Training, Certification and Watchkeeping for Seafarers and is kept on board vessels performing international voyages. The quality of crew training is measured during the inspection of the vessels carried out by technical and marine superintendents. Furthermore, Port State Controls and Vetting Inspection reports reflect the quality and level of crew competencies, evaluating seafarer practices as well as policies for safety and environmental protection.

All managed vessels comply with the International Convention to Prevent Pollution from Ships (MARPOL), as well as any other national or international law concerning environmental protection.

Vessels are regularly inspected by a superintendent to ascertain that all procedures in-force are duly implemented

and that pollution prevention tools, such as records, seals, and soundings are in place.

To ensure compliance and to strengthen seafarers' awareness, the Company adopted the STOP Working Card policy, a tool allowing any Seafarer working on board d'Amico Group managed vessels, to order to STOP any activity in case of imminent danger for the environment.

In line with d'Amico Group's commitment to promote openness in communication, an environmental reporting procedure ("Open reporting system") was adopted, to provide all personnel with a tool to report Environmental non-compliance, without the fear of retaliation: in-fact, according to the Code of Ethics established by the DIS Group, no responsibility or prejudice will be expressed towards personnel in the event of reports of environmental non-compliance. Information on this reporting procedure is available on all fleet vessels; both onshore and seagoing personnel can anonymously report via a free web portal, or an independent email account or free phone numbers, any cases of non-compliance with the Company's environmental management system, marine environmental protection requirements and environmental compliance plan implemented.

Moreover, understanding and awareness of environmental matters is regularly and thoroughly measured when evaluating the performance of Officers and Engineers, in particular for the more senior ones.

Energy efficiency and reduction of emissions

In respect of ISO 50001, the international standard recognising Management Systems aimed at promoting energy efficiency, and the environmental standard ISO 14001, the d'Amico Group monitors and analyses energy consumption on its vessels, showing its commitment to protect people and the environment, seeking to promote 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 IMO guidelines on ship efficiency, has been implemented on board of the Group's vessels since the beginning of 2013, to optimize operational processes and improve profitability through the efficient use of people and assets.

Summarizing, DIS' 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 vessels' performances are analysed within the annual Integrated Management System Review. 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 European Union was the first major economy to submit its intended plan to reduce greenhouse gas emissions by at least 40% by 2030. In this respect, the EU issued the Regulation 2015/757 for the Monitoring Reporting and Verification (MRV) of CO₂ emissions by vessels for voyages between European ports. To comply with this regulation, the d'Amico Group has prepared a specific Monitoring and Reporting Plan for each vessel, together with the procedure to provide all data needed for the monitoring and reporting. The monitoring started in January 2018. At the end of each calendar year, all data must be verified and a report with the CO₂ emissions has to be submitted to the EU Commission, which will issue a specific certificate for each vessel. All d'Amico vessels involved in EU voyages have obtained the proper certificates. Currently, all vessel data collected for the year 2019 are under review by the Performance Monitoring Department and will be transmitted pursuant to the EU Regulation 2015/757.

At the same time, the International Maritime Organization (IMO) has amended the MARPOL Annex VI (Prevention of Air Pollution from Ships), introducing through the Resolution MEPC.278(70) a data collection system for fuel oil consumption by ship. Under the amendments, ships of 5,000 gross tonnage and above, are required, starting from January 2019, to collect consumption data for each type of fuel oil used, as well as other, additional specified data including proxies for transport work. The aggregated data is reported to the ship flag State after the end of each calendar year and the flag State, having determined that the data has been reported in accordance with the requirements, issues a Statement of Compliance for the ship. Flag States are required to subsequently transfer such data to an IMO Ship Fuel Oil Consumption Database. IMO will be required to produce an annual report to the Marine Environment Protection Committee (MEPC) summarizing the data collected. The methodology used to collect and

report the data must be included in a new, second part of the existing Ship Energy Efficiency Management Plan (SEEMP). d'Amico, during 2018, updated all its vessels SEEMP, obtaining the Confirmation of Compliance (CoC) by the respective Flag States. All vessel data collected for the year 2019, are currently under review by the Performance Monitoring Department, and will be transmitted to the ship flag States.

Since 2016, the technical management of the d'Amico Group has strengthened the vessel performance monitoring through a dedicated team 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.

Bunker consumption and related emissions of gas - Comparison for Owned and Bareboat Fleet, of bunker consumption and related emissions of gas, such as CO₂, NO_x and SO_x, into the atmosphere for the year 2018 and 2019

During 2019 the DIS Group has prepared its fleet for the use of fuels with a sulphur content lower than 0.50%, as established by Regulation 14 of IMO MARPOL Annex VI, effective from 1 January 2020.

Sulphur oxides (SO_x) are known to be harmful to human health, causing respiratory symptoms and lung disease. In the atmosphere, SO_x can lead to acid rain, which can harm crops, forests and aquatic species, and contributes to the acidification of the oceans.

This global sulphur cap limit – which is in addition to the existing 0.10% sulphur content limit on the use of fuels in Emission Control Areas (ECAs) that is effective since 1 January 2015 – will significantly reduce the amount of sulphur oxides emanating from ships and should have major health and environmental benefits, particularly for populations living close to ports and coasts.

So as to mitigate the risks associated with the transition to the new fuels and properly manage their use, the technical management of the d'Amico Group has prepared and adopted procedures for bunker procurement, according to the producers' recommendations, as well as specific ship implementation plans.

In 2019 measurements of consumptions were improved, according to both energy efficiency and shipping industry principles and advice: calculations have been normalized per *Total Transport Work*, being it the Total miles covered multiplied by Total tons of cargo transported; 2018 comparatives have been calculated again following this method.

Mix of bunkers consumed per total transport work ¹¹	2018	2019	Variance
Fuel Oil with Sulphur content higher than 1% (grams x loaded tonne x miles covered)	0.005763	0.005684	(1.38)%
Fuel Oil with Sulphur content lower than 1% (grams x loaded tonne x miles covered)	-	0.000138	n.c.
Marine Diesel Oil with Sulphur content higher than 0.1% (grams x loaded tonne x miles covered)	-	-	-
Marine Diesel Oil with Sulphur content lower than 0.1% (grams x loaded tonne x miles covered)	0.001396	0.001290	(7.61)%

Emission of different types of gas per total transport work ¹¹	2018	2019	Variance
CO ₂ (grams x loaded tonne x miles covered)	0.022426	0.022301	(0.56)%
NO _x (grams x loaded tonne x miles covered)	0.000623	0.00062	(0.54)%
SO _x (grams x loaded tonne x miles covered)	0.000256	0.000253	(0.96)%

¹¹ Please note some considerations that make above tables merely indicative:

- Consumptions data, that are the main starting point for this kind of measures, could be generally influenced by external conditions (contractual agreements on speed and timings, marine weather conditions, etc.)
- In the second half of 2019 some bunkers used by some vessels started to change to be ready for IMO 2020 regulation. Therefore, the coefficient to calculate gas emissions must be updated. The transition period could provide results that are not entirely reliable.
- Many energy/emissions performances should be analysed at single vessel level, in order to provide more significant data
- Due to the novelty of the matter and the subjectivity of calculation method, no industry-based KPI are available at this moment. We are investigating to find some new KPI in order to obtain a measure of performance, more objective and significant.

Ballast Water Treatment System

In September 2017, 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 first International Convention for the Control and Management of Ships’ Ballast Water and Sediments in 2004.

d’Amico International Shipping through the d’Amico Group has prepared and is implementing plans, record books and procedures, not only to comply with the Convention’s requirements, but most importantly to guarantee the prevention of this kind of pollution on behalf of its vessels. All newbuildings are fit with this equipment while the installation is planned on the remaining vessels during their next dry-docks. Furthermore, specific contingency measures are in place to prevent and respond to any failure and improper operation of these systems.

Other projects protecting 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 several projects. DIS also constantly promotes responsible behaviour of its personnel towards the environment both onboard vessels and ashore.

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*.

With the aim of promoting and developing the Italian maritime heritage, including its care for the environment, the d’Amico Group supports the non-governmental “Associazione Promotore Musei del Mare e della Navigazione Onlus”. The Group also supports the Oceanographic Museum of Monaco, by participating in projects aiming to protect the oceans and its biodiversity and increase the awareness of marine matters.

HUMAN RESOURCES AND SOCIAL MATTERS

SOCIAL AND EMPLOYEE MATTERS

As at 31 December 2019, the DIS Group employed a workforce of 706.5 seagoing personnel and 29 onshore personnel.

The development of the DIS Group’s Human Capital has represented one of our strategic priorities in 2019, with the firm belief that investing in its employees will contribute to strengthen the Group’s competitive advantage.

The DIS Group continues to promote policies and practices aimed at maximizing and retaining talent, embracing the use of technology and innovation, improving employee wellbeing, while seeking to prevent of unlawful behaviour. Its goal is to create a workplace environment where every employee has the capacity to perform at higher levels, ensuring at the same time work-life balance for both genders.

The consolidation of its policy on diversity and inclusion with respect to individuals has been one of the main goals in 2019. This strategic priority is also confirmed by the composition of nationalities and the gender distribution of the DIS Group’s workforce. In this respect, the group can count on on-shore employees from 12 nations at the end of 2019, almost in line with last year, as well as a balanced proportion of women to men in the workforce of 41% to 59%, respectively.

The strategic focus on people has also been expressed through the development and adoption of a “d’Amico Group privacy model” implementing a comprehensive process of legal, organizational and technical measures in accordance with the EU Regulation no. 679/2016 and other international laws for the protection of personal data.

As long as the use of technology and innovation is concerned, through the resources of the d’Amico Group, DIS is part of a newly developed Human Resource system, named “d’Amico People”, comprising a global database supporting the management of Human Resources activities, granting consolidated HR information on real time among all the offices worldwide.

The Group's marine and technical superintendent information and communication technologies (ICT) teams, have expanded their presence in Mumbai, where the Indian market has an established track-record for providing highly professional and skilled seagoing personnel with proficiency in the English language. The crew management department has also recently increased its presence in Manila.

In terms of working- and pay Conditions, DIS Group offers a remuneration aligned with the local law and sector standards where it operates, in full compliance with the existing law on wages and salaries, benefits and working hours, and agreement upon remuneration is based on objective criteria.

As far as Health and Safety Protection are concerned, the Group provides a healthy and safe working place for all its personnel in compliance with the health and safety laws in force, with a commitment to keep every working place safe and productive, minimizing the risks of accident or injury and involving its workers in the constant improvement of the health and safety conditions of the working place; the right of access to preventive health care and the benefit of medical treatment are guaranteed under the conditions established by local laws and practices.

The internal evaluation system for the Group's employees, named "People Performance Management", continues to play a key role in evaluating personnel performance, talent management and establishing of an incentive system, which is aligned with the latest best practices.

Through corporate leadership programs for onshore as well as seagoing personnel, and core shipping courses, the Group seeks to encourage employees' productivity, collaboration, engagement and accountability. One-quarter of the delivered training hours were focused on consolidating management skills whereas the remaining three-quarters were focused on core shipping skills and cyber security training programmes. Continuous attention is dedicated to the retention and development of staff that d'Amico International Shipping deems key for the management of its fleet, leading to maintaining an overall average job retention rate of 83 % in 2019.

In combination with the reward system, DIS confirmed also its long-term incentive system, to reinforce the alignment of interests between its employees involved in the plan (the "Beneficiaries") and its Shareholders. The stock-option plan promotes value creation in the medium to long-term, through the establishment of a number of goals, linked to the performance of the Company's share price and other economic performance measures (please refer also to the note 8 to the financial statements, where personnel remuneration is detailed).

The seagoing personnel plays a key role in the safe and efficient operation of the fleet.

From 2017, DIS through the d'Amico Group strengthened its organization by establishing a *Crew Department*, managing and supervising processes and functions, with the objective of obtaining synergies and economies of scale through the application of the same policies throughout the organisation (training standards, career development, crew bargaining agreement, wage scale). All operational and administrative tasks are assigned to SIRIUS, a crew manning agent, which is part of the d'Amico Group, under the responsibility of the d'Amico Group's crew department.

The operation of the entire crewing function through a single department aims to reduce risks, since all internal procedures are continuously updated and promptly communicated to all managed vessels, with a focus on promoting safety and environmental protection.

The retention of seagoing personnel is one of the d'Amico Group's objectives and is monitored through the use of a number of KPIs, including the proportion of seafarers' contracts terminating before the contract term, for which the Group aims to stay below 10%, and the retention rate, for which the group aims to achieve at least the industry standard of 80%.

The shipping industry is very regulated and strict with its operators when it comes to compliance with international standards on security and safety. To further reduce the risks inherent to its shipping activities, the d'Amico Group's crew department adopted very restrictive policies around the *Safety of Life* and, in general, the prevention of any incident which may result in serious casualties, injuries or illnesses. All crew members having any responsibility with regards to safety or environmental protection, are duly trained and regularly evaluated.

To manage the risks related to the seafarers' conditions of employment, all seagoing personnel is recruited through manning agents duly authorized by the local state authorities, or by recognized organizations, to ensure the principles and rules of the Maritime Labour Convention (MLC 2006) are fully met. d'Amico furthermore periodically inspects those agencies, to

ensure compliance with its own procedures as well. In accordance with MLC 2006 provisions, every ship and ship management company must be periodically inspected by the flag authority, which releases a certificate of compliance for the vessel and the manager. All vessels managed by the d'Amico Group hold a valid Maritime Labour Certificate.

All DIS' vessels are provided with Blue Cards, issued by the International Transport Workers' Federation (ITF). Social benefits are guaranteed to seafarers according to the applicable laws of their country of origin.

The «Home Grown Officers» philosophy is a fundamental aspect of the personnel's 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, which includes a co-operation with nautical institutes for the education of its cadets, who could become the future officers of its fleet.

RESPECT FOR HUMAN RIGHTS

In 2019 the DIS Group strengthened its policy on diversity and inclusion with respect to individuals and more in general, with respect to the human rights of both ship and shore personnel.

One of the d'Amico Group's HR department's main goals is to make employees feel valued, respected, and involved with the Company, providing them access to equal opportunities, going well beyond legal requirements. The DIS Group encourages the promotion of an ethical conduct within the workplace as embedded in its Code of Ethics, which established that internal and external activities should be conducted in accordance with the values of fairness, honesty and transparency, in compliance with the laws and through the respect for a person's dignity.

Onboard managed vessels, work and rest hours are timely and constantly monitored to avoid any breach of applicable regulations.

Suitable assurance is taken for all seafarers to receive required medical care during their whole service tenure, and to guarantee their assistance also after contract termination in case of illness or injury. In all instances the seafarers' right to be safely repatriated is always safeguarded.

Strict procedures are followed by the Group to avoid bullying and harassment, regarding all employed personnel onboard its managed vessels. Any kind of harassment or bullying is not tolerated, and employees are encouraged to report any instances immediately, so that appropriate corrective action can be initiated.

HUMANITARIAN, EDUCATIONAL AND CULTURAL MATTERS

The DIS Group also sustains solidarity, training and cultural projects in the countries where it operates.

Through the d'Amico Group, contributions are provided to charitable activities all over the world to assist the neediest populations and territories, with a special attention dedicated to children, as well as to supporting events in favour of the protection of human life and scientific research. The d'Amico Group also supports the reconstruction of towns, villages and cities struck by natural disasters. As one of the latest examples, the d'Amico Group helped the people from the villages of the Khanh Hoa's province in Vietnam, when it was violently hit by the typhoon "Damrey" in 2017. In 2014, the d'Amico Group helped the families of Philippine seafarers and employees rebuild their homes. In 2013, following a typhoon that devastated large areas in the Philippines, the d'Amico Group made an important donation for the construction of ambulance boats for the municipality of Iloilo. This was one of the areas most affected by the disaster and is the hometown for some of our seafarers. Moreover, in 2011, d'Amico Group assisted in the reconstruction of a small village in Japan after the Tsunami, which hit the country's north-east coast.

Since 2013, the d'Amico Group is alongside Save the Children, supporting its emergency and development projects worldwide, through specific programs for children, as well as their Christmas campaign.

Since 2018 the d'Amico Group supports the NGO "Il Porto dei Piccoli" (the children's harbour), which helps children facing illness and their families, providing support throughout treatment, regardless of the pathology, and offering a safe harbour where children and their families can find understanding and support.

For many years, the d'Amico Group has supported the activities of the Telethon Foundation – funding research for the treatment of genetic diseases – donating regularly to the children's kidney disease foundation, which finances top researchers and research institutes in Italy and worldwide.

In addition, the d'Amico Group provides education, professional development and guidance to its employees and to students outside the Company, who are interested in the maritime industry, aiming to contribute to the development of successful career paths inside and outside the organization, by financing several projects at different educational levels and by partnering with several national and international maritime institutions.

In particular, the d'Amico Group is one of the founding members of the ITS Fondazione G. Caboto – Institute for Sustainable Mobility – a private-law institute, composed of public and private bodies, which aims to promote technical and scientific shipping culture, as well as the training of specialized technical staff, which are employed on its vessels.

The d'Amico Group has supported the National Maritime College of Ireland for over six years, offering 18 cadets the opportunity to board one of the vessels of the d'Amico fleet for 90 days each year. The new Navy officers can complete their education with a period of on-board training and receive the certificate of competency required for navigation. Through its cooperation with the National Maritime College of Ireland, the d'Amico Group is also a partner of Chiltern Maritime, a company specialising in the recruitment, training and administration of officer trainees for British Merchant Marine scholarship programmes.

The d'Amico Group also strengthened 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 their students.

Every year the d'Amico Group also offers a scholarship/project work to the highest-ranking student of the IPE Institute of Naples, contributing to the students' professional training.

The d'Amico Group also participates actively in the Connecticut Maritime Association (CMA), a non-profit trade association representing people from all over the shipping and trade industry. The d'Amico Group has been an active member of CMA since 2001. Since 2014, the d'Amico Group has sponsored the “Business of Shipping Competition”, organized by the CMA and its education foundation. The competition rewards the best texts written by students attending US colleges and universities with programmes and/or courses specialising in shipping, international trade, marine biology and maritime engineering.

The d'Amico Group also supports the world of art and culture, aiming to introduce social, cultural, economic and environmental topics to an ever-wider public audience. Besides sponsoring several museums and exhibitions worldwide, a few years ago the d'Amico Group launched “The Owner's Cabin” project, a unique artist's residency program that allows them to produce artwork inspired by the international shipping environment they experience while on-board one of the group's vessels. In 2019, the Group hosted two young artists on two different vessels.

The d'Amico Group actively takes part, also by some of its executives holding top positions, in leading national and international organisations and associations, including among others INTERTANKO, International Chamber of Shipping, ECSA — European Community Shipowners' Association, CONFITARMA, BIMCO, and the European Sustainable Shipping Forum.

Paolo d'Amico, Chairman and CEO of DIS, is the Chairman of the International Association of Independent Tanker Owners (INTERTANKO) since November 2018. INTERTANKO is a highly competitive, transparent and sustainable tankers industry. Two other d'Amico Group employees hold a role at INTERTANKO, with an HR Manager chairing the Human Element in Shipping Committee (HEiSC), and a Technical Director participating in the Safety and Technical Committee (ISTEC) and in the Environmental Committee.

Since 2017, the d'Amico Group has also been an expert member of the ESSF - European Sustainable Shipping Forum. The Forum was created to promote structural dialogue, the exchange of technical knowledge, cooperation and coordination between parties, with the aim of encouraging sustainable, competitive and quality shipping without compromising safety. The d'Amico Group is also a member of the subgroup of “Air Emissions from Ships”.

OTHER RISKS

DIS is exposed to a number of operating risks, which can lead to unplanned costs and loss of income. These risks can arise from any of its operating activities, such as crewing, bunkering, dry-docks and repairs, commercial management, port agencies, towage and navigation.

d'Amico International Shipping regularly carries out a Risk Assessment of its operations. The Internal Audit function supports the process owners in their self-assessment, providing a complete map of its operating risks and the related controls. The 2019 Risk Assessment underlined four risk categories as the most significant:

1. Natural and geopolitical events
 2. Adverse media campaigns
 3. Financial risks related to the market's volatility and cyclical nature
 4. Vessel failures
1. Natural and geopolitical risk, includes:
 - a. *any political event, terrorism or cybercrime that can affect data centre security and availability, producing extra cost and or violation of data confidentiality* – this risk has been assessed in theory at the highest level. The Company's ICT department, however, implemented a recovery procedure and a business continuity plan which reduce the risk to an acceptable level.
 - b. *any political condition which can limit the Company's commercial activities* – International Sanctions regimes, mainly adopted by the EU, UN and U.S., are also targeting the shipping industry. In particular, the U.S. sanctions regime has proven to be aggressive not only towards U.S. nationals but also towards foreign persons and entities who can be subject to U.S. secondary Sanctions. To avoid the risks of being subject to International Sanctions, the Company implemented its own Sanctions Policy, which sets out the minimum requirements that the Company and its employees must comply with.
 - c. *Piracy* – can entail security and economic risks for the vessel and/or risks to complete the vessel voyage as planned. 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 DIS 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 (a physical damage of the vessel is not required to be covered under this policy); (d) third parties liabilities – included in the P&I cover. In addition to the above-mentioned security measures the Company adopt armed guards to reduce the risk to an acceptable level.
 2. *Reputational risk* – adverse media campaigns, affecting the Company's reputation, could lead to a commercial damage. External advisors and internal procedures help ensure the media are constantly monitored. A spokesperson was identified to ensure information is properly communicated.
 3. Financial risks related to the market's volatility and cyclical nature – it relates to:
 - a. Freight rates. The Company is exposed to significant changes in freight rates because of short-term changes in the supply and demand for the seaborne transportation of refined products, as well as because of more medium-term changes in such balance, resulting from the cyclical nature of our sector. The Company mitigates this risk by employing part of its fleet through period contracts at fixed rates. (please refer to TCE earnings in the Management financial review). Strong corrections in freight rates can lead to losses and affect our cash balances, as well as our ability to respect contracts and could lead to defaults on our loans' financial covenants.
 - b. Vessel prices. The same factors that influence freight rates also impact vessel prices. Furthermore, in severe market downturns, the second-hand market liquidity for our vessels can drop significantly,

affecting our ability to sell these assets. Strong corrections in vessel prices, can lead to potential defaults on our loans' financial covenants.

- c. Interest rates and exchange rates, which affect respectively the Company's financing cost, and general administrative and operating costs.

For a detailed disclosure of financial risks, please refer to note 29 of the consolidated financial statements.

4. *Vessel failure risk* – it related to potential unavailability of the vessel to generate revenues. The Company adopts a Planned Maintenance System, to reduce vessel failure risk.

The management of dry-docks and repairs is coordinated through the d'Amico Group, providing economies of scale and a proper benchmarking for the cost and quality of such services. DIS' objective of always controlling a young fleet also helps to minimize such risks.

The d'Amico Group has established preferred yards in key trade areas on the basis of criteria such as the quality of jobs performed, ISO certifications and other volunteer or mandatory certifications, compliance with ethical principles, past experience of the d'Amico Group and a list of references.

The dry-docks are planned in advance, so as to secure the required slots and the dry-dock specification is finalized through a pre-docking inspection.

When selecting dry-docks all the costs are taken into account, including the repair cost, the cost of the deviation including that of bunkers consumed, and the time required for the repairs.

A Company representative is always onsite to monitor the quality of the job performed and the progress of the whole project, ready to promptly address any issue outstanding.

All of the above activities are performed also to reduce the risks relating to:

- the unavailability of a dock slot at the time of stoppage;
- unexpected works;
- unexpected costs and delays;
- ensure redelivery to the charterer in time;

To monitor the performance, DIS has established as a key performance indicator, the "Dry-dock planning performance", to monitor and control costs and delays.

In addition to the above-mentioned main risks (as per Risk Assessment results), operations could be affected by other risks.

Risks linked to bunker management

When bunkering its vessels, the DIS Group has several objectives, including reducing direct purchase costs, minimizing vessel deviations and ensuring supplies are in line with the most recent ISO standards in force.

Bunkering is managed by DIS with the support of a d'Amico Group company, Rudder Sam, which has an in-depth knowledge of the market and uses a network of reliable suppliers with high quality standards (please refer also to the Related party transaction note to the consolidated financial statements).

A constant supervision of physical deliveries (as per planned timing and quantities) and analysis of the quality of bunker samples, ensures quality and quantity issues are kept under control.

Risks linked to voyage management

Voyage planning and control is managed by DIS to ensure good quality service to charterers, through constant attention to the fulfillment of contractual requirements, with the objective of reducing costs and minimizing delays.

Port agencies and towage are managed by DIS through general agreements and are based on a reliable network of agents operating at high standards, with the aim of maximizing the efficiency of DIS' vessels turnaround during port stays, providing qualified husbandry services to owned vessels and taking advantage of economies of scale.

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.

Geopolitical risks and Covid-19

Brexit is not expected to have a direct material impact on DIS, although in the case of a hard Brexit the negative effects on the British economy and the spill-over effects on the other economies worldwide, could negatively affect the demand for refined products and as a consequence also for the seaborne transportation of these products, resulting in lower freight rates and asset values for DIS.

Novel-Coronavirus (Covid-2019) outbreak is currently having a significant impact on the movement of crews (it is not possible to carry out crew changes in China and some authorities do not allow personnel to disembark from ships that called any Chinese port in the previous 15 days). Furthermore, given the concomitance between the coronavirus outbreak and the Chinese New Year celebrations, which traditionally result in massive returns of Chinese nationals to their homelands, many Chinese industries are currently experiencing considerable staff shortages. The Chinese shipbuilding industry is one of the affected sectors, therefore for our ships that had been scheduled to drydock in China we selected other yard options, with higher direct costs from dry-docking partially compensated by lower repositioning costs. We have also implemented a robust system of countermeasures onboard ships to minimize the health risks to our seafarers.

Regarding the onshore workforce, all the Group's staff were informed of the recent recommendations highlighted by the World Health Organization (WHO), with employees strongly advised to limit their travels during the next months (above all to those countries which are dealing with a severe epidemic), and, in any case, to follow specific recommendations that may be issued by their country of destination. Furthermore, in DIS Group's Singapore, Rome and Monaco offices where the employees are potentially more exposed to the virus, following the advice and/or directives of the respective local governments, contingency plans were put in place, reducing or eliminating the presence in the offices, so as to limit the exposure to major risk factors, including that of work commuting. Furthermore, the necessary measures were taken to ensure that all employees have the required tools to work productively from home and that they are adequately insured to do so.

COVID-19 could also have a material direct impact on market freight rates. The extent of this impact will depend on how long it will take to contain the virus and for economic activity worldwide to return to normal. In their March 2020 report, due to the impact of Covid-19, the IEA has significantly reduced their estimate for global refining throughput this year, which is now expected to fall by 0.4 million b/d (in January they expected a growth of 1.3 million b/d). Runs in 1Q20 are now expected to fall by 2.2 million b/d y-o-y.

The breakdown of negotiations of OPEC+ (the cartel comprising OPEC and other countries including Russia) on March 6, 2020, which has led to the decision to reverse significant oil supply cuts, has led to a sharp drop in oil prices. The immediate effect for the product tanker sector is expected to be positive as bunker prices fall and as more oil is traded. Longer-term, however, imbalances which could negatively affect the market are likely to arise, as a result of inventory build-ups that will have to be eventually consumed, and as a result of the damage that such low oil prices could inflict on the future output of non-OPEC members and in particular of US shale oil producers.

SHAREHOLDERS' INFORMATION

INVESTOR RELATIONS

d'Amico International Shipping's Investor Relations (IR) 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 and timely information on its activities, in accordance with legal requirements and by complying with the relevant corporate governance standards and recommendations, while respecting the limits arising from the confidential nature of certain information.

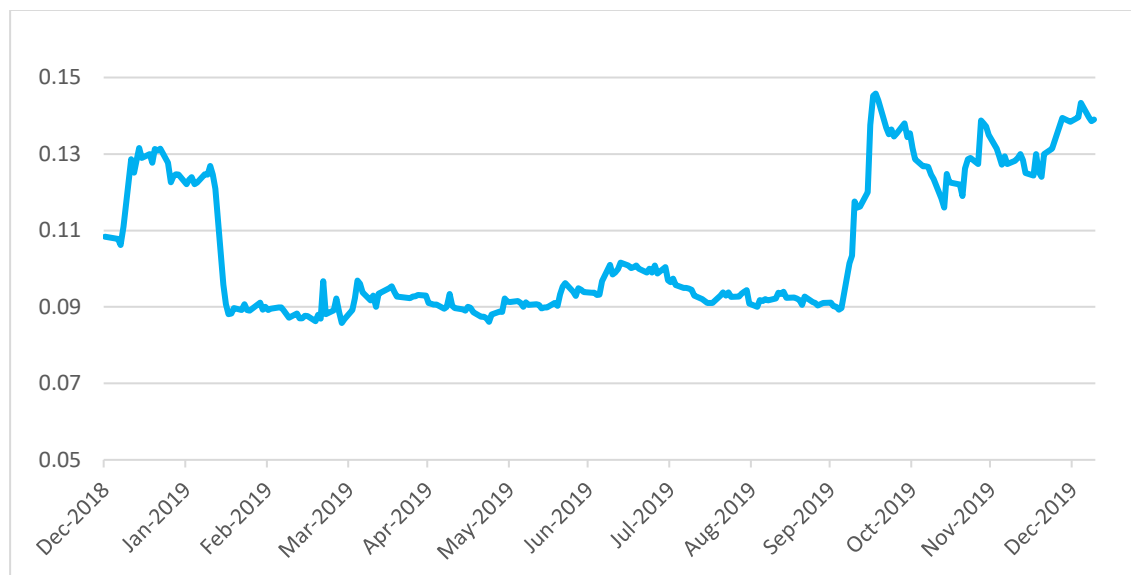
The financial results were presented on a quarterly basis through public conference calls, which can be widely accessed, including through the Group's Investor Relations website. During 2019 the IR team kept in constant contact with the financial community to discuss DIS' performance and results through meetings, conference calls, presentations at broker conferences and at the relevant events that Borsa Italiana (STAR Segment) organizes. Participation in roadshows with shareholders and investors focused on the major financial centers, and meetings were organized with investors that 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's shareholders may also contact: ir@damicointernationalshipping.com.

SHARE PRICE PERFORMANCE

As at 31 December 2019, d'Amico International Shipping S.A.'s share capital consisted of 1,241,032,474 ordinary shares, and a market capitalization of €170,191,597.69. The Company's shares are listed on Borsa Italiana SpA, in the STAR segment.



In 2019 DIS' shares increased by 28%, after trading down in the first part of the year, also because of the dilutive effects of the capital increase closed in April, traded sideways until a sharp rally that started in September, coinciding with a strong upswing in spot market freight rates for our vessels. From the bottom of € 0.0858 per share reached on 28 March 2019, our shares increased by 61.3% to €0.1384 per share as at 30 December 2019. The average daily traded volume during the year was of 2.4 million shares.

FINANCIAL CALENDAR

The Company's 2020 Financial Calendar is the following:

2019 Annual Financial Statements	March	Thursday 12
Annual General Meeting	April	Tuesday 21
2020 First Interim Management Statements	May	Thursday 07
2020 Half Yearly Report	July	Thursday 30
2020 Third Interim Management Statements	November	Thursday 12

ALTERNATIVE PERFORMANCE MEASURES (APM)

Along with the most directly comparable IFRS measures, DIS management is regularly using Alternative Performance Measures, as they provide helpful additional information for users of its 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. The following section sets 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

A shipping industry standard allowing the comparison of period-to-period net freight revenues, which are not influenced by whether the vessels were employed on Time charters (TC), 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 revenues less voyage costs.

EBITDA and EBITDA Margin

EBITDA is defined as the 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 Margin 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 Time-Charter Earnings in covering both fixed and variable costs.

ROCE

Return on Capital Employed is a profitability ratio which measures how efficiently a company is using its capital. It is calculated dividing the EBIT by the capital employed, that is, by total assets less current liabilities.

Gross CAPEX

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 line items.

IFRS 16 impact

The standard eliminates the classification of leases as either operating leases or finance leases for a lessee; instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are "capitalised" by recognising the present value of lease payments and showing them either as leased assets (right-of-use assets, RoU) or together with property, plant and equipment (PPE). Lease items of low value (under US\$ 5 thousand) or for which the lease duration is shorter than one year are excluded from this treatment and are expensed as incurred. If lease payments are made over time, the company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect is an increase in lease assets (or PPE) and financial liabilities, leading to changes in key financial metrics derived from balance sheet data.

For companies with material off-balance sheet leases, IFRS 16 changes the nature of the expenses related to those leases: the straight-line operating lease expense (time-charter-in) are replaced with a depreciation charge for the lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs).

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

A measure of the average daily revenue performance of a vessel or of DIS' fleet. 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

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 6). A bareboat charter is also known as a "demise charter" or a "time charter by demise".

Charter

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).

SUMMARY OF THE RESULTS IN THE FOURTH QUARTER AND FY 2019

Clean product tanker markets in the first nine months of 2019 have been much stronger than in the same period last year. In Q4, US sanctions on selected entities of COSCO, (the world's largest tanker owner), Venezuelan-related issues, a tanker attack in the Middle East, a typhoon in Japan and scrubber retrofits all contributed to the large earnings spike in the crude sector. This crude tanker spike lifted clean petroleum earnings quite significantly, keeping annual average earnings at very acceptable levels. The resulting hike in rates prompted a large amount of LR2 tankers to switch into the crude market. The reduction in supply of LR2 tankers and an increase in demand for Naphtha into Asia resulted in an overall improvement in product tankers earnings.

In November, rising diesel exports from China and India led to some benchmark Asian refinery margins falling to multi-month lows. However, with Indian diesel demand improving and the introduction of the IMO 2020 sulphur cap in December this has boosted gasoil demand.

December Product tanker demand improved in both the Western and Eastern hemispheres ahead of the New Year. This was partly due to the usual seasonal increase in demand and the introduction of the new IMO fuel regulations coming into effect in January 2020.

According to the last IEA report, oil demand is estimated to have grown by a significant 1.9 million b/d in Q4 2019, the most since Q1 2018, due to continued strong momentum in Asia Pacific and expansion in the US petrochemical sector. Global oil demand is estimated to have grown by around 1 million b/d in 2019, down from 1.1 mb/d in 2018.

The one-year time-charter rate, which is always the best indicator of spot market expectations, has gradually strengthened throughout 2019, ending the fourth quarter at around US\$ 16,500 per day and US\$ 18,500 per day for conventional and Eco MRs, respectively.

DIS' Net Result was negative for US\$ (27.5) million for 2019 vs. a Net Loss of US\$ (55.1) million in 2018. Excluding results on disposal and non-recurring financial items from 2019 and 2018, as well as the asset impairment and the effects of IFRS 16 from 2019, DIS' Net result would have amounted to US\$ (7.7) million in 2019 compared with US\$ (57.4) million recorded in the previous year. Therefore, **excluding the effects of the application of IFRS 16 and such non-recurring effects, DIS' 2019 Net result would have been US\$ 49.7 million higher than in the previous year.**

In Q4 2019, DIS posted a Net Profit of US\$ 4.9 million vs. a Net Loss of US\$ (13.9) million in Q4 2018. Q4 2019 represents DIS' first profitable quarter since Q1 2017. In addition, excluding the quarterly impacts of the above non-recurring items the profit of Q4 2019 would have been of US\$ 7.4 million compared to a loss of US\$ (13.0) million in the same quarter of last year.

In fact, **DIS generated an EBITDA of US\$ 104.2 million for 2019** vs. US\$ 17.5 million in 2018. Even excluding the effects arising from the application of IFRS 16 (positive impact of US\$ 35.1 million), DIS' 2019 EBITDA was **approximately 4 times higher than the level achieved in 2018**. Such strong improvement relative to the previous year is attributable to better market conditions coupled with a more efficient cost structure.

In terms of spot performance, **DIS achieved a daily spot rate of US\$ 13,683 for 2019**, 26.7% (i.e. US\$ 2,885/day) higher than the US\$ 10,798 achieved 2018, due to the improving markets. The last quarter of the year was particularly strong, with DIS achieving a daily spot rate of US\$ 17,242 vs. US\$ 11,617 generated in the same quarter of 2018.

At the same time, 51.6% of DIS' total employment days in 2019, were covered through 'time-charter' contracts at an average daily rate of US\$ 14,760 (2018: 34.2% coverage at an average daily rate of US\$ 14,850). A good level of time charter coverage is one of the pillars of DIS' commercial strategy and allows it to mitigate the effects of the spot market volatility, securing a certain level of earnings and cash generation even throughout the negative cycles. DIS' total daily average rate (which includes both spot and time-charter contracts) was US\$ 14,239 in 2019 compared with US\$ 12,184 achieved in the previous year.

In 2019, DIS' **'gross capital expenditures' amounted to US\$ 65.2 million**, mainly in relation to the delivery of 2 newbuilding LR1 vessels, respectively, in the first and fourth quarter of the year. Since 2012, DIS has ordered a total

of **22 'Eco-design' product tankers**¹² (10 MRs, 6 Handy-size and 6 LR1 vessels), all of which were already delivered as by the end of 2019. The total **amount invested** for these vessels was 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.

OPERATING PERFORMANCE

<i>US\$ Thousand</i>	2019	2018
Revenue	353,534	399,046
Voyage costs	(95,202)	(154,176)
Time charter equivalent earnings*	258,332	244,870
Time charter hire costs	(31,750)	(129,750)
Other direct operating costs	(108,325)	(81,572)
General and administrative costs	(11,989)	(16,196)
Result from disposal of vessels	(2,042)	167
EBITDA*	104,226	17,519
Depreciation, impairment and impairment reversal	(58,597)	(34,844)
Depreciation of right-of-use leased asset	(30,604)	-
EBIT*	15,025	(17,325)
Financial income	823	5,035
Financial (charges)	(44,968)	(34,296)
Share of profit (loss) of equity accounted investee	1,243	(8)
Impairment of financial assets	934	(7,526)
Profit / (loss) before tax	(26,943)	(54,120)
Taxes	(584)	(980)
Net profit / (loss)	(27,527)	(55,100)

*see Alternative Performance Measures on page 28

Revenue was US\$ 353.5 million in 2019 compared with US\$ 399.0 million realized in the previous year. The decrease in gross revenue compared with the previous year is attributable mainly to a lower number of vessels operated on average by DIS in 2019 (2019: 48.8 vs. 2018: 54.4). In addition, the percentage of off-hire days in 2019 (1.8%) was higher than in the same period of the previous year (0.9%), mainly due to commercial off-hires and the timing of dry-docks.

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\$ (95.2) million in 2019 compared with US\$ (154.2) million in 2018. The lower costs reflect DIS' lower exposure to the spot market relative to last year.

Time charter equivalent earnings were US\$ 258.3 million in 2019 vs. US\$ 244.9 million in 2018. The total amount for 2019 includes US\$ 9.1 million 'time charter equivalent earnings' generated by vessels under commercial management, which is offset by an equal amount reported under 'time-charter hire costs'.

In detail, DIS realized a **daily average spot rate of US\$ 13,683 in 2019**¹³ compared with **US\$ 10,798 achieved in 2018**¹⁴. DIS' spot result for 2019 represents an improvement of 26.7% (i.e. US\$ 2,885/day) relative to the previous year. Thanks

¹² Including M/T High Sun, an MR vessel ordered at Hyundai Mipo Dockyard Co. Ltd. and previously owned by Eco Tankers Limited (in which DIS has a 33% interest, in JV with Venice Shipping and Logistics S.p.A.), which was sold in June 2019.

¹³ Daily Average TCE of 2019 excludes US\$ 9.1 million generated by the vessels under commercial management, as it is off-set by an equivalent amount of time charter hire costs after deducting a 2% commission on gross revenues.

¹⁴ Daily Average TCE of 2018 excludes US\$ 5.4 million generated by the vessels under commercial management, as it is off-set by an equivalent amount of time charter hire costs.

to a strong product tanker market at the end of the year, DIS was able to realize a Daily Average Spot Rate of US\$ 17,242 in Q4 2019 vs. US\$ 11,617 achieved in the same quarter of the prior year (i.e. a 48.4% increase or US\$ 5,625/day).

Following its strategy, in 2019 DIS maintained a **good level of 'coverage'** (fixed-rate contracts), securing an average of **51.6%** (2018: 34.2%) of its available vessel days at a **Daily Average Fixed Rate of US\$ 14,760** (2018: US\$ 14,850). 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.

DIS' total daily average TCE (Spot and Time charter)¹⁵ was US\$ 14,239 in 2019 vs. US\$ 12,184 in 2018 (Q4 2019 US\$ 15,965 vs. Q4 2018 US\$ 12,892)

DIS TCE daily rates (US dollars)	2018					2019				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Spot	12,726	10,327	8,689	11,617	10,798	13,583	13,074	11,616	17,242	13,683
Fixed	15,001	14,867	14,716	14,831	14,850	14,604	14,398	14,819	15,130	14,760
Average	13,446	11,818	10,680	12,892	12,184	14,057	13,710	13,264	15,965	14,239

Time charter hire costs. IFRS 16 Leases is effective for annual periods beginning on or after 1 January 2019 and has been adopted by the Company. IFRS 16 substantially changes the Group's Consolidated Financial Statements, significantly affecting the treatment by lessees of contracts which in previous periods were treated as operating leases. With some exceptions, liabilities for payments on contracts previously classified as operating leases are now discounted at the lessee's incremental borrowing rate, leading to the recognition of a lease liability and 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 the lease, minus any lease incentives already received). Therefore, starting from 1 January 2019, 'time-charter hire costs' includes only time-charter contracts whose residual term is shorter than 12 months as at date or for contracts starting later, whose duration is shorter than 12 months from their commencement date. The application of IFRS16 reduces 'charter hire costs' by US\$ 64.2 million in 2019, as within the Income Statement, these costs are replaced with other direct operating costs, interest and depreciation.

The total amount for 2019 includes also US\$ 9.1 million in hire costs in relation to vessels under commercial management (2.0 average equivalent vessels in the period), which is offset by an equivalent amount reported under 'time charter equivalent earnings', after deducting a 2% commission on the gross revenue generated by these ships in the period. Excluding the cost related to the vessels under commercial management and the effect of IFRS 16, DIS' 2019 'time-charter hire costs' would have been US\$ 24.7 million lower than last year. In fact, DIS operated a lower number of chartered-in vessels in 2019 (16.8 equivalent ships) relative to the prior year (23.9 equivalent ships).

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. The adjustment to 'other direct operating costs' arising from the application of IFRS 16 is negative for US\$ (29.9) million in 2019, as within the Income Statement, charter hire costs are replaced by other direct operating costs, interest and depreciation. Excluding the effect of IFRS 16, DIS' 'other direct operating costs' would have amounted to US\$ (78.4) million in 2019, lower than the US\$ (81.6) million cost of 2018, even though the Company operated a larger fleet of owned and bareboat vessels in 2019 relative to the previous year (2019: 32 vs. 2018: 30.5). DIS constantly monitors its operating costs, while focusing on crew with appropriate skills, high SQE (Safety, Quality & Environment) standards and 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\$ (12.0) million in 2019 vs. US\$ (16.2) million in 2018, which represents a 26% decrease year-on-year. These costs relate mainly to onshore personnel, together with office costs, consultancies, travel expenses and others. The application of IFRS 16 reduced 'general and administrative costs' by US\$ 0.8 million in 2019 due to the recognition of right of use assets and liabilities for some office leases.

Result on disposal of vessel was negative for US\$ (2.0) million in 2019 vs. US\$ 0.2 million in the same period of last year. The 2019 amount refers to the amortisation of the net deferred result on all vessels sold and leased back

¹⁵ Daily Average TCE of 2019 and 2018 excludes the amounts generated by the vessels under commercial management in 2019 and 2018, as they are off-set by equivalent amounts of time charter hire costs.

(including for the two transactions closed in January and April 2019 for the M/T Cielo di Houston and M/T High Voyager, respectively). The amount for 2018 refers to the amortisation of the net deferred result on all vessels which had been sold and leased back as at the end of September 2018.

EBITDA was US\$ 104.2 million in 2019 compared with **US\$ 17.5 million in 2018**. The adjustment to 'EBITDA' arising from the application of IFRS 16 is positive, amounting to US\$ 35.1 million in 2019, as within the Income Statement, charter hire costs are replaced with other direct operating costs, interest and depreciation. **Excluding the effect of IFRS 16, DIS' EBITDA would have amounted to US\$ 69.1 million in 2019 vs. US\$ 17.5 million achieved in the previous year.** This large improvement relative to last year, is attributable to the stronger freight markets and to a more efficient cost structure achieved by DIS.

Depreciation, impairment and impairment reversal amounted to US\$ (58.6) million in 2019 vs. US\$ (34.8) million in 2018. The 2019 amount includes US\$ (15.5) million impairment booked on four vessels owned by d'Amico Tankers d.a.c. and on two vessels (one of which was sold in October 2019) owned by Glenda International Shipping (a jointly controlled entity with the Glencore Group, in which d'Amico Tankers d.a.c. has a 50% interest), which were reclassified as 'assets held for sale' (in accordance with IFRS 5) as at 31 December 2019, with the difference between their fair value less cost to sell and their book value charged to the Income Statement.

Depreciation of right-of-use leased assets amounted to US\$ (30.6) million in 2019. This item does not have a comparative in 2018 as it arises from the application of IFRS 16 from 1 January 2019.

EBIT was **positive for US\$ 15.1 million in 2019** compared to a negative result of US\$ (17.3) million in 2018.

Net financial income was US\$ 0.8 million in 2019 vs. US\$ 5.0 million in 2018. The 2019 amount includes 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 amounting to US\$ 0.4 million; it includes also the realised income on settled interest rate swaps amounting to US\$ 0.03 million, as well as US\$ 0.4 million exchange differences. The total amount for 2018 comprised mainly US\$ 2.2 million positive impact arising from the equity release of certain interest rate swap agreements (following the sale and lease back of four vessels), in addition to an unrealized gain of US\$ 1.9 million arising from the ineffective part of DIS' interest rate swap agreements.

Net financial charges amounted to US\$ (45.0) million in 2019 vs. US\$ (34.3) million in 2018. The 2019 amount comprises US\$ (43.6) million in interest expenses and amortized financial fees due on DIS' bank loan facilities, actual expenses on interest rate swaps and interest on financial leases, as well as US\$ (1.4) million unrealised losses in relation to the ineffective part of DIS' interest rate swap agreements. The 2019 amount includes also US\$ (7.1) million interest expenses on liabilities arising from the application of IFRS 16.

Reversal of impairment of loan to an equity accounted investee was positive for US\$ 0.9 million in 2019 due to the partial reversal of the write-down of d'Amico Tankers d.a.c.'s shareholder loan to DM Shipping (a 51/49 jointly controlled entity with the Mitsubishi Group). The 2018 amount of US\$ (7.5) million was due to the write-down of the same shareholder loan to DM Shipping, following the management's decision to sell the two vessels owned by DM Shipping in the course of 2019.

DIS recorded a **Loss before tax of US\$ (26.9) million in 2019** vs. US\$ (54.1) million in the previous year.

Income taxes amounted to US\$ (0.6) million in 2019 vs. US\$ (1.0) million in 2018.

DIS' **Net Result** for **2019** was of **US\$ (27.5) million** compared with a Net loss of US\$ (55.1) million in 2018. The application of IFRS 16, negatively impacted the 2019 results by US\$ (2.7) million, and net of the one-off reversal of provisions for previous years' onerous contracts, also attributable to the application of IFRS 16, the results for the period were lower by US\$ (2.0) million. Excluding results on disposals and non-recurring financial items from 2019 (US\$ (2.3) million¹⁶) and from 2018 (US\$ 4.9 million¹⁷), as well as the asset impairment (US\$ (15.5) million in 2019 vs. US\$ (4.9) million in 2018) and the net effects of IFRS 16, DIS' Net result would have amounted to US\$ (7.7) million in

¹⁶ US\$ (2.0) million loss on disposal, US\$ (1.3) million realized and unrealized loss on Interest rates swap agreements, US\$ 0.2 million foreign exchange movements arising from the valuation of the DM Shipping financing, US\$ 0.9 million reversal of impairment of an equity-invested asset.

¹⁷ US\$ 0.2 million profit on disposal, US\$ 4.2 million realized and unrealized profit on Interest rates swap agreements, US\$ 0.5 million foreign exchange movements arising from the valuation of the DM Shipping financing.

2019 (US\$ 7.4 million in Q4 2019) compared with US\$ (57.4) million recorded in the previous year (US\$ (13.0) million in Q4 2018). Therefore, **excluding the effects of the application of IFRS 16 and such non-recurring effects, DIS' Net result for 2019 would have been US\$ 49.7 million higher than in the previous year.** This marked improvement is mainly attributable to the better market conditions and to a more efficient cost structure in 2019. Q4 2019 represents also DIS' first profitable quarter since Q1 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	As at 31 December 2019	As at 31 December 2018
ASSETS		
Non-current assets	980,042	924,164
Current assets	92,376	115,573
Assets held for sale	59,631	-
Total assets	1,132,049	1,039,737
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	352,465	337,343
Non-current liabilities	590,869	539,518
Current liabilities	188,715	162,876
Total liabilities and shareholders' equity	1,132,049	1,039,737

Non-current assets mainly relate to DIS' owned vessels net book value, including right-of-use leased assets and the portion relating to its new-building under construction as at year-end 2018 (there no vessels under construction as at 31 December 2019). The application of IFRS 16 led to the recognition of an additional US\$ 119.5 million in assets as at the end of December 2019. According to the valuation report provided by a primary broker, the estimated market value of DIS' owned and bareboat fleet as at 31 December 2019 was of US\$ 874.5 million.

Gross Capital expenditures (Capex) were of US\$ 65.2 million in 2019 vs. US\$ 101.5 million in 2018. The amount comprises mainly the instalments paid on the newbuilding vessels under construction at Hyundai-Mipo. Dry-dock costs pertaining to owned vessels are also capitalized.

Current assets as at 31 December 2019 amounted to US\$ 92.4 million, excluding assets held for sale. As at the same date, in addition to the working capital items (inventories and trade receivables amounting to US\$ 10.1 million and US\$ 41.4 million, respectively), current assets include 'cash and cash equivalent' of US\$ 33.6 million and d'Amico Tankers' shareholder loan to DM Shipping (a 51/49 jointly controlled entity with the Mitsubishi Group) of US\$ 0.5 million. Current assets as at 31 December 2019 include also US\$ 4.4 million relating to funds deposited by d'Amico Tankers d.a.c. with d'Amico Finance d.a.c. (please refer to the disclosures on related parties in the notes to the consolidated Financial Statements) in respect of interest rate swap contracts.

Current assets include also *Assets held-for-sale*. The amount of US\$ 59.6 million refers to four vessels owned by d'Amico Tankers d.a.c. and one vessel owned by Glenda International Shipping (a jointly controlled entity with the Glencore Group, in which d'Amico Tankers d.a.c. has a 50% interest), which were reclassified as 'Assets held for sale' (in accordance with IFRS 5) as at 31 December 2019, with the difference between their fair value and their book value charged to the Income Statement. Following the impairment allocation, a net carrying value of US\$ 59.6 million was transferred to this line of the Statement of Financial Position as at the end of the period end.

Non-current liabilities were of US\$ 590.9 million as at 31 December 2019 and mainly consist of the long-term portion of debt due to banks (disclosed under the Net Indebtedness section of the report) and of liabilities for financial leases. The amount as at 31 December 2019 includes an additional US\$ 98.1 million corresponding to the liabilities arising from the application of IFRS 16.

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 as at 31 December 2019, working capital items amounting to US\$ 38.2

million (mainly relating to trade and other payables), US\$ 37.7 million in liabilities from financial leases, and US\$ 12.5 million in other current financial liabilities. The application of IFRS16 led to an increase of US\$ 26.2 million in the current liabilities' balance as at 31 December 2019.

Shareholders' equity amounted to US\$ 352.5 million as at 31 December 2019 (US\$ 337.3 million as at December 31, 2018). The variance relative to year-end 2018 is primarily due to the US\$ 49.8 million share capital increase that occurred in the month of April 2019, the Net loss generated in 2019, and the change in the valuation of cash-flow hedges. The total amount of Shareholders' equity as at 31 December 2019 includes also a US\$ (4.7) million prior year adjustment arising from the application of IFRS16.

NET INDEBTEDNESS *

DIS' Net debt as at 31 December 2019 amounted to **US\$ 682.8 million** compared to US\$ 588.7 million at the end of 2018. The large variance relative to the end of 2018 is due to the application of IFRS16 which led to the recognition of an additional liability of US\$ 122.8 million as at the end of 2019. The net debt (excluding IFRS16) / fleet market value ratio was of 64.0% as at the end of 2019 compared with 72.9% as at the end of December 2018.

<i>US\$ Thousand</i>	As at 31 December 2019	As at 31 December 2018
Liquidity - Cash and cash equivalents	33,598	31,713
Other current financial assets	2,334	1,116
Other current financial assets – related party **	4,931	17,089
Total current financial assets	40,863	49,918
Bank loans and other lenders– current	94,942	91,238
Liabilities from financial lease	37,736	8,369
Shareholders' financing	5,000	1,280
Other current financial liabilities – 3 rd parties	6,465	7,876
Other current financial liabilities – related party **	6,008	-
Total current financial debt	150,151	108,763
Net current financial debt	109,288	58,845
Other non-current financial assets – third parties	17,347	9,655
Total non-current financial assets	17,347	9,655
Bank loans non-current	270,169	338,622
Liabilities from financial lease	313,418	165,298
Shareholders' financing	-	30,600
Other non-current financial liabilities – 3 rd parties	7,282	4,998
Total non-current financial debt	590,869	539,518
Net non-current financial debt	573,522	529,863
Net financial indebtedness	682,810	588,708

* See Alternative Performance Measures on page 28

** Please refer to the disclosures on related parties in the notes to the consolidated Financial Statements

The balance of *Total Current Financial Assets* was US\$ 40.9 million as at the end of 2019. The total amount comprises *Cash and cash equivalents* of US\$ 33.6 million, US\$ 0.5 million outstanding shareholder's loan to DM Shipping (a 51/49 jointly controlled entity with the Mitsubishi Group), and short-term financial receivables of US\$ 4.4 million, which mainly consist of funds deposited by d'Amico Tankers d.a.c. with d'Amico Finance d.a.c. , in respect of interest rate swap contracts.

Total Non-Current Financial Assets comprise mainly deferred losses on sale and lease back transactions.

The total outstanding bank debt (*Bank loans*) as at 31 December 2019 amounted to US\$ 365.1 million, of which US\$ 94.9 million is due within one year. Other than some short-term credit lines, DIS' debt as at 31 December 2019

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\$ 279.0 million (originally US\$ 250.0 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\$ 163.2 million;
- (ii) DnB NOR Bank 5 years term-loan facility to finance 1 MR vessel built in 2012, for a total outstanding debt of US\$ 14.8 million;
- (iii) ING 5 years term-loan facility to finance 1 MR vessel built in 2012, for a total outstanding debt of US\$ 14.2 million;
- (iv) ABN Amro 6 years term loan facility to finance 1 Handysize vessel built in 2014 for a total outstanding debt of US\$ 13.5 million;
- (v) 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\$ 33.8 million;
- (vi) 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\$ 5.8 million;
- (vii) Monte dei Paschi di Siena 5 years term-loan facility to finance 1 LR1 vessel (delivered in November 2017), with an outstanding debt of US\$ 22.3 million;
- (viii) Century Tokyo Leasing 6 years term-loan facility to finance 2 Handy-size vessels delivered respectively in July and October 2016 and 1 MR vessel delivered in January 2017, with an outstanding debt of US\$ 55.5 million;
- (ix) In addition, DIS' debt comprises also its portion of the bank loans of its joint venture 'Glenda International Shipping d.a.c.' with Credit Suisse and Cross Ocean AGG Company I (owned by Cross Ocean Partners), amounting to US\$ 25.4 million, to finance the 4 Glenda International Shipping d.a.c. vessels, built between 2010 and 2011.

Liabilities for financial leases include the financial leases on M/T High Fidelity, M/T High Discovery, M/T High Priority, M/T High Freedom, M/T High Trust, M/T High Loyalty, M/T High Trader, M/T Cielo di Houston and M/T High Voyager, which were sold and leased back between 2017 and 2019. In addition, 'liabilities for financial leases' include US\$ 122.8 million arising from the application of IFRS 16 on contracts previously classified as 'operating leases'.

Other Non-current financial liabilities include the negative fair value of derivative hedging instruments (interest rate swap agreements) and the deferred profit on disposal on financial sale and leaseback transactions.

CASH FLOW

In 2019, DIS' **Net Cash Flow was positive for US\$ 2.4 million** vs. US\$ 2.8 million in 2018. The total amount of 2019 includes *gross capital expenditures* of US\$ (65.2) million, partially offset by: i) US\$ 15.4 million *Movement in financing to equity accounted investee* (arising from the reduction of d'Amico Tankers' shareholders loan to DM Shipping, following the sale of its two vessels in Q2 and Q3 2019); ii) US\$ 9.4 million *Proceeds from disposal of fixed assets* (arising from the sale of Glenda Megan, a vessel owned by Glenda International Shipping, in Q4 2019); iii) US\$ (16.4) million negative financing cash flow; and iv) US\$ 59.3 million positive operating cash flow.

<i>US\$ Thousand</i>	2019	2018
Cash flow from operating activities	59,274	7,587
Cash flow from investing activities	(40,425)	(79,420)
Cash flow from financing activities	(16,452)	74,589
Change in cash balance	2,397	2,756
Cash and cash equivalents net of bank overdrafts at the beginning of the year*	15,120	12,363
Cash and cash equivalents at the end of the year	33,598	31,713
Bank overdrafts at the end of the year	(16,081)	(16,593)
Cash and cash equivalents net of bank overdrafts at the end of the year	17,517	15,120

* Please refer to note n.1 of the consolidated accounts

Cash flow from operating activities was positive, amounting to US\$ 59.3 million in 2019 vs. US\$ 7.6 million in 2018. This improvement is attributable to the much stronger freight markets in 2019 relative to the same period of last year.

The net **Cash flow from investing activities** was of US\$ (40.4) million in 2019 vs. US\$ (79.4) million in 2018. The 2019 amount comprises the capital expenditures in connection with the installments paid on the two new-building vessels delivered respectively in January 2019 (sold and leased back upon delivery) and October 2019. This was partially offset by US\$ 15.4 million arising from the reduction of d'Amico Tankers' shareholders loan to DM Shipping, following the sale of its two vessels in Q2 and Q3 2019 and by US\$ 9.4 million in proceeds from the disposal of the M/T Glenda Megan, a vessel owned by Glenda International Shipping, in Q4 2019.

Cash flow from financing activities was negative, amounting to US\$ (16.4) million in 2019. This figure comprises mainly: (i) US\$ 48.8 million net proceeds from the share capital increase completed in Q2 2019; (ii) US\$ (26.9) million reimbursement of the financing previously granted by DIS' majority shareholder (d'Amico International S.A.); (iii) US\$ (91.9) million in bank debt repayments (of which US\$ 8.75 million were due to the reimbursement of the pre-delivery financing on M/T Cielo di Houston, which was sold and leased back; US\$ 15.8 million were due to the reimbursement of the financing on M/T High Voyager, which was also sold and leased back; and US\$ 9.7 million were due to the reimbursement of the loans on M/T Glenda Megan and M/T Glenda Meredith, two vessels owned by Glenda International Shipping, with the first being sold in October 2019 and the second classified as 'assets held for sale' at the end of 2019); (iv) US\$ 25.2 million in bank debt drawdowns mainly in relation to the delivery of M/T Cielo di Londra in October 2019; (v) US\$ 25.2 million repayment and draw-down of financial leases, which mainly comprised the inception of the leases on M/T Cielo di Houston and M/T High Voyager; (vi) US\$ 2.9 million movement in financial receivables and payables, mainly relating to funds deposited by d'Amico Tankers d.a.c. with d'Amico Finance d.a.c. (please refer to the disclosures on related parties in the notes to the consolidated Financial Statements) in respect of interest rate swap contracts, offset by a US\$ 4.4 million upstream loan received from Eco Tankers Limited, following the sale of its vessel (M/T High Sun) in Q2 2019.

QUARTERLY RESULTS

FOURTH QUARTER RESULTS

<i>US\$ Thousand</i>	Q4 2019	Q4 2018
Revenue	93,028	97,865
Voyage costs	(20,822)	(33,697)
Time charter equivalent earnings*	72,206	64,168
Time charter hire costs	(6,458)	(30,185)
Other direct operating costs	(27,446)	(20,200)
General and administrative costs	(2,875)	(4,118)
Result from disposal of vessels	(543)	18
EBITDA*	34,884	9,683
Depreciation, impairment and impairment reversal	(12,819)	(5,490)
Depreciation of right-of-use leased asset	(7,726)	-
EBIT*	14,339	4,193
Financial income	-	2,230
Financial (charges)	(9,086)	(10,961)
Share of profit (loss) of equity accounted investee	(3)	(1,349)
Impairment of of loan to an equity accounted investee	-	(7,526)
Profit / (loss) before tax	5,250	(13,413)
Income taxes	(302)	(513)
Net profit / (loss)	4,948	(13,926)

* See Alternative Performance Measures on page 28

MARKET AND KEY OPERATING MEASURES REVIEW BY QUARTER *

	Q1	Q2	Q3	Q4	FY
Total vessel equivalent					
2019	49.4	49.8	48.5	47.6	48.8
2018	55.1	55.5	56.2	50.6	54.4
Off-hire days/available vessel days (%)					
2019	3.9%	0.6%	1.3%	1.4%	1.8%
2018	0.6%	0.6%	1.7%	0.8%	0.9%
TCE earnings per employment day (US\$)					
2019	14 057	13 710	13 264	15 965	14 239
2018	13 446	11 818	10 680	12 892	12 184

* See Alternative Performance Measures on page 28

FINANCIALS BY QUARTER

The 2019 quarterly financials largely reflect the performance of freight markets during that period.

<i>US\$ Thousand</i>	Q1	Q2	Q3	Q4	FY
Revenue	91,031	87,387	82,088	93,028	353,534
Voyage costs	(27,173)	(24,938)	(22,269)	(20,822)	(95,202)
Time charter equivalent earnings*	63,858	62,449	59,819	72,206	258,332
Time charter hire costs	(10,220)	(7,230)	(7,842)	(6,458)	(31,750)
Other direct operating costs	(27,691)	(26,433)	(26,755)	(27,446)	(108,325)
General and administrative costs	(3,422)	(2,458)	(3,234)	(2,875)	(11,989)
Result on disposal of vessels	(107)	(841)	(551)	(543)	(2,042)
EBITDA*	22,418	25,487	21,437	34,884	104,226
Depreciation, impairment and impairment reversal	(10,946)	(22,986)	(11,847)	(12,819)	(58,597)
Depreciation of right-of-use leased asset	(6,294)	(9,113)	(7,472)	(7,726)	(30,604)
EBIT*	5,178	(6,612)	2,118	14,339	15,025
Net Financial income	458	766	6	-	823
Net Financial (charges)	(11,979)	(13,896)	(10,414)	(9,086)	(44,968)
Share of profit (loss) of equity accounted investee	(18)	1,269	(5)	(3)	1,243
Reversal of impairment of loan to an equity accounted investee	945	(226)	215	-	934
Profit/ (loss) before tax	(5,416)	(18,699)	(8,080)	5,250	(26,943)
Income taxes	(100)	(107)	(75)	(302)	(584)
Net profit / (loss)	(5,516)	(18,806)	(8,155)	4,948	(27,527)

* See Alternative Performance Measures on page 28

The following table shows the Net Debt at the end of the fourth quarter compared with the figures at end of the third quarter of 2019:

<i>US\$ Thousand</i>	As at 31 December 2019	As at 30 September 2019
Total current financial assets	40,863	43,406
Total current financial debt	150,151	126,148
Net current financial debt	109,288	82,742
Total non-current financial assets	17,347	17,928
Total non-current financial debt	590,869	620,458
Net non-current financial debt	573,522	602,530
Net financial indebtedness*	682,810	685,272

* See Alternative Performance Measures on page 28

SIGNIFICANT EVENTS IN THE YEAR

In 2019, the main events for the d'Amico International Shipping Group were the following:

D'AMICO INTERNATIONAL SHIPPING:

- **Board of Directors Meeting:** On 8 February 2019, the Board of Directors of d'Amico International Shipping S.A. (the "Board of Directors") convened the extraordinary general meeting of shareholders of the Company to be held on 11 March 2019 (the "EGM") proposing to the EGM to increase the authorised corporate capital of the Company from 750,000,000 to 1,750,000,000 shares with the intention, subject to the approval of the EGM and to market conditions, to execute in the weeks following the EGM a Capital Increase respecting the following conditions:

- i) amount of up to US\$ 60 million;
- ii) Theoretical ex-rights price ("TERP") discount of up to 25%.

DIS' Board of Directors also resolved to set an extraordinary period for the exercise of the "d'Amico International Shipping Warrants 2017 – 2022", ISIN code n. LU1588548724 (the "Warrants"), as set out in art. 3.3.1. of the terms and conditions attached to the Company's prospectus dated 18 April 2017 (the "2017-2022 Warrants Terms and Conditions"), starting from 12 March 2019 until 18 March 2019, both dates included (the "Extraordinary Exercise Period").

- **Shareholders' Extraordinary General Meeting:** On 11 March 2019 the EGM of DIS resolved:
 - i) to approve the proposed reduction of the accounting value of each share of the issued share capital of the Company from its former amount of US\$ 0.10 per share to US\$ 0.05 per share without cancellation of any shares in issue nor repayment of any share nor off-setting of any losses, as proposed by the Board of Directors in the explanatory report published on 8 February 2019 and available to Shareholders in the Corporate Governance section of the Company's website (www.damicointernationalshipping.com);
 - ii) to consequently reduce the amount of the issued share capital from its former amount of US\$ 65,375,802.50 to US\$ 32,687,901.25, allocating the amount resulting from the reduction to a special capital account (*apport en capitaux propres non rémunéré par des titres*), which is part of the premium accounts of the Company;
 - iii) to set the authorised corporate capital, including the issued share capital, at a total amount of US\$ 87,500,000 divided into 1,750,000,000 shares with no nominal value, approving the related proposed amendment to DIS' Articles of Association; and
 - iv) to renew, with immediate effect and 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 rights of the existing shareholders.

On 18th March 2019 DIS announced that during the extraordinary exercise period, no Warrants were exercised. Consequently, DIS' share capital remained unchanged at US\$ 32,687,901.25 divided into 653,758,025 shares with no nominal value.

- **Board of Directors Meeting:** On 20 March 2019, the Board of Directors of d'Amico International Shipping S.A., exercising the powers delegated by the EGM of Shareholders of 11 March 2019 – resolved:
 - i) to approve a rights issue addressed to the shareholders of the Company consisting of (i) an offering by the Company with preferential subscription rights (the "Preferential Subscription Rights") of new shares (the "New Shares") of the Company (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, with cancellation in this second round of offering of any preferential subscription right (the "Private Placement", together with the Rights Offering, the "Offering");
 - ii) 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 US\$ equivalent of € 44,045,318 (including share premium), through the issuance of up to 587,270,900 New Shares, that will generally in all respects rank pari passu with the existing shares, at an issuance price per New Share of € 0.075 (the "Issuance Price"), in the ratio of 10 New Shares for every 11 Preferential Subscription Rights exercised (the "Ratio").

It was also communicated that the net proceeds of the Offering will be used to strengthen the Company's balance sheet, reducing its financial leverage and improving its liquidity position.

The Issuance Price of the New Shares incorporated a discount of 25% to the reference price of d'Amico International Shipping shares on the Mercato Telematico Azionario of Borsa Italiana S.p.A. ("MTA") as at 19 March 2019, a discount of 43% to the simple average of the reference market prices registered by d'Amico International Shipping's shares during the last six months and a discount of 15% to the theoretical-ex-rights-price ("TERP").

The controlling shareholder of the Company – d'Amico International S.A. ("DAM"), which owned 64.00% of the share capital of the Company – irrevocably undertook and committed to subscribe to any share that were not subscribed to in the Private Placement and on the same terms, notably as to pricing, as determined by the Company at the Board of Directors meeting held on 20 March 2019.

In the context of the Offering DAM converted a long term subordinated revolving facility, which amounted to US\$ 30,600,00.00, to an unsubordinated due and payable debt. DAM subscribed a part of the capital increase by offsetting the outstanding due and payable facility.

- **Adjustment of Warrants exercise price following the Offering and notification to Consob of the updated version of KID regarding Warrants:** On March 29, 2019, d'Amico International Shipping S.A. announced that the exercise price of the DIS Warrants were adjusted according to article 6.1.1 of the terms and conditions of the 2017-2022 Warrants Terms and Conditions.

The Warrants exercise prices were reduced for all the established exercise periods and additional exercise periods that will follow the completion of the Offering (as defined in the prospectus dated 21 March 2019, the "2019 Prospectus") and were fixed at:

- € 0.327 for Warrants exercised on all the days of the month of June 2019;
- € 0.341 for Warrants exercised on all the days from 27 November to 27 December 2019;
- € 0.354 for Warrants exercised on all the days of the month of June 2020;
- € 0.368 for Warrants exercised on all the days from 27 November to 27 December 2020;
- € 0.382 for Warrants exercised on all the days of the month of June 2021;
- € 0.397 for Warrants exercised on all the days from 27 November to 27 December 2021;
- € 0.412 for Warrants exercised on all the days of the month of June 2022.

Results of the Rights Offering

During the Preferential Subscription Rights' exercise period, which started on March 25, 2019 and ended on April 16, 2019 (the "Rights Subscription Period"), no. 628,392,688 Preferential Subscription Rights were exercised, representing approximately 97.3% of the total number of Preferential Subscription Rights. Given the ratio of 10 New Shares for 11 Preferential Subscription Rights, the Company issued 571,266,080 New Shares, generating gross proceeds equal to the US\$ equivalent of € 42.8 million.

- **The Board of Directors of d'Amico International Shipping S.A. announced the amendment of the ending date for the private placement, the private placement results and final results of the right issue. Capital increase 100% subscribed and gross proceeds of the offering equal to the US\$ equivalent of € 44 million:** On April 24, 2019, the Board of Directors of d'Amico International Shipping S.A., following the offering of up to 587,270,900 New Shares with Preferential Subscription Rights announced the ending, as of that date, of the private placement period for the unsubscribed New Shares.

During the Private Placement 16,004,820 New Shares were subscribed (representing an additional capital increase - including share premium - amounting to the US\$ equivalent of € 1,200,361.50).

Following the completion of the Private Placement, the Company's share capital amounted to US\$ 62,051,446.25, divided into 1,241,028,925 shares with no nominal value.

- **Amendment of financial covenants on all bank loans guaranteed by DIS** – The application of IFRS16 from January 1, 2019 had a negative effect of 4.3% on DIS' Net Worth/Total Assets ratio, based on the Company's consolidated

financials as at 31 March 2019. To offset the impact of this new accounting standard, before the end of Q1 2019, all of DIS' banks agreed to amend the financial covenants on loans guaranteed by DIS, with a reduction of the minimum threshold for this ratio to 25% from 35% previously. The amended covenant is effective from January 1, 2019.

- **Approval of DIS' medium to long-term incentive plan:** on 9 May 2019, d'Amico International Shipping S.A.'s Board of Directors, upon positive opinion of its Nomination and Remuneration Committee held on May 3, 2019, approved the Regulation of the Company's medium to long-term incentive plan (the "Medium to Long-Term Variable Incentive Plan 2019-2021" or the "Incentive Plan" or the "Plan"), available in the Corporate Governance section of the Company's website (www.damicointernationalshipping.com).

The main beneficiaries of the Plan are the following top-managers and executive directors of DIS: Paolo d'Amico (CEO and Chairman), Carlos Balestra di Mottola (CFO and Executive Director), Flemming Carlsen (COO), Cesare d'Amico (Executive Director), Marie-Anne Fiorelli (head of operations).

The main features of the Plan are the following:

The plan is based on the average financial results achieved by DIS over three rolling two-year periods ("the Period(s)" or "Cycle(s)"). The first Period is 2019-2020. The plan seeks to align the interest of shareholders and the key decision makers in DIS. In particular, the plan establishes a bonus pool based on the average ROCE (Return on Capital Employed) achieved by DIS over each rolling two-year Period, with a minimum threshold of 5% established – the "gate" objective. The bonus pool is then calculated as 10% of the difference, if positive, between the average EBIT achieved during the Period and the EBIT corresponding to an average ROCE of 5%, up to a maximum EBIT corresponding to a ROCE of 7.5%.

The Bonus Pool is allocated according to three targets that aim to measure DIS' financial performance while accounting for the risks taken, the soundness of the contract coverage strategy and the cost efficiency of the management structure. In particular, the three targets measured are:

- i) the adjusted ROCE (40% of the pool), which modifies the ROCE through a matrix which accounts for the financial leverage in DIS' capital structure and the percentage of contract coverage;
- ii) the hedging effectiveness (35% of the pool), which measures whether the coverage taken contributed positively or negatively to the blended time-charter equivalent earnings;
- iii) the percentage change in the daily General and Administrative costs (25% of the pool), which attempts to measure how efficiently the vessels were managed.

For each of the above targets minimum thresholds are established and the percentage allocated increases linearly once such threshold is exceeded, up to a maximum of 110% of the amount attributable to the achievement of such target. A final adjustment to the bonus pool is made to reflect the total shareholder return (TSR) obtained by DIS' shareholders during the Period, relative to the TSR which would have been achievable by investing in the shares of a group of peers.

The final bonus as calculated above is paid 70% in cash at the end of the vesting period of each Cycle, and the remaining 30% through DIS shares (free of charge) in the two years following the vesting period (15% each year).

The number of DIS shares allotted will be based on the arithmetic average of the official market closing prices of DIS' ordinary shares in the month prior to the Company's Board of Directors that will verify the results achieved in the corresponding vesting period.

The DIS shares serving the Plan, are those held in portfolio by the Company as at 12 March 2020 (n. 8,642,027 own shares without nominal value, following the 882,000 own shares repurchased between 20 and 24 January 2020 – see significant events since the end of the period below).

- **Second exercise period of DIS' Ordinary shares warrants 2017-2022:** On 31 May 2019, d'Amico International Shipping S.A. confirmed that the holders of "d'Amico International Shipping Warrants 2017 – 2022", ISIN code n. LU1588548724 (the "Warrants") could apply for their Warrants, to be exercised on any Borsa Italiana S.p.A. ("Borsa") trading day starting from June 3, 2019 until June 28, 2019, both dates included (the "Second Exercise

Period”), with the right to subscribe for newly issued ordinary shares of DIS admitted to trading on the MTA market organized and managed by Borsa, without par value and with the same rights and features as the DIS ordinary shares outstanding at the issue date (the “Warrant Shares”), in the ratio of one (1) ordinary DIS share for one (1) Warrant exercised. The exercise price for the Second Exercise Period amounted to EUR 0.327 (zero point three hundred and twenty-seven Euros) per Warrant Share. Following the completion of the Second Warrants exercise period, in which 3,199 Warrants were exercised, leading to the issuance of 3,199 new ordinary shares, the Company’s share capital amounted to US\$ 62,051,606.20, divided into 1,241,032,124 shares with no nominal value.

- **Approval of the amended buyback programme:** on 13 November 2019, d’Amico International Shipping S.A.’s Board of Directors approved some amendments to the buy-back programme as initially approved on 4 May 2016, following the authorization from the Company’s Annual General Meeting of Shareholders, held on 20 April 2016 (the “Programme”).

The Board of Directors was authorized to repurchase the Company’s own shares in one or more tranches, with a power of sub-delegation, for a maximum period of five (5) years starting from 20 April 2016 (i.e. date of the relevant shareholders’ meeting approving the renewal of the authorization) and thus expiring on 20 April 2021.

The purpose of the Programme as initially identified by the Board of Directors in its meeting of 4 May 2016 (see Company press release issued on the same day) remains unchanged and is the creation of an “inventory of treasury shares” that will be available as a means of payment, exchange, transfer, contribution, assignment or other types of disposals associated with transactions linked to the Company and its subsidiaries’ operations and with any projects offering an effective investment opportunity in line with the strategic policy of the Company. These include agreements with strategic partners, acquisition of shareholdings or share packages or other extraordinary finance transactions that involve the allocation or assignment of own shares (e.g. merger, demerger, issuance of convertible debentures or warrants, etc.), and more widely for any purposes permitted under the applicable laws and regulations, including but not limited to placing the Company in a position to offer all of its own shares for distribution to the Company’s and its subsidiaries’ and controlling companies’ directors, officers or employees, whether or not pursuant to the implementation of a stock option plan as approved and/or amended from time to time by the Company itself.

Due to the recent changes by the Italian competent authority with regards to accepted market practices relating to the repurchase of own shares classified as “inventory of treasury shares” and that DIS’ former stock option plan approved by the Company’s Shareholders on 20 April 2016 and referred to upon the Board of Directors’ approval of the Programme (see press release of 4 May 2016) isn’t in force anymore – DIS’ Board of Directors decided to allocate all of the residual Company’s own shares re-purchasable as per the Shareholders’ authorization (amounting to 35,091,329 own shares) indiscriminately to the above described “inventory of treasury shares” purpose.

The maximum value of own shares that can be repurchased under the Programme cannot exceed Euro 17.5 million.

The Programme shall be carried out using available reserves and/or distributable earnings sufficient for the planned repurchase of fully paid-up own shares, subject to these transactions not having the effect of reducing the Company’s net assets below the amount mentioned in paragraph 1 & 2 of Article 461-2 of the Luxembourg Law (i.e. the aggregate of the subscribed share capital and the reserves which may not be distributed according to the law or the Articles of Association of the Company), and at a price per share within the following range:

- (i) a minimum which shall not be 10% lower than the official share price reported in the trading session on the day before each individual transaction is executed;
- (ii) a maximum which shall not be 10% higher than the official share price reported in the trading session on the day before each individual transaction is executed.

Regarding the Programme’s implementation, the Company confirms that the repurchase and disposal of own shares will be executed and coordinated by Equita SIM S.p.A., an equity broker duly engaged for this purpose, which will act completely independently and without any influence from the Company regarding the moment of such repurchases, in accordance with the relevant applicable laws and of the above mentioned Shareholders’ authorization from 2016.

- **Third additional exercise period of DIS' Ordinary shares warrants 2017-2022:** On 26 November 2019, d'Amico International Shipping S.A. confirmed that the holders of "d'Amico International Shipping Warrants 2017 – 2022 could apply for their Warrants to be exercised on any Borsa Italiana S.p.A. ("Borsa") trading day starting from November 27, 2019 until December 27, 2019 in the "Third Additional Exercise Period", with the right to subscribe for newly issued ordinary shares of DIS admitted to trading on the MTA market organized and managed by Borsa, without par value and with the same rights and features as the DIS ordinary shares outstanding at the issue date, in the ratio of one ordinary DIS share for one Warrant exercised. The exercise price for the Third Additional Exercise Period was of EUR 0.341 per Warrant Share, which had to be fully paid at the time of submission of the exercise notice. Following the completion of the Third Additional Warrants exercise period, in which 350 Warrants were exercised and 350 new ordinary shares were issued, the Company's share capital as at 31 December 2019 amounted to US\$ 62,051,623.70, divided into 1,241,032,474 shares with no nominal value.

D'AMICO TANKERS D.A.C.:

- **Newbuilding vessels:** In January 2019, M/T Cielo di Houston, an 'Eco' new-building LR1 product tanker built by Hyundai Mipo Dockyard Co. Ltd. (South Korea) at their Hyundai Vinashin Shipyard Co. Ltd. in Vietnam, was delivered to the Group.

In October 2019, M/T Cielo di Londra, an 'Eco' new-building LR1 product tanker built by Hyundai Mipo Dockyard Co. Ltd. (South Korea) at their Hyundai Vinashin Shipyard Co. Ltd. in Vietnam, was delivered to the Group.

- **'Time Charter-in' and 'Commercial management' Fleet:** In January 2019, the time-charter-in contract on M/T Freja Hafnia, an MR vessel built in 2006, expired and d'Amico Tankers d.a.c. acted as commercial manager of the vessel, earning a 2% commission on her gross revenues. In the same month, the management contract on M/T High Beam ended and the Vessel was redelivered to her owners.

Between February and March 2019, the management contracts on M/T Freja Hafnia and M/T High Force ended and these vessels were redelivered to their owners.

In April 2019, the management contracts on M/T High Glow and M/T High Current ended and these vessels were redelivered to their owners.

In April 2019, d'Amico Tankers d.a.c. time-chartered-in M/T Celsius Rimini (ex-High Force), an MR vessel built in 2009 in Shin Kurushima (Japan), for a 12-month period.

In May 2019, M/T High Power, an MR vessel built in 2004 and time-chartered-in by d'Amico Tankers d.a.c. since 2015, was redelivered to her owners.

In May 2019, M/T Philoxenia, an MR vessel built in May 2019, was delivered to d'Amico Tankers d.a.c., which is now acting as commercial manager of the vessel, earning a 2% commission on her gross revenues.

In September 2019, M/T Di Matteo (ex-High Strength), an MR vessel built in 2009 and time-chartered-in by d'Amico Tankers d.a.c. since April 2019, was redelivered to her owners.

In October 2019, M/T Falcon Bay (ex-Glenda Megan), an MR vessel built in 2009, was delivered to d'Amico Tankers d.a.c., which is now acting as commercial manager of the vessel, earning a 2% commission on her gross revenues.

In November 2019, M/T SW Cap Ferrat, a handy vessel built in 2002 and time-chartered-in by d'Amico Tankers d.a.c. since December 2015, was redelivered to her owners.

In December 2019, M/T Eagle Bay, an MR vessel built in 2008, was delivered to d'Amico Tankers d.a.c., which is now acting as commercial manager of the vessel, earning a 2% commission on her gross revenues.

- **'Time Charter-Out' Fleet:** In March 2019: i) d'Amico Tankers d.a.c. extended its time charter contracts with an oil-major on two of its Handy vessels for 12 months starting from respectively March and May 2019; ii) a

leading trading house exercised its option of extending for 6 months a time charter contract for one of d'Amico Tanker's LR1s at an increasing rate, starting from May 2019.

In April 2019, d'Amico Tankers d.a.c. extended its time charter contract with an oil-major on one of its MR vessels for 29 months, with an option for a further six months, starting from 30 April 2019.

In June 2019, d'Amico Tankers d.a.c., extended its time charter contract with an oil-major on one of its MR vessels for 12 months, starting from September 6, 2019.

In July 2019: i) a leading trading house exercised its option of extending for a minimum of 12 months and a maximum of 18 months its time charter contracts for two of d'Amico Tankers' LR1s at increased rates, starting respectively from Q3 and Q4 2019; ii) an oil-major extended its time charter contract on one of d'Amico Tankers' LR1s for a further 12 months, with an option for 12 additional months, starting from January 2020; iii) d'Amico tankers d.a.c. fixed one of its MR vessels with a leading trading house for 150 days; iv) an oil-major exercised its option for extending a time charter contract on one of d'Amico Tankers' MRs for a further 12 months at an increased rate;

In August 2019: i) an oil-major exercised its option for extending a time charter contract on one of d'Amico Tankers' MRs for a further 12 months at an increased rate; ii) d'Amico tankers d.a.c. fixed its newbuilding LR1 vessel, delivered in Q3 2019, with a leading trading house for 24 months, with an option for 12 additional months; iii) d'Amico tankers d.a.c. fixed one of its MR vessels with an oil-major for 3 years.

In September 2019: i) d'Amico Tankers d.a.c. fixed one its Handy vessels with an oil-major for 11 to 14 months; ii) an oil-major exercised its option for extending a time charter contract on one of d'Amico Tankers' Handy vessels for further 6 months at an increased rate.

In October 2019, d'Amico Tankers d.a.c. fixed one its MR vessels with an oil-major for 6 months.

In December 2019, d'Amico Tankers d.a.c. fixed: i) two of its MR vessels with a leading trading house for respectively 24 months and 6 months; ii) one of its MR vessels with an oil-major for 3 years; iii) an oil-major extended its time charter contract on one of d'Amico Tankers' MRs for additional 12 months starting from January 2020.

- **Vessel Sales and Sale-Leasebacks:** In January 2019, DIS announced that its subsidiary d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T Cielo di Houston, a 75,000 dwt LR1 product tanker vessel built by Hyundai-Mipo, South Korea (at their Vinashin facility in Vietnam) and delivered in January 2019. The vessel was sold for a consideration of US\$ 38.6 million. This transaction allowed d'Amico Tankers to generate around US\$ 10.2 million in cash, net of commissions and additional costs, relative to financing the vessel through the previously committed loan facility. In addition, through this transaction d'Amico Tankers maintained full control of the Vessel, since a 10.2-year bareboat charter agreement was also concluded with the buyer. Furthermore, d'Amico Tankers has the option to repurchase the vessel, after approximately 5 years and after approximately 7 years of the commencement of the charter period, at a competitive cost of funds.

In February 2019, DIS announced that DM Shipping d.a.c., a joint venture with the Mitsubishi Group, in which d'Amico Tankers d.a.c. holds a 51% participation, signed a memorandum of agreement for the sale of the M/T High Strength, a 46,800 dwt MR product tanker vessel, built in 2009 by Nakai Zosen Corporation, Japan, for a consideration of US\$ 16.4 million. The Vessel continued its current time-charter out contract with d'Amico Tankers d.a.c. until October 2019. The vessel was delivered to its new owners on 2 April 2019, allowing DM Shipping to generate as at the same date around US\$ 12.3 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.

In March 2019, DIS announced that its subsidiary 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 Voyager, a 45,999 dwt medium-range product tanker vessel, built in 2014 by Hyundai-Mipo, South Korea for a consideration of US\$ 25.7 million. This transaction allowed d'Amico Tankers d.a.c. to generate at the vessel's delivery, on 25 April 2019, around US\$ 9.6 million in cash, net of commissions and the reimbursement of the vessel's existing loan. 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 charter period. Furthermore, d'Amico Tankers d.a.c. has the option to repurchase the vessel, at any time starting from the third anniversary of the vessel's sale with three months' notice, at a competitive cost of funds.

In May 2019, DIS announced that Eco Tankers Limited, a joint venture company with Venice Shipping and Logistics S.p.A., in which d'Amico International Shipping S.A. ("DIS") holds a 33% participation, signed a memorandum of agreement for the sale of the MT High Sun, a 49,990 dwt MR product tanker vessel (the "Vessel"), built in 2014 by Hyundai-Mipo, South Korea (Vinashin), for a consideration of US\$ 28.7 million. This transaction resulted in a profit on disposal and allowed Eco Tankers to generate around US\$ 12.8 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.

In June 2019, DIS announced that DM Shipping d.a.c., a joint venture with the Mitsubishi Group, in which d'Amico Tankers d.a.c. holds a 51% participation, signed a memorandum of agreement for the sale of the M/T High Efficiency, a 46,547 dwt MR product tanker vessel, built in 2009 by Nakai Zosen Corporation, Japan, for a consideration of US\$ 16.1 million. The vessel was delivered to its new owners in September 2019, allowing DM Shipping to generate around US\$ 13.2 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.

In August 2019, Glenda International Shipping d.a.c., the joint venture company with the Glencore Group, in which d'Amico Tankers holds a 50% participation, signed a memorandum of agreement for the sale of the M/T Glenda Megan, a 47,147 dwt MR product tanker vessel, built in 2009 by Hyundai Mipo, South Korea, for a consideration of US\$ 19.0 million. The sale of the ship was finalized in October 2019.

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK

D'AMICO INTERNATIONAL SHIPPING:

Executed buyback program: On 27 January 2020, d'Amico International Shipping S.A. announced that during the period between 20 January and 24 January 2020, n. 882,000 own shares (representing the 0.07107% of the outstanding share capital of the Company) were repurchased on the regulated market managed by Borsa Italiana S.p.A. at the average price per share of Euro 0.1495, for a total consideration of Euro 131,869.20. As at 24 January 2020, d'Amico International Shipping S.A. holds nr. 8,642,027 own shares, representing 0.7% of its outstanding share capital.

The transactions were made and coordinated by an independent equity broker duly engaged for this purpose, Equita SIM S.p.A., in compliance with the Board of Directors resolution of 13 November 2019 and under the authorization to purchase own shares approved by DIS Shareholders' Meeting on 20 April 2016 (as reminded by means of a press release issued on 13 November 2019).

D'AMICO TANKERS D.A.C.:

- **'Time Charter-Out' Fleet:** In January 2020, d'Amico Tankers d.a.c. fixed one of its Handy vessels with a leading trading house for 12 months.
- **'Time Charter-In' Fleet:** In February 2020, the time-charter-in contract on M/T Freja Baltic, an MR vessel built in 2008, ended and the vessel was redelivered to her owners.

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

	As at 31 December 2019				As at 12 March 2020			
	LR1	MR	Handysize	Total	LR1	MR	Handysize	Total
Owned	5.0	11.5	7.0	23.5	5.0	11.5	7.0	23.5
Bareboat chartered*	1.0	8.0	0.0	9.0	1.0	8.0	0.0	9.0
Long-term time chartered	0.0	10.0	0.0	10.0	0.0	9.0	0.0	9.0
Short-term time chartered	0.0	4.0	0.0	4.0	0.0	4.0	0.0	4.0
Total	6.0	33.5	7.0	46.5	6.0	32.5	7.0	45.5

* with purchase obligation

BUSINESS OUTLOOK

The recent outbreak of Covid-19 has significantly reduced global growth expectations for 2020 with Capital Economics expecting as at 9 March 2020, for it to amount to only 2.0%.

Also the IEA has reduced its oil demand growth forecasts for 2020 significantly as a result of Covid-19; while as at January they forecasted an expansion of 1.2 million bpd, as at March they expect a contraction of 100k bpd.

Clarksons' latest outlook for the product tanker market is positive for 2020, with nominal dwt growth in the 'trading' fleet expected to slow to 2.4%, with effective supply increasing even less as time out of service for scrubber retrofit is expected to absorb an average of 0.7% of the product tanker's fleet capacity this year, up from 0.5% in 2019. Clarksons also estimates that despite the effects of Covid-19, the new IMO 2020 sulphur cap regulations will support an acceleration in product tanker demand this year, to around 3.75%, as demand for compliant fuels is expected to support increased gasoil trade, potentially boosting exports from the US, Middle East and China.

Product tanker demand remained firm into the New Year on the back of the seasonal increase in December. However, in the first half of February refinery margins, refinery maintenance and lack of arbitrage opportunities have put product tanker market under pressure. The outbreak of the Coronavirus in China and the extended New Year holidays have significantly reduced product demand, especially for products linked to the transport sector such as jet fuel and diesel.

North America to South America (including Mexico), volumes increased for the third consecutive month in January. This is due mainly to the increase in Brazilian imports. However due to the lack of arbitrage between the USA and Europe there was a surplus supply of ships depressing freight rates in late January.

From the second-half of February, rates started improving in the Atlantic, Middle East and North Asia, driven by growing exports from the US to South America and Europe, increased exports from Europe to West Africa, lower refinery maintenance in the Middle East and increased exports from China to the western hemisphere, in particular of jet fuel.

In January the US authorities took COSCO Dalian off its sanctions list, releasing 26 VLCCs and 3 Suezmaxes, equivalent to around 10% of the VLCC tanker fleet.

The breakdown of negotiations of OPEC+ (the cartel comprising OPEC and other countries including Russia) on March 6, 2020, which has led to the decision to reverse significant oil supply cuts, has led to a sharp drop in oil prices. The immediate effect to the product tanker sector is expected to be positive as bunker prices fall and as more oil is traded.

The key drivers that should affect the product tanker freight markets and d'Amico International Shipping's performance are (i) the growth in global oil supply (ii) refinery margins and throughput (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 tankers market in the medium-term are detailed below:

Product Tanker Demand

- In January the IEA estimated oil demand would grow in 2020 by 1.2 million b/d, an annual change of 1.2%. However, in their March report, due to Covid-19, they reduced their forecast markedly to a contraction of 100 thousand b/d. In Q1 20 they expect oil demand to fall by 2.4 million b/d year, the first quarterly contraction in more than 10 years.
- According to Clarksons, despite Covid-19, total product tanker demand is projected to expand by 3.75% in 2020, with demand for compliant fuels expected to support an increase in the gasoil trade this year, potentially boosting exports from the US, Middle East and China.
- The reversal of OPEC cuts should lead to an increase in the seaborne trade of crude oil providing a near-term boost to crude tankers, with positive spill over effects also for product tankers. The lower oil and therefore bunker prices should also boost earnings for all vessel types. The downside is that the lower oil prices are going to eventually hit E&P budgets of oil companies, reducing growth in non-OPEC oil supply in countries such as the US and Brazil.
- In their March report, due to the impact of Covid-19, the IEA has significantly reduced their estimate for global refining throughput in 2020, which is now expected to fall by 0.4 million b/d (In January they expected a growth of 1.3 million b/d). Runs in 1Q20 are now expected to fall by 2.2 million b/d y-o-y. This is the fourth consecutive quarter of sizeable year-on-year declines.
- With the significant refinery capacity additions (including some delayed projects) planned in the Middle East this year, Clarksons expects products shipments from the region to continue to expand firmly, by 14% and 6%, respectively, in 2020 and 2021.
- 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 previous limit of 3.5%. Changes in this regulation are likely to lead to a surge in demand for very-low sulphur distillates and gasoil. The regulation is expected to affect products trade patterns, regional refinery runs, storage patterns, and vessel productivity.

Product Tanker Supply

- According to Clarksons, 93 MRs were scheduled to be delivered in 2019 and 88 were delivered. 77 MRs are scheduled to be delivered in 2020. 14 LR1 were scheduled to be delivered in 2019 and 12 were delivered. 7 LR1s are scheduled to be delivered in 2020.
- According to Clarksons' planned deliveries and DIS' management conservative demolition assumptions, nominal dwt fleet growth in the MR and LR1 segments, should be of 2% in 2020 and 0.8% in 2021.
- Around 6% of the MR and LR1 fleet currently on the water (on a dwt basis) is older than twenty years.
- Shipyards are going through a period of uncertainty. Lack of orders and poor returns are leading to a reduction in global shipyard capacity.
- Scrapping coupled with a subdued order book and limited new build ordering should result in low fleet growth over the next two years.
- The International Maritime Organisation's (IMO) regulations that limit sulphur content in marine fuels to 0.5% from January 2020, 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.
- Compliance with the IMO 2020 regulations can also be achieved through the installation of scrubbers on-board. Dry-docks required for such installations will when possible coincide with special surveys but would result in longer off-hire periods and reduce the effective supply of vessels.

- According to planned installations from Clarksons, around 3.4% of the entire tanker fleet and 1.2-1.4% of the product tanker fleet still has to retrofit scrubbers. Assuming all such installations occur in 2020 and off-hire is of around 50-60 days (including positioning to dock), it should equate to a reduction in effective supply for the product tanker fleet of around 0.2% this year. Most installations will be front-loaded, but should lead to a supply contraction, although diminishing, throughout most of 2020.
- Port delays and any increase in the length of voyages, as more cargoes are exported from the Middle East, could reduce the ready supply of tonnage.
- As at the end of January 2020 there were according to Kepler around 3.1 million tons of VLSFO in floating storage in Singapore. This product will be regionally distributed, unwinding its contractionary effects, in the first few months of 2020. However, VLSFO floating storage could be replaced by HSFO floating storage as the forward price curve for this product is expected to move into contango. While floating storage is positive for our market since it reduces effective supply, it also depressed the trade in refined products, having a temporary negative impact that is expected to revert.
- Bunkering congestion has been reducing the effective supply of ships in the beginning of 2020. Anecdotal evidence of waiting time for VLSFO bunkers of 2 to 5 days in some ports, with a particular bottleneck in Singapore. The situation is, however, normalizing and waiting in the future could be more related to scrubber fitted vessels awaiting HSFO deliveries.

D'AMICO INTERNATIONAL SHIPPING GROUP
CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

CONSOLIDATED INCOME STATEMENT

<i>US\$ Thousand</i>	Note	2019	2018
Revenue	(3)	353,534	399,046
Voyage costs	(4)	(95,202)	(154,176)
Time charter equivalent earnings*	(5)	258,332	244,870
Time charter hire costs	(6)	(31,750)	(129,750)
Other direct operating costs	(7)	(108,325)	(81,572)
General and administrative costs	(8)	(11,989)	(16,196)
Result from disposal of vessels	(9)	(2,042)	167
EBITDA *		104,226	17,519
Depreciation, impairment and impairment reversal	(14)	(58,597)	(34,844)
Depreciation of right-of-use leased asset	(15)	(30,604)	-
EBIT *		15,025	(17,325)
Financial income	(10)	823	5,035
Financial (charges)	(10)	(44,968)	(34,296)
Profit share of equity accounted investee	(11)	1,243	(8)
(Impairment) Reversal of impairment of loan to an equity accounted investee	(12)	934	(7,526)
Profit/ (loss) before tax		(26,943)	(54,120)
Tax	(13)	(584)	(980)
Net profit / (loss)		(27,527)	(55,100)
Basic earnings per share in US\$(1)		(0.026)	(0.085)

*see Alternative Performance Measures on page 28

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

<i>US\$ Thousand</i>	2019	2018
Profit / (loss) for the period	(27,527)	(55,100)
Movement of valuation of Cash flow hedges	(3,583)	(633)
Movement in conversion reserve	17	(136)
Total comprehensive result for the period	(31,093)	(55,869)
Basic comprehensive income / (loss) per share in US\$(1)	(0.031)	(0.086)

The notes from page 55 to page 96 form an integral part of these consolidated financial statements

(1) Basic earnings per share (e.p.s.) in 2019 was calculated on an average number of 1,062,413,650 outstanding shares, while in 2018 it was calculated on an average number of 645,714,080 outstanding shares. There was no dilution effect either in 2019 or in 2018 earnings per share.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	Note	As at 31 December 2019	As at 31 December 2018
ASSETS			
Property, plant and equipment	(14)	838,863	911,281
Right-of-use assets	(15)	119,449	-
Investments in jointly controlled entities	(16)	4,382	3,228
Other non-current financial assets	(17)	17,348	9,655
Total non-current assets		980,042	924,164
Inventories	(18)	10,080	13,492
Receivables and other current assets	(19)	41,433	52,163
Other current financial assets	(17)	7,265	18,205
Cash and cash equivalents	(20)	33,598	31,713
Current Assets		92,376	115,573
Assets held for sale	(21)	59,631	-
Total current assets		152,007	115,573
TOTAL ASSETS		1,132,049	1,039,737
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	(22)	62,052	65,376
Accumulated losses	(22)	(59,801)	(30,270)
Share Premium	(22)	368,846	316,697
Other reserves	(22)	(18,632)	(14,460)
Total shareholders' equity		352,465	337,343
Banks and other lenders	(23)	270,169	338,622
Non-current lease liabilities	(24)	313,418	165,298
Shareholders' long-term loan	(25)	-	30,600
Other non-current financial liabilities	(17)	7,282	4,998
Total non-current liabilities		590,869	539,518
Banks and other lenders	(23)	72,692	91,238
Current lease liabilities	(24)	37,736	8,369
Shareholders' short-term loan	(25)	5,000	1,280
Payables and other current liabilities	(26)	38,222	54,013
Other current financial liabilities	(17)	12,473	7,876
Current tax payable	(27)	342	100
Current liabilities		166,465	162,876
Banks associated to assets held-for-sale	(18)	22,250	-
Total current liabilities		188,715	162,876
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,132,049	1,039,737

12 March 2020
On behalf of the Board


Antonio Carlos Balestra di Mottola
Chief Financial Officer

The notes from page 55 to page 96 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>US\$ Thousand</i>	2019	2018
Loss for the period	(27,527)	(55,100)
Depreciation and amortisation and impairment	43,062	39,789
Depreciation of right-of-use leased assets	30,604	-
Impairment	15,535	-
Current and deferred income tax	584	979
Net finance lease cost	21,408	-
Other financial charges (income)	22,737	29,523
Unrealised foreign exchange result	-	(261)
Profit share of equity-accounted investment	2,042	8
Profit on disposal of fixed assets	(1,243)	(168)
Impairment (reversal) of a financial asset v/ related party	(934)	7,526
Reversal of vessel impairment	-	(4,945)
Movement in share option reserve	(607)	182
Movement in deferred result on disposal of S&L assets	131	-
Cash flow from operating activities before changes in working capital	105,792	17,351
Movement in inventories	3,413	2,003
Movement in amounts receivable	9,161	13,181
Movement in amounts payable	(18,653)	(4,466)
Net payment of interest portion of lease liability/receivable	(21,408)	-
Taxes paid	(342)	(619)
Net interest paid	(18,689)	(20,045)
Net cash flow from operating activities	59,274	7,587
Acquisition of fixed assets	(65,231)	(101,485)
Proceeds from disposal of fixed assets	9,405	21,856
Dividend from equity-accounted investee ETL	-	83
Movement in financing to equity accounted investee	15,401	126
Net cash flow from investing activities	(40,425)	(79,420)
Share capital increase	49,788	199
Other changes in shareholders' equity	(822)	(178)
Shareholder's financing movement	(26,880)	31,880
Movement in other financial receivables	(2,000)	3,900
Movement in other financial payables	4,908	(1,533)
Bank loan repayments	(91,926)	(175,690)
Bank loan draw-downs	25,250	111,770
Proceeds from disposal of assets subsequently leased back	62,952	117,211
Repayments of financial leases	(37,722)	(12,970)
Net cash flow from financing activities	(16,452)	74,589
Net increase/(decrease) in cash and cash equivalents	2,397	2,756
Cash and cash equivalents net of bank overdrafts at the beginning of the year	15,120	12,363
Cash and cash equivalents net of bank overdrafts at the end of the year	17,517	15,120
Cash and cash equivalents	33,598	31,713
Bank overdrafts	(16,081)	(16,593)

Financing activities not requiring the use of cash are reconciled within note 28.

The notes from page 55 to page 96 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>US\$ Thousand</i>	Share capital	Retained Earnings / (Accumulated losses)	Share premium	Other Reserves		Total
				<i>Other</i>	<i>Cash-Flow hedge</i>	
Balance as at 1 January 2019 as previously reported	65,376	(30,270)	316,697	(14,791)	331	337,343
IFRS 16 Adjustment	-	(2,004)	-	-	-	(2,004)
Balance as at 1 January 2019 adjusted IFRS 16	65,376	(32,274)	316,697	(14,791)	331	335,339
Shareholders' contribution without issuance of shares*	(32,688)	-	32,688	-	-	-
Share capital increase	29,364	-	20,424	-	-	49,788
Share option cost reversal	-	-	-	(606)	-	(606)
Cost of share issuance	-	-	(963)	-	-	(963)
Total comprehensive income	-	(27,527)	-	17	(3,583)	(31,093)
Balance as at 31 December 2019	62,052	(59,801)	368,846	(15,380)	(3,252)	352,465

* Reduction of the accounting value of each issued share from US\$ 0.10 to US\$ 0.05 and allocation of the corresponding amount to the Share premium

<i>US\$ Thousand</i>	Share capital	Retained Earnings / (Accumulated losses)	Share premium	Other Reserves		Total
				<i>Other</i>	<i>Cash-Flow hedge</i>	
Balance as at 1 January 2018	65 322	26 389	316 594	(14 837)	964	394 432
IFRS15 adjustment	-	(1 559)	-	-	-	(1 559)
Balance as at 1 January 2018 adj. IFRS 15	65 322	24 830	316 594	(14 837)	964	392 873
Capital increase	54	-	146	-	-	200
Cost of issue	-	-	(43)	-	-	(43)
Share option cost	-	-	-	182	-	182
Total comprehensive income	-	(55 100)	-	(136)	(633)	(55 869)
Balance as at 31 December 2018	65 376	(30 270)	316 697	(14 791)	331	337 343

The notes from page 55 to page 96 form an integral part of these consolidated financial statements

NOTES

d'Amico International Shipping S.A. (the "Company", DIS) a Société Anonyme, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The ultimate parent company of the Group is d'Amico Società di Navigazione.

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

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 2019.

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 degree of control over the JV, legal form, terms of the contractual arrangements and other facts and circumstances of the joint arrangements; as a result, Glenda International Shipping d.a.c. (GIS) and High Pool Tankers Limited (HPT), are treated as joint operations and consolidated proportionally line-by-line; while the investment in DM Shipping d.a.c. (DMS) and Eco Tankers Ltd (ETL) are treated as Joint Ventures and the equity method of accounting is 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. For non-monetary assets, please refer to Critical accounting judgements, disclosed further on.

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. Further details concerning the valuation of the right-of-use assets and inherent liabilities are given in notes 1 and 14.

Demurrage revenues. Demurrage revenues are recognized as part of the voyage over-time, 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 and represent the compensation estimated for the additional time incurred for discharging a vessel (please refer to Revenues' recognition policy further in the note).

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 or 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.29.

Revenue recognition

Revenues are recognised according to IFRS 15, a standard developed to provide a comprehensive set of principles in presenting the nature, amount, timing and certainty of revenue and cash flows arising from a contract with a customer: consideration of the timing for the transfer of control over goods or services is cornerstone for revenues recognition under this principle.

All of DIS' revenues from contracts with its customers are recognised over time. The Group has disclosed in detail "spot voyages" within the Alternative Performance Measures: freight is paid at voyage completion, for moving cargo from the loading to the discharging port, when revenues are recognized. Costs incurred in positioning the tanker from the last discharge port to the next load port ('ballast cost') are capitalized at the end of the ballast voyage and amortised during the next laden voyage, from the load port to the discharge port.

All freight revenues from vessels are recognized on a percentage of completion basis. The load-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 load port to the next discharge port ('load-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 temporis 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 over time, represent the compensation estimated for the additional time incurred for discharging a vessel. Demurrage revenue is an additional variable consideration, whose contingent amount is estimated; any allowance will fall under IFRS 9 requirements and will therefore be separately accounted for.

IFRS 15 standard application is based around five steps in recognising revenue:

- 1) Identification of the contract;
- 2) Identification of the performance obligations in the contract: it was observed that an impact would only arise on the Spot contract revenues for Transport of refined petroleum products from its loading port to its discharge port; implementation of IFRS 15 does not impact time-charter revenues as it falls under another standard;
- 3) Determine the transaction price: on Spot voyages, which are performed through voyage charter contracts, transaction prices are equivalent to the product of spot freight rates and the quantity of goods transported, at the time of closing of the transaction. Demurrage is an additional sum payable by the charterer, which arises when the vessel takes longer than stipulated in the voyage charter contract, to load and/or discharge

the cargo; no financing element is present in the contract therefore the Company does not make use of the practical expedient allowed by the standard;

- 4) Allocate the transaction price to the performance obligation: Allocation is based on a load-to-discharge basis.
- 5) Recognition of revenue when a performance obligation is satisfied: Recognition of revenues is based on a load to discharge basis. Revenue is recognised over the time based on the duration of the spot voyage. Recognition of variable consideration: demurrage revenues is considered a variable consideration, and is dependent on the demurrage rate and agreed delay; the performance obligation is satisfied and the amount is invoiced after discharging ;

The standard also provides specific principles to apply, when there is a contract modification, accounting for contract costs and accounting for refunds and warranties. A repositioning is required for a vessel to satisfy its performance obligation (with no additional benefit from such voyage). Repositioning costs can be capitalised prior to loading if they meet all of the following three conditions: 1. they relate directly to a contract; 2. they generate or enhance resources to be used in meeting obligations under the contract; 3. they are expected to be recovered.

Voyage 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) and are recognized over the time according to the matching principle of IFRS15.

Other direct operating costs

Time Charter hire rates incurred for chartering in vessels, for contracts with an initial term of less than 12 months, 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 fees, 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 gains or losses 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 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. RoU assets for which a purchase obligation or a bargain purchase option exist, substantially equate to owned vessels, and are included under the heading Plant, Property and Equipment. RoU assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the vessel, whichever is shorter.

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 IFRS 15 and, in particular, whether the Company has satisfied its performance obligation by transferring the asset to the buyer and the latter has obtained control of the asset and whether the transaction price net of costs relating to the disposal is reported in contractual terms. For vessels already classified as "Assets held for sale", the gain or loss recognised will be equal to the sale price less costs of disposal net of the lower of the vessel's carrying amount or fair value at the last financial position date.

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. Most of those vessels are managed by DIS, which is responsible for their commercial, operational and technical management, as well as financial administration. Therefore, these partnership 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).

DIS' internal management reporting, on the basis of which the Group makes strategic decisions, is designed 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 separated 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 value of the entire fleet, including vessels time-chartered-in and classified as right of use assets, are considered as a single cash-generating unit (CGU), and 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. Management recognizes that rates tend to be cyclical and subject to significant volatility based on factors beyond its control.

Estimated outflows for operating expenses and dry-docking requirements are based on historical and budgeted costs. Forecasts also take into account the cost of complying with new regulations, including the expected cost of the requirement for some of the vessels of our fleet to install ballast water treatment 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, 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 or decline by a significant degree.

At each reporting date management assesses 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 management 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, the asset is available for immediate sale in its present condition and the asset is being 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 the original, depreciated carrying amount.

If the 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 cease 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 not to sell.

Borrowing costs

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

Leases

From 1 January 2019 all Leases follow the accounting principles of IFRS 16; please refer to the following section “Adoption of new and revised International Financial Reporting Standards”.

Inventories

Inventories relate to Intermediate Fuel Oil (IFO), Marine Diesel Oil (MDO) and luboil onboard vessels. IFO and MDO inventories of fuel and luboils onboard vessels are shown at cost, calculated using the first-in first-out method. The cost includes the expenses incurred in bringing the inventory on-board vessels.

Financial assets and liabilities

Financial assets are measured at amortised cost, fair value through profit or 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 impairment model in IFRS 9 is based on expected credit losses, rather than on incurred under IAS 39. The impairment requirements apply to financial assets measured at amortised cost and fair value through other comprehensive income, with losses initially recognised based on expected credit losses over the next 12 months; 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. A three-stage approach is considered for impairment: in the first instance (12 months expected credit losses) there is no significant increase in credit risk, expected credit losses are recognised and updated at each reporting date and the asset continues to be presented on a gross basis; in the second stage due to the significant increase in credit risk, a lifetime credit loss is expected and recognised, with the asset continuing to be presented on a gross basis; in the last stage a lifetime expected credit loss is recognised, and following the impairment the asset is presented on a net basis.

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's 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. Outstanding freight deriving from voyages in progress results in contract assets as indicated under IFRS15; contract assets represent accrued income arising from the Group's right to consideration for work performed but not billed at the reporting date on spot contracts (conditional right to consideration for the part of the contractual obligation performed). The service is invoiced upon delivery of the service. Expected credit losses are calculated on demurrage receivables and are based on an assessment about lifetime expected credit losses, adopting the simplified approach, and determined at initial recognition and subsequently adjusted for any changes in expectations.

Under IFRS 9 the impairment is assessed with reference to the expected credit losses associated with trade receivables (demurrages) with the change in the provision recognised through the income statement. For demurrages, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables, but the impairment methodology applied depends on whether there has been a significant increase in credit risk.

In the assessment of credit risk and expected losses, management considers a risk of default and its probability for each set window of payment, on an ongoing basis. An increase in the number payment days delay is considered by management an indicator of an increase in the risk of default – management has therefore established clusters for such payment delays to which it assigned a higher probability of default the longer the delay in payment, and for which it therefore recognises provisions which represent an increasing percentage of amounts outstanding. The policy is to write off any undue demurrages at the closing of trade negotiations, following the agreed terms.

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 three months from inception and that 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 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. Payments received in advance under time charter contractual agreements lead to the recognition of deferred income.

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 IFRS 9 a hedging relationship qualifies for hedge accounting only when

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items,
- at the inception of the hedge there is a formal designation and documentation of the hedging relationship,
- there is an economic relationship between the hedged item and the hedging instrument,
- the effect of credit risk does not dominate the value changes that result from that economic relationship, and
- the hedge ratio of the hedging relationship is the same as the one resulting from the quantity of the hedged item that the entity actually hedges, and the quantity of the hedging instrument used by the entity for that specific hedged item, therefore not reflecting an imbalance between hedged item and hedging instrument as to be inconsistent with the purpose of hedge accounting.

When effectiveness is subsequently not met with regards to the hedge ratio, but the risk management objective remains the same, the hedging relationship is adjusted to take into account only the hedged amount.

The fair value measurement of derivative instruments is recurring, at each closing date; derivatives are classified as an asset or a liability. The fair value of a derivative instrument classification is split between non-current and current asset or

liability. The non-current asset or liability is the remaining maturity of the hedged item that is more than twelve months from the reporting date and the current asset or liability is the maturity of the hedged item expected to be settled in twelve months from the reporting 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 and reliable estimate of the expenditure required to settle the obligation at the financial position date and are discounted to present value.

Treasury shares

Treasury shares acquired following a buy-back program, are recognized at cost and are presented as a deduction from equity (under a 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 Company provides additional benefits to certain members of senior management through an equity compensation plan. In accordance with IFRS 2 – share-based payment, this plan represents a component of the recipient's remuneration.

In May 2019 the existing stock option plan expired (further information is set out in note 8). The fair value of the options was measured using the Black Scholes pricing model, in line with IFRS guidelines and market practice. The inputs used in the model were 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, was 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 revised its estimates of the number of options that are expected to vest based on the actual service conditions.

Following expiry of the former stock-option plan, a new management compensation plan, involving share-based payments, was approved; for full details on this plan, please refer to the information provided in the Significant events of the year, within the non-financial information section of this annual report. Following this new management compensation plan, at the end of the vesting period of each cycle, the number of DIS shares allotted to the senior management will be based on the arithmetic average of the official market closing prices of DIS' ordinary shares in the month prior to the Company's Board of Directors that will verify the results achieved in the corresponding vesting period.

Dividends

Dividends payable are reported as a movement in equity in the period in which they are approved by the 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's 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 in freight markets, however, there are other factors that can have a much more important influence on the demand for our vessels and in their earnings potential.

Branches, R&D, Own shares

The Company has no branches; there are no research and development costs; Own shares are disclosed under note 22.

Adoption of new and revised International Financial Reporting Standards

IFRS 16 – Leases, was effective for annual periods beginning on or after 1 January 2019 and has been implemented by the Group.

Because of DIS' business model (ownership and charter-in of vessels), IFRS 16 substantially changes its Consolidated Financial Statements metrics, significantly affecting the accounting for contracts that in previous periods were treated as operating leases.

From 1 January 2019 assets and liabilities arising from a lease are initially measured on a present value basis, recognising a Right of Use asset (RoU) and a lease liability, where the right-of-use assets should be estimated as the present value of minimum lease payments, plus any initial direct costs, dismantling or removal costs, less any incentive or pre-payment received, while the lease liabilities are measured as the sum of fixed payments, any residual value guarantee, the value of a purchase option, less any receivable incentive. The present value calculations should use the interest rate implicit in the lease, or the incremental borrowing rate, if the first is not readily determinable.

Within the Income Statement, charter hire costs are replaced with other direct operating costs, interest and depreciation, so key metrics like TCE, EBITDA, EBIT and Net result have been affected (please refer to alternative performance measures on page 28). The interest portion of the financial leases is deducted from operating cash-flows, which however is positively affected, since the remaining cash payments for the lease liability are classified within financing activities.

DIS has adopted the modified retrospective approach for transition into IFRS 16, applying the standard from the beginning of 2019, not restating prior year financial information, but recognising an adjustment in equity at the beginning of the current period. The Group has also decided to grandfather the definition of a lease on transition: as a practical expedient those contracts that were considered leases under IAS17, continue to be considered leases, and IFRS 16 is applied to all other contracts, entered into before and after the date of initial application of the new standard, to establish if such contracts are leases.

The new leases (following application of IFRS 16 and excluding those previously identified as leases in accordance with IAS 17) are discounted using DIS' marginal borrowing rate, for groups of contracts with the same term, and is obtained adding to the interest rate swap the margin applied to the most recent third-party financings; for leases previously identified as such in accordance with IAS 17, the lease payments are discounted using DIS' (the lessee's) inherent rate in the lease. All DIS' discount rates for such contracts vary between 5.3% and 9.8%, equivalent to a weighted average 6.0%.

When contracts include optional periods for the charterer, DIS has estimated the remaining term, assuming such options will be exercised, only if at the date of initial application, it is reasonably certain to exercise the renewal option and including a termination penalty in the lease liability only if at date of initial application, it assumes to exercise the termination option.

The Group has also elected to use the following practical expedients:

- not to recognise as leases contracts shorter than 12 months (short-term leases) and those with a value lower than US\$ 5,000 (low-value items). For these contracts, the lease cost is recorded as an expense, with no adjustment due to the transition.
- To exclude initial direct costs in the measurement of the right-of-use asset as at the date of initial application.

A non-lease component (service element) is excluded from initial calculation of the lease liability, with reference to the time-charter rate; its amount is estimated at US\$ 6,926/day flat, for all such contracts, in line with budgeted amounts for operating costs, for the owned vessels of the Fleet.

RoU assets for which a purchase obligation or a bargain purchase option exist, substantially equate to owned vessels, and are included under the heading Plant, Property and Equipment. RoU assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the vessel, whichever is shorter.

The net impact on Retained earnings at the beginning of the application period (January 1, 2019) was a decrease of US\$ 2.0 million.

DIS, as a lessee, applies IAS 36 *Impairment of Assets* to determine whether the leased assets are impaired and to account for any impairment loss identified.

The previously detailed transitional provisions are not going to have an impact on future periods.

When applying IFRS 16, the Group made the following changes in presentation:

- In the Consolidated Income Statement, one additional line related to the depreciation of the right-of-use of leased assets;
- In the Consolidated Statement of Financial Position, an additional line item reflects the right-of-use asset;
- In the consolidated Statement of Cash-flows, there are additional line items relating to the depreciation of right-of-use assets, the lease interest cost, the repayment of lease liabilities and lease interest paid. The part of the lease payments for the principal portion of the lease liability is presented as a cash-flow from financing activities and the part of the lease payments for the interest portion of the lease liability is presented as a cash-flow from operating activities, as per the group's accounting policy regarding the presentation of interest payment.

As of 1 January 2019, the Group recognized US\$ 326.6 million of right-of-use assets (of which US\$ 152.9 million relating to the application of IFRS16 and US\$ 173.7 million for contracts previously classified as leases under IAS 17, and included within Property Plant and Equipment) and US\$ 328.3 million lease liabilities, the latter being determined as follows:

	<i>US\$ million</i>
Operating leases commitments disclosed as at 31 December 2018	339.7
Lump-sum opex deduction on lease liability calculation	(143.8)
Discounted using the lessee incremental borrowing rate at the date of initial application	(24.0)
Less: short-term leases recognised on a straight-line basis as operating lease	(19.0)
Additional lease liability from application of IFRS 16	<u>152.9</u>
Adding lease liability ex IAS 17	<u>173.7</u>
= Lease liabilities as at 1 January 2019	<u>326.6</u>

The Group's income statement in 2019 was impacted by a reduction of US\$ 64.2 million in charter hire costs, offset by a US\$ 30.0 million increase in other direct operating costs, US\$ 30.6 million in depreciation of right-of-use leased assets and US\$ 7.2 million in interest expense. As a result of such changes EBITDA and EBIT in 2019 were respectively US\$ 35.1 million and US\$ 4.5 million higher than previously, and the Profit (loss) before tax and Net Result were both US\$ 2.7 million lower than previously. Overall, IFRS 16 was cash-flow neutral for the Group.

We present below the main Profit or Loss line items for 2019, compared with pro-forma figures for the same items and for the same period, had IFRS 16 not been applied from 1 January 2019:

Items of Consolidated Profit or Loss:

<i>US\$ Thousand</i>	2019	2019 without IFRS16 application	2018
....
Time charter hire costs	(31,750)	(95,984)	(129,750)
Other direct operating costs	(108,325)	(78,397)	(81,572)
General and administrative costs	(11,989)	(12,768)	(16,196)
Result on disposal of vessels	(2,042)	(2,042)	168
EBITDA*	104,226	69,140	17,520
Depreciation and impairment	(58,597)	(58,597)	(34,844)
Depreciation of RoU	(30,604)	-	-
EBIT*	15,025	10,543	(34,844)
Net financial charges	(44,968)	(37,753)	(34,296)
.....
Net profit / (loss)	(27,527)	(24,795)	(55,100)

* Please refer to Alternative Performance Measures on page 28

We present below the main Statement of Financial Position line items as at 31 December 2019, compared with pro-forma figures for the same items as the same date, had IFRS 16 not been applied from the 1 January 2019.

Consolidated Statement of Financial Position

	As at 31 December 2019	As at 31 December 2019 without IFRS16 application	As at 31 December 2018
<i>(US\$ Thousand)</i>			
RoU, including those reclassified as owned	348,801	229,320	-
.....
Total non-current assets	1,038,435	918,954	924,164
.....
Total assets	1,165,287	1,045,806	1,039,737
Retained earnings	(57,143)	(52,408)	(30,270)
.....
Shareholders' equity	354,327	359,062	337,343
Non-current liabilities from financial leases	332,276	234,221	165,298
.....
Non-current liabilities	644,370	546,315	539,518
Current liabilities from financial leases	39,567	13,406	8,369
.....
Current liabilities	166,591	140,430	162,876
Total liabilities and shareholders' equity	1,165,287	1,045,806	1,039,737

There are no other standards effective from 1 January 2019 that have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Accounting principles, amendments and interpretations not yet effective

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's 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 a proportion of its Vessel 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, 2017, 2018 and 2019 to support the growth of DIS' fleet and to strengthen its balance sheet.

The Group also has various bank facilities, credit lines and financial leases (see notes 23 and 24).

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 outstanding amounts on its facilities divided by the fair market value of the vessels owned (see further details in notes 14 and 23).

3. REVENUE

<i>US\$ Thousand</i>	2019	2018
Revenues – freight and demurrage (voyage-charter, contractual)	163,599	260,611
Revenue – operating leases (time-charter)	58,670	138,435
Revenue – subleasing of RoU (time-charter)	126,705	-
Other revenues	4,560	-
Total revenue	<u>353,534</u>	<u>399,046</u>

Revenue represents vessel income comprising time charter hire, freight and demurrage and is recognized over time. DIS has only one revenue stream and it is originated from the employment of the vessels for the transportation of refined petroleum products. In 2019, one customer generated US\$ 57.8 million in revenues, equivalent to around 16% of the Group's total. In 2018, one customer generated US\$ 44.9 million in revenues, equivalent to around 11% of the Group's total (see note on credit risk on page 89).

All contractual revenues – as defined by IFRS15 – result from freight (contracts for which payment is received at voyage completion) and demurrage: for these revenues, payment is settled at completion of the voyage, and therefore no performance obligations are recognised to be outstanding.

Costs to fulfil a contract (ballast days to the first loading port) are recognised over the time and capitalised at the reporting date; they amount to US\$ 0.8 million in 2019 (US\$ 0.6 million in 2018) and will be amortised throughout the term of the relevant contracts.

Income from operating leases represent income from owned vessels that are time-chartered-out.

Income from subleasing represents revenue on vessels controlled through time-charter-in contracts, that are time-chartered-out.

Other revenues comprise income from deviations, including bunker cost at port.

4. VOYAGE COSTS

<i>US\$ Thousand</i>	2019	2018
Bunkers (fuel)	(56,085)	(91,528)
Commissions payable	(7,422)	(9,487)
Port charges	(30,216)	(50,495)
Other	(1,479)	(2,666)
Total	<u>(95,202)</u>	<u>(154,176)</u>

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. Bunker is supplied through the related party Rudder S.A.M., charging a commission of US\$3 per tonne; the calculations are based on figures for the residual balances of fuel onboard provided by the vessels.

5. TIME CHARTER EQUIVALENT EARNINGS

<i>US\$ Thousand</i>	2019	2018
Time charter equivalent earnings	<u>258,332</u>	<u>244,870</u>

Time-charter equivalent earnings represent revenue less voyage costs. In 2019 vessel days on fixed rate contracts represented about 51.6 % of total available vessel days (40.8% in 2018).

6. TIME CHARTER HIRE COSTS

<i>US\$ Thousand</i>	2019	2018
Time-charter hire costs	(31,750)	(129,750)

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

From 1 January 2019, following the application of the new IFRS 16 standard, the amount relates essentially to the cost of chartering-in vessels for a period of time shorter than one year (short-term leases). 2019 costs are not comparable with amounts for previous years, since such figures included also the costs of time charters exceeding one year, which following application of IFRS 16 were replaced by other direct operating costs, interest and depreciation (please refer also to note 1).

7. OTHER DIRECT OPERATING COSTS

<i>US\$ Thousand</i>	2019	2018
Crew costs	(43,513)	(43,300)
Technical expenses	(12,137)	(13,905)
Luboil	(2,947)	(2,852)
Technical and quality management	(12,325)	(8,333)
Insurance	(5,194)	(5,937)
Service costs related to leased vessels	(29,927)	-
Other costs	(2,282)	(7,245)
Total	(108,325)	(81,572)

Other direct operating costs include crew costs, technical expenses, lubricating oils, technical and quality management fees and sundry expenses originating from the operation of the vessel, including insurance costs. Service costs related to leased vessels represent one of the non-lease components of a TC contract, which is expensed in the income statement.

Personnel

As at 31 December 2019, d'Amico International Shipping SA and its subsidiaries employed an equivalent of 706.5 seagoing personnel and 29 on-shore personnel (As at 31 December 2018: 715 seagoing personnel and 34 on-shore personnel); the average number of seagoing personnel in 2019 was 714 (2018: 732), while the average number of onshore personnel was 32 (2018: 35). Onshore personnel costs are included under general and administrative costs. The Group has no liabilities with regard to pensions and other post-retirement benefits.

8. GENERAL AND ADMINISTRATIVE COSTS

<i>US\$ Thousand</i>	2019	2018
Personnel	(4,894)	(7,035)
Other general and administrative costs	(7,095)	(9,161)
Total	(11,989)	(16,196)

Personnel costs relate to onshore personnel salaries, as well as in 2019, US\$ 1.1 million relating to director fees and US\$ 0.8 million paid to senior managers including the CEO, COO, CFO and other managers with strategic responsibilities (2018: US\$ 1.7 million of director fees and US\$ 1.8 million to senior managers). There are no further benefits with regards to pensions and other post-retirement benefits.

On 9 May 2019, d'Amico International Shipping S.A.'s Board of Directors, upon positive opinion of its Nomination and Remuneration Committee held on May 3, 2019, approved the Regulation of the Company's medium to long-term incentive plan (the "Medium to Long-Term Variable Incentive Plan 2019-2021" or the "Incentive Plan" or the "Plan"), available in the Corporate Governance section of the Company's website (www.damicointernationalshipping.com).

The main beneficiaries of the Plan are the following top-managers and executive directors of DIS.

The Plan is based on the average financial results achieved by DIS over three rolling two-year periods, seeking to align the interest of shareholders and the key decision makers in DIS. In particular, the plan establishes a bonus pool based on the average ROCE (Return on Capital Employed) achieved by DIS over each rolling two-year Period, including a minimum threshold. The final bonus will be paid 70% in cash at the end of the vesting period of each Cycle, and the remaining 30% through DIS shares (free of charge) in the two years following the vesting period (15% each year). Please refer to the Significant events of the period, within the non-financial statements of this annual report, for full details and disclosure of calculations for this Plan. No charge has been recorded so far for payments under this plan.

Until 31 May 2019 (then expired) a different share-based compensation plan existed; 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, the "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 to the Board of Directors the definition of the terms, conditions, and procedures for the Plan's implementation. The terms and conditions, and the procedures for the Plan implementation were defined by a Regulation as approved by the Board of Directors on 4 May 2016.

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

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

	Average price per share option	Number of options
As at 1 January 2019	€ 0.0852	5,730,000
Granted during the period	-	-
Exercised during the period	-	-
Forfeited during the period	-	-
Expired at the end of the period	€ 0.0852	5,730,000
As at 31 December 2019	-	-

The fair value of the options at grant date was determined using the Black Scholes model, taking into account the following assumptions:

Share price on 1 st 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 vesting conditions of the incentive plan approved in 2016 were not satisfied and therefore the previous reserves accrued for the plan were released, resulting in an income in 2019 of US\$ 0.6 million. The cost relating to the Plan in 2018 was equivalent to US\$ 183 thousand.

The other general and administrative costs comprise consultancy, office rental fees, and other sundry expenses originating from the operation of d'Amico International Shipping Group companies. They include intra-group management fees on brand and trademark, IT, Legal and Internal Audit services amounting to US\$ 3.9 million (see also note n.30). They also include negligible expenses relating to short-term leases, relating mainly to office equipment.

9. RESULT FROM DISPOSAL OF VESSELS

<i>US\$ Thousand</i>	2019	2018
Net profit (loss) on disposal of vessel	(2,042)	167

The net loss of US\$ 2.0 million in 2019 refers to the amortisation (over the duration of the lease) of the deferred results on the disposal of all vessels sold and leased-back, two of which – M/T Cielo di Houston and M/T High Voyager – in the month of January and of April 2019, respectively; for the M/T Glenda Megan it was previously reclassified as an asset held-for-sale, and subsequently sold at the same price as its carrying amount, which was equivalent to its fair value (please refer also to note 14).

Amounts in 2018 refer to the sale of M/T High Presence and of M/T Cielo di Milano and to the amortisation of the deferred results on the disposal of all the vessels sold and leased-back.

10. NET FINANCIAL INCOME (CHARGES)

<i>US\$ Thousand</i>	2019	2018
Financial income		
<i>Loans and receivables at amortised cost</i>		
Interest Income	382	309
Realised gains on derivative instruments	35	2,242
Realised exchange differences	406	29
<i>At fair value through income statement</i>		
Unrealised gains on derivative instruments	-	1,930
Unrealised exchange differences	-	525
Total financial income	823	5,035
Financial charges		
<i>Financial liabilities measured at amortised cost</i>		
Interest expense and financial fees	(22,173)	(26,806)
Financial lease cost	(21,413)	(7,227)
Realised on derivative instruments	-	(264)
<i>At fair value through income statement</i>		
Unrealised losses on derivative instruments	(1,382)	-
Total financial charges	(44,968)	(34,296)
Net financial charges	(44,145)	(29,261)

2019 financial income includes realised interest income amounting to US\$0.4 million deriving from funds held with financial institutions on deposits and current accounts, and from the financing provided to the DM Shipping joint venture, as well as financial lease income. Financial income for 2019 includes also the realised income on interest rate swaps closed, amounting to US\$ 35 thousand and realised foreign exchange differences of US\$ 0.4 million. No unrealised gains were booked in 2019.

Financial charges in 2019 include realised interest expenses amounting to US\$ 22.2 million, comprising US\$ 19.1 million interest on bank loans relating to DIS' owned vessels, and on overdraft facilities, the realised result on interest rate swaps, and US\$ 0.3million due to DIS' shareholder, d'Amico International SA, on a long-term and a short-term financing facility (please refer also to note 24). Interest expense in 2019 includes also US\$ 3.1 million in financial fees or amortisation of such fees. Financial charges in 2019 include also US\$21.4 million interest implicit in leases (in 2018 the interest expense implicit in the financial leases was included within interest expenses). Unrealised losses on derivative instruments in the same period amount to US\$ 1.4 million, representing changes in the fair value of the ineffective portion of hedging interest-rate swaps amounting to US\$ 0.3 million and changes in the fair-value of non-hedging interest rate swaps amounting to US\$ 1.1 million.

In 2018, financial income includes interest income amounting to US\$0.3 million deriving from funds held with financial institutions on deposits and current accounts, as well as from the financing provided to the DM Shipping joint venture. Financial income includes also the result realised from the de-designation of the interest rate swaps (recycling of the hedging reserve through the income statement) on four vessels sold (M/T High Freedom, M/T High Trust, M/T High Loyalty and M/T High Trader) for an amount of US\$ 2.2 million and US\$ 30 thousand realized on foreign exchange differences.

In 2018, financial income includes also the unrealised gains on interest rate swaps measured at fair value and unrealised foreign exchange differences. In particular, it includes the ineffective portion interest rate swap cash-flow hedges and the unrealised result of pre-hedges, for a total of US\$ 1.9 million, as well as an exchange difference of US\$ 0.5 million arising from the Japanese Yen financing provided to the DM Shipping joint venture.

In 2018, financial charges includes interest expense amounting to US\$29.4 million, comprising US\$ 21.3 million interest on bank loans relating to DIS' owned vessels, overdraft facilities and realised expenses on interest rate swaps, and US\$ 0.6 million due to DIS' shareholder, d'Amico International SA, on a long-term and a short-term financing facility (please refer also to note 24), as well as interest on an intercompany payable towards Rudder S.A.M. and interest implicit in the financial leases of seven vessels, amounting to US\$ 7.2 million. In 2018, interest expense includes also financial fees or the amortization of such fees amounting to US\$ 4.7 million. No unrealised losses were recorded in 2018.

Information about the type and nature of the cash-flow hedges is included in note 29.

11. PROFIT SHARE OF EQUITY ACCOUNTED INVESTEES

The result from investment mainly consists of DIS' share of the profit and loss of Eco Tankers Limited (ETL), an investee accounted for with the equity method, which for 2019 amounted to a gain of US\$ 1.2 million; in 2018 it amounted to a loss of US\$ 8 thousand. ETL is currently in the process of liquidation.

Eco Tankers Limited is a joint arrangement between d'Amico International Shipping S.A. and Venice Shipping and Logistics S.p.A.; it is a joint venture for the same reasons as those indicated for DM Shipping d.a.c. For more details about the main financial data of the investees, refer to note n.16 and n.32.

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 established that the assets brought to DM Shipping d.a.c. are acquired by the company itself which is also liable for all the debts and obligations of the arrangement. The parties have no rights, title or ownership in those assets or obligations for the liabilities of the arrangement. Therefore, DM Shipping d.a.c. qualifies as a joint venture in accordance with IFRS 11 and it has been accounted for using the equity method. DM Shipping d.a.c. sold its only two vessels in 2019, reimbursing most of the resulting net proceeds to its shareholders through a repayment of shareholder loans. In March 2020 its Board of directors has approved the liquidation of the company.

12. (IMPAIRMENT) REVERSAL OF LOAN TO AN EQUITY ACCOUNTED INVESTEE

<i>US\$ Thousand</i>	<u>2019</u>	<u>2018</u>
Impairment of financial assets	934	(7,526)

The amount of US\$ 0.9 million in 2019 refers to the partial reversal of the write-down of d'Amico Tankers d.a.c.'s shareholder loan to DM Shipping d.a.c., following the sale of its owned vessels. In 2018, DM Shipping d.a.c.'s vessels were classified as held for sale and measured at fair value, following management's decision of their disposal. The reclassification of these vessels as held for sale led d'Amico Tankers d.a.c. to reclassify the loans granted to DM Shipping d.a.c. from long-term to short-term and resulted in a significant impairment of this financing, amounting to US\$ 7.5 million.

13. TAX

d'Amico Tankers d.a.c. (DTL), DM Shipping d.a.c. (DMS) and Glenda International Shipping d.a.c. (GIS) qualified to be re-elected under the terms of the Tonnage Tax regime in Ireland, for a period of 10 years, for a period ending on 31 December 2024 for DTL and DMS and on 31 December 2028 for GIS.

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 2019 tonnage tax provision for d'Amico Tankers d.a.c. and Glenda International Shipping d.a.c. amounted to US\$ 0.3 million (2018: US\$ 0.3 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, 25% on passive income, and 22% on non-tonnage tax capital gains). These activities could 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 2019, accumulated tax losses to be carried forward of approximately € 57.0 million (equivalent to US\$ 64.0 million). No deferred tax asset has been accounted for as management does not foresee taxable profits against which the accumulated losses could be offset. The holding company is subject to the Luxembourg Net Wealth Tax regime which is based on the net assets of the Company and which for 2019 generated a tax charge of US\$ 0.2 million (2018: US\$ 0.6 million).

<i>US\$ Thousand</i>	2019	2018
Current tax:		
Taxation at corporate tax rates	(113)	(112)
Tonnage Tax	(275)	(264)
Net wealth tax / other tax	(196)	(604)
Total current tax	(584)	(980)
Loss before tax	(26,943)	(54,120)
Theoretical income tax (tax rate 29.22%)	7,873	15,814
- not subject to income tax (due to Tonnage Tax regime)	(8,419)	(18,330)
- impact of overseas tax rates	58	159
- effect of temporary differences	375	2,245
Taxation at corporate tax rates	(113)	(112)

14. PROPERTY, PLANT AND EQUIPMENT

<i>US\$ thousand</i>	Vessels Owned	Vessels under construction	Financial Lease	Dry-dock	Other assets	Total
At 1 January 2019						
Cost or valuation	845,190	94,481	181,000	14,801	3,461	1,138,933
Accumulated depreciation	(210,260)	-	(5,628)	(9,398)	(2,366)	(227,652)
Net book amount	634,930	94,481	175,372	5,403	1,095	911,281
Period ended 31 December 2019						
Opening net book amount	634,930	94,481	175,372	5,403	1,095	911,281
Reclassifications	56,568	(56,568)	-	-	-	-
Restated opening net book amount	691,498	37,913	175,372	5,403	1,095	911,281
Additions	-	60,012	-	5,193	26	65,231
Disposals at cost – for sale and leaseback	(80,560)	-	-	-	-	(80,560)
Disposal of depreciation fund	6,035	-	-	-	176	6,211
Additions sale and leaseback	-	-	63,080	-	-	63,080
Vessel delivered	97,925	(97,925)	-	-	-	-
Disposal at cost – other	-	-	-	-	(318)	(318)
Depreciation charge	(30,569)	-	(9,101)	(2,931)	(461)	(43,062)
Impairment before transfer to held-for-sale	(15,535)	-	-	-	-	(15,535)
Transfer to Held-for-sale (cost)	(147,014)	-	-	(1,299)	-	(148,313)
Transfer to Held-for-sale (depreciation)	80,847	-	-	-	-	80,847
Reclassifications of cost	(654)	-	-	-	(243)	(897)
Reclassifications of accumulated depreciation	654	-	-	-	243	897
Foreign exchange differences	-	-	-	-	1	1
Closing net book amount	602,627	-	229,351	6,366	519	838,863
At 31 December 2019						
Cost or valuation	771,455	-	244,080	18,695	2,927	1,037,157
Accumulated depreciation	(168,828)	-	(14,729)	(12,329)	(2,408)	(198,294)

The following table shows, for comparison purposes, the changes in the fixed assets in 2018.

<i>US\$ Thousand</i>	Vessels Owned	Vessels under construction	Financial Lease	Dry-dock	Other assets	Total
At 1 January 2018						
Cost or valuation	840,135	79,128	69,000	19,211	3,202	1,009,676
Accumulated depreciation	(201,605)	-	(1,087)	(12,333)	(1,800)	(216,825)
Net book amount	638,530	79,128	66,913	6,878	1,402	792,851
Period ended 31 December 2018						
Opening net book amount	638,530	79,128	66,913	6,878	1,402	792,851
Additions	-	100,222	113,000	1,004	243	214,469
Vessel delivered	84,869	(84,869)	-	-	-	-
Vessel sold	(135,814)	-	-	-	-	(135,814)
Depreciation charge	(32,203)	-	(4,541)	(2,479)	(566)	(39,789)
Impairment reversal	4,945	-	-	-	-	4,945
Depreciation write-back	18,603	-	-	-	-	18,603
Transfer from assets held for sale	56,000	-	-	-	-	56,000
Reclassification to depreciation	-	-	-	5,414	-	5,414
Reclassification to cost	-	-	-	(5,414)	-	(5,414)
Exchange differences	-	-	-	-	16	16
Closing net book amount	634,930	94,481	175,372	5,403	1,095	911,281
At 31 December 2018						
Cost or valuation	845,190	94,481	181,000	14,801	3,461	1,138,933
Accumulated depreciation	(210,260)	-	(5,628)	(9,398)	(2,366)	(227,652)

OWNED FLEET

The net book value of DIS' owned fleet as at 31 December 2019 amounts to US\$ 838.6 million and comprises the net book value of the Fleet on the water, the net book value of dry-docks, as well as the capitalised and depreciated value of DIS' leases obligations on vessels for which DIS has a purchase obligation or a bargain purchase option; please refer to note 1, Accounting principles adopted from 1 January 2019 for a detailed disclosure on leases.

Additions for vessels under construction in the period ended 31 December 2019, include instalments paid to the yard, capitalised interest on pre-delivery bank loans amounting to US\$ 0.6 million, as well as newbuilding supervision costs (US\$ 0.6 million paid to the related party Ishima Pte. Ltd.) and the cost of first supply and additional equipment bought for the vessels: on the M/T Cielo di Houston that was delivered and subsequently leased back in the month of January and on the M/T Cielo di Londra that was delivered in October 2019. In the month of April the M/T High Voyager was sold and leased-back. In November the M/T Glenda Megan, already classified as an asset held-for-sale, was sold. All financings on the vessels owned by the Group are secured through mortgages.

Leased vessels (right-of-use assets, RoU) for which DIS has a purchase obligation or a bargain purchase option, are substantially equivalent to owned vessels and they are therefore reported under that category; their amount is of US\$ 232.3 million as at 31 December 2019.

The following table indicates purchase obligations and options for all those vessels sold and leased-back through bareboat contracts:

Vessels name, M/T	Year the lease begins	Purchase obligation	Option to repurchase the vessel
High Voyager	2019	10 th year from sale	from 3 rd year
Cielo di Houston	2019	n.a.	from 5 th year
High Freedom, High Trust, High Loyalty, High Trader	2018	10 th year from sale	from 2 nd year
High Fidelity, High Discovery	2017	10 th year from sale	from 3 rd year
High Priority	2017	5 th year from sale	from 2 nd year

The total fair value of the Group's fleet as 31 December 2019, based on charter-free broker valuations received for the vessels, amounts to US\$ 812.8 million and includes d'Amico Tankers d.a.c.'s owned vessels, d'Amico Tankers d.a.c.'s leased assets, and DIS' share of the fleet value of Glenda International Shipping Ltd (a joint-operation consolidated with the proportional method).

Fleet's Recoverable Amount (Value in Use, Fair Value and 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. The fleet consists of the Group's owned vessels, which include the leased vessels for which there is a purchase obligation or a purchase option at a bargain price, as well as of the vessels on time-charter-in with contracts with an initial term of more than one year, which from the first of January 2019, as per IFRS 16, are classified as right of use assets (please refer to note 14).

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. Value-in-use calculations have been based on the following key assumptions: (i) Earnings under contracts concluded and estimates of future time-charter equivalent rates; (ii) Useful economic life of 25 years; (iii) Estimated economic value at end of vessels' life based on the average of the last 10 years' demolition prices (iv) General and administrative costs reflecting DIS current corporate structure; (v) a nominal discount rate of 6.78%, which represents the Group's weighted average cost of capital based on the Group's estimated cost of debt financing and DIS' estimate of its required return on equity. Since a nominal discount rate is used for the projected cash-flows, including revenue, costs, capital expenditures and residual values, for consistency, these cash-flows are adjusted to reflect an expected inflation of 1.8%, equal to the last ten years' average US core consumer price index. Management notes that the calculations are particularly sensitive to changes in the key assumptions of future charter rates and discount rates. The headroom of the Fleet's Cash Generating Unit (CGU) against its net book value as at 31 December 2019 was estimated to amount to US\$ 227.0 million, of which US\$ 176.0 million relating to vessels classified under Plant, Property and Equipment and US\$ 51.0 million relating to right-of-use assets following the application of IFRS 16 (please refer also to note 15).

Given the specificity of the market and the factors influencing the cash-flows, there is a significant sensitivity to changes in the key assumptions. All other things remaining equal, the sensitivities have been assessed as follows: a

change in the long-term forecasted tanker time-charter equivalent rates of US\$ +/-500 per day, would result in a movement in the value in use calculation on the fleet of US\$ 70.5 million / US\$ (70.5) million, respectively (2018: US\$ 69.7 million / US\$ (69.7) 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\$ 86.5 million (2018: US\$ 87.7 million decrease).

At the reporting date the value-in-use calculation is higher than the net book value of the vessels. Management of the Group therefore does not consider necessary to recognise an impairment of the Fleet's value, but will continue closely monitoring DIS' vessels market values and value-in-use calculations.

Impairment charge and assets held for sale reclassification

Continuing the fleet renewal policy, management have commenced marketing certain vessels and accordingly at year-end 2019 five vessels have been transferred to the 'Assets Held for Sale' 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 consolidated net impairment charge of US\$ 15.3 million was recognised on the five vessels – M/T Glenda Meredith, M/T High Progress, M/T High Performance, M/T High Venture and M/T Cielo di Guangzhou. Following the impairment allocation, the net consolidated carrying value of US\$ 59.6 million was transferred to 'Assets Held for Sale' at period end.

DRY-DOCK

Dry-dock includes expenditure for the fleet's dry-docking programme and subsequent amortization; two owned and three bareboat chartered-in vessels of d'Amico Tankers d.a.c., as well as two owned vessels of the Glenda International Shipping d.a.c., the 50/50 joint-venture with the Glencore Group, dry-docked in 2019.

OTHER ASSETS

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

15. RIGHT OF USE ASSETS

The following table shows the breakdown of the right-of-use assets into vessels on the water and other assets, such as office space, as per application from 1 January 2019 of the new IFRS 16 accounting principle. Those leased vessels for which a purchase obligation or a bargain purchase option exists, substantially equate to owned vessels and are not included in this table. Reference is made to note 1 as far as RoU's Recoverable Amount (Value in Use, Fair Value and Impairment Testing) is concerned.

The Luxembourg office space, as well as the ones in Dublin and Monte Carlo are leased from related parties and a corresponding lease liability is recognised towards those parties (refer also to note 30).

<i>US\$ thousand</i>	RoU Vessels	RoU Other	Total
As at 1 January 2019	-	-	-
Change in accounting policy	147,340	3,767	151,107
Restated opening net book amount	147,340	3,767	151,107
Change of contractual terms	(1,048)	-	(1,048)
Depreciation charge	(29,915)	(688)	(30,603)
Foreign exchange differences	-	(7)	(7)
Closing net book amount	116,377	3,072	119,449
As at 31 December 2019			
Cost or valuation	146,292	3,760	150,052
Accumulated depreciation	(29,915)	(688)	(30,603)

16. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

<i>US\$ Thousand</i>	As at	As at
	31 December 2019	31 December 2018
Eco Tankers Limited - 33%	4,382	3,228
DM Shipping d.a.c. -51%	-	-
Share of net investments at equity	4,382	3,228

As at 31 December 2019, investments accounted for using the equity method amounted to US\$ 4.4 million (31 December 2018: US\$ 3.2 million). The table below reconciles the value of the investment at the beginning of the year with that at the end of the year (please refer also to note 32). The movement during the year reflects DIS' share of Eco Tanker Limited's net result and of the movement of its cash-flow hedge reserve, as well as for 2018 its share of the dividend declared and paid by this subsidiary. Eco Tankers is currently under liquidation, management considers no impairment is required for this investment and an advance on liquidation proceeds was already received by DIS (please refer to note 17).

<i>US\$ Thousand</i>	2019	2018
At 1 January	3,228	3,269
Share of profit / (loss)	1,243	(8)
Distribution of Retained Earnings	-	(83)
Other movements	(89)	50
At 31 December	4,382	3,228

17. OTHER FINANCIAL ASSETS (LIABILITIES)

<i>US\$ Thousand</i>	As at			As at		
	31 December 2019			31 December 2018		
	Non-current	Current	Total	Non-current	Current	Total
Fair value of derivative instruments	-	-	-	264	456	720
Financing to DM Shipping ("DMS")	-	510	510	-	14,684	14,684
Financial receivable	3,263	4,421	7,684	3,200	2,405	5,605
Deferred loss on leased assets	14,085	2,334	16,419	6,191	660	6,851
Total other financial assets	17,348	7,265	24,613	9,655	18,205	27,860
Fair value of derivative instruments	(6,162)	(2,958)	(9,120)	(3,772)	(1,097)	(4,868)
Other financial liabilities	(81)	(9,192)	(9,273)	(45)	(6,637)	(6,682)
Deferred profit on leased assets	(1,039)	(323)	(1,362)	(1,181)	(142)	(1,323)
Total other financial liabilities	(7,282)	(12,473)	(19,755)	(4,998)	(7,876)	(12,873)

As at 31 December 2019, the other non-current financial assets totalling US\$ 17.3 million include US\$ 3.2 million financial receivable from the sale of the vessels M/T High Endurance and M/T High Endeavour in 2017 (31 December 2018: US\$ 3.2 million), the cumulated deferred losses on the sale and leasebacks of vessels, which will be amortised over the long-term, amounting to US\$ 14.1 million (31 December 2018: US\$ 6.2 million) and a finance lease receivable (sublease of office space by the subsidiary d'Amico Tankers UK Ltd) of US\$ 0.07 million as defined after the entry into force of IFRS 16 on 1 January 2019 (31 December 2018: not applicable). No financial asset is recorded from the valuation of the Interest Rate Swaps hedging instruments as at year-end 2019 (31 December 2018: US\$ 0.5 million current and US\$ 0.3 million non-current). The Group's exposure to various risks associated with the financial instruments and the derivative instruments fair value calculation techniques are discussed within note 29.

As at 31 December 2019, the current portion of financial assets includes US\$ 0.5 million financing to the jointly controlled entity DMS (of an initially JP¥ 2.4 billion facility, provided as own capital to finance the acquisition of DMS' vessels that were sold during the year; 31 December 2018: US\$ 14.7 million). It includes also US\$ 4.4 million funds deposited with the related party d'Amico Finance d.a.c. as a collateral for financial trades performed on behalf of d'Amico Tankers d.a.c. (2018: US\$ 2.4 million), finance lease receivable of US\$ 0.02 million (31 December 2018: not applicable) and US\$ 2.3 million deferred losses on the sale and leaseback of vessels (31 December 2018: US\$ 0.7 million).

As at 31 December 2019, other non-current financial liabilities totalling US\$ 7.3 million include mainly the fair value of interest-rate-swap hedging instruments totalling US\$ 6.2 million (31 December 2018: US\$ 3.8 million) and US\$ 1.0 million deferred profit on disposal of vessels sold and leased back (31 December 2018: US\$ 1.2 million).

As at 31 December 2019, other current financial liabilities totalling US\$ 12.4 million, comprise the fair value of interest-rate-swap hedging instruments amounting to US\$ 3.0 million (31 December 2018: US\$1.1 million), US\$ 1.0 million outstanding financial payable to Solar Shipping for the purchase of the vessel M/T Cielo di Guangzhou (31 December 2018: US\$ 2.0 million), US\$ 2.1 million of financial interest accrued on bank loans (31 December 2018: US\$ 4.5 million), an advance on future capital distributions upon liquidation of US\$ 4.3 million received from Eco Tankers Limited following the sale of its only vessel the MT High Sun (please refer to note 16), and an advance of US\$ 1.8 million from the Glenda International Shipping joint venture.

18. INVENTORIES

<i>US\$ Thousand</i>	<u>As at 31 December 2019</u>	<u>As at 31 December 2018</u>
Inventories	10,080	13,492

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

19. RECEIVABLES AND OTHER CURRENT ASSETS

<i>US\$ Thousand</i>	<u>As at 31 December 2019</u>	<u>As at 31 December 2018</u>
Contractual receivables IFRS15	25,282	21,956
Contract assets (accruals) IFRS 15	8,687	13,035
Prepayments (TC) charters, other receivables & accruals	6,760	4,062
Other debtors	704	13,110
Total	41,433	52,163

As at 31 December 2019, receivables and other current assets include IFRS 15 contractual receivables amounting to US\$ 25.3 million (31 December 2018: US\$ 22.0 million), net of allowance for credit losses of US\$ 1.0 million (31 December 2018: US\$ 1.2 million). Contractual receivables are recognised when the right to consideration becomes unconditional, that is, in the case of voyage charters, when the voyage is completed and the customer is billed. The Group holds trade receivables with the objective of collecting the contractual cash-flows and therefore measures them subsequently at amortised cost, using the effective interest rate method. Details about the Group's impairment policies and the calculation of the loss allowance are described under note 29.

Revenue-related contract assets, represent accrued income arising from the Group's right to consideration for work performed but not billed at the reporting date on the aforementioned voyage charters (conditional right to consideration for the part of the contractual obligation performed, which is invoiced at the end of the performance obligation) and amounts to US\$ 8.7 million as at 31 December 2019 (US\$ 13.0 million as at 31 December 2018). Changes in contract assets depend among others on the duration of voyages, on freight rate levels, and on the number of vessels employed through such contracts.

Prepayments and accruals represent all prepayments for TC-in contracts, other prepayments, receivables from time-charter contracts and rebillable expenses totalling US\$ 6.8 million (US\$ 4.0 million as at 31 December 2018).

Other debtors principally amount to US\$ 1.0 million and include a US\$ 0.1 million tax receivable (31 December 2018: other debtors amounted to US\$ 13.1 million, including a US\$ 0.1 million tax receivable).

The ageing of trade receivables is disclosed below.

<i>US\$ Thousand</i>	As at 31 December 2019	As at 31 December 2018
0-60 days	17,856	11,773
61-90 days	2,331	2,235
91-120 days	1,931	1,920
>120 days	3,164	6,028
Total	<u>25,282</u>	<u>21,956</u>

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, since they are mostly due by first-class counterparties (Oil Majors and large trading houses).

Information about the Group's exposure to credit risk and impairment losses for trade and other receivables is included in note 29.

20. CASH AND CASH EQUIVALENTS

<i>US\$ Thousand</i>	As at 31 December 2019	As at 31 December 2018
Cash and cash equivalents	<u>33,598</u>	<u>31,713</u>

Cash and cash equivalent are represented by cash-on-board, cash at bank and short-term deposits with a maturity of up to 3 months.

21. ASSETS HELD FOR SALE - LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

<i>US\$ Thousand</i>	As at 31 December 2019	As at 31 December 2018
Assets held for sale	<u>59,631</u>	-
Liabilities related to assets held-for-sale	<u>22,250</u>	-

Continuing DIS' fleet renewal policy, management have commenced marketing certain vessels and accordingly five vessels have been transferred to 'Assets Held for Sale' 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 consolidated net impairment charge of US\$ 15.3 million was recognised on the five vessels – the M/T Glenda Meredith, M/T High Progress, M/T High Performance, M/T High Venture and M/T Cielo di Guangzhou. Following the impairment allocation, the net consolidated carrying value of US\$ 59.6 million was transferred to 'Assets Held for Sale' at period end. There were no assets held for sale as at 31 December 2018.

The amounts outstanding on the bank loan financing the vessels held-for-sale, amounting to US\$ 22.3 million, was reclassified from non-current liabilities – Bank and other lenders to current liabilities – Banks associated to assets held-for-sale, as required by the IFRS5 standard.

22. SHAREHOLDERS' EQUITY

Changes in 2019 Shareholders' equity items are detailed in the relevant statement.

Share capital

On 11 March, 2019, the Extraordinary General Meeting of DIS' shareholders – on the basis of a special report by the Board of Directors – resolved to approve the proposed reduction of the accounting value of each share of the issued share capital of the Company from its former amount of US\$ 0.10 per share to US\$ 0.05 per share without cancellation of any shares in issue nor repayment on any share, nor off-setting of any losses and consequently reducing the amount of the issued share capital from its former amount of US\$ 65,375,802.50 to US\$ 32,687,901.25, allocating the amount resulting from the reduction to a special capital account (*apport en capitaux propres non rémunéré par des titres*), which is part of the premium accounts of the Company; decision was taken to set the authorised corporate capital, including the issued share capital, at a total amount of US\$ 87,500,000 divided into 1,750,000,000 shares with no nominal value, authorising the Board of Directors to increase the Company's capital in one or several tranches.

On 22 March 2019, The Board of Directors of the Company further resolved to prepare the launch of a preferential subscription rights ("PSR") offering addressed to its shareholders, regulated as per information included in the Prospectus; all PSRs were exercised, resulting in an increase in the share capital amounting to US\$ 29,363,545, through the issuance of 587,270,900 new ordinary shares.

The share capital of the Company on 2 July 2019 increased by 3,199 shares (US\$ 159.95) as a result of the exercise of an equivalent number of warrants at a price of € 0.327; on 30 December 2019, it increased by 350 shares (US\$ 17.50) as a result of the exercise of an equivalent number of warrants, at a price of € 0.341 (please refer to the Terms and Conditions for the exercise of the Warrants) . The total amount of aforesaid capital increases, including the share premium, was of US\$ 1,320.30.

As at 31 December 2019, the share capital of d'Amico International Shipping amounted to US\$ 62,051,623.70 corresponding to 1,241,032,474 ordinary shares with no nominal value (31 December 2018: US\$ 65,375,802.50 corresponding to 653,758,025 ordinary shares with no nominal value).

Retained earnings (accumulated losses)

As at 31 December 2019, the item includes previous year and current year net results, as well as deductions for dividends distributed.

Other reserves

The other reserves include the following items:

<i>US\$ Thousand</i>	As at 31 December 2018	Movement in 2019	As at 31 December 2019
Share premium reserve	316,697	52,149	368,846
Hedging reserve / trough OCI	331	(3,583)	(3,252)
Other Reserves	(14,791)	(589)	(15,380)
<i>of which</i>			
<i>Treasury shares</i>	(18,122)	-	(18,122)
<i>Share option reserve</i>	606	(606)	-
<i>Retranslation reserve / through OCI</i>	(383)	17	(366)
<i>Legal Reserve</i>	3,108	-	3,108

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 December 2019. 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 as at 31 December 2019 consist of 7,760,027 ordinary shares (as at 31 December 2018: 7,760,027) amounting to US\$ 18.1 million (as at 31 December 2018: US\$ 18.1 million), corresponding to 0.6% of the outstanding

shares at the financial position date (as at 31 December 2018: 1.2%). 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 and was reversed at its expiration (refer to note n. 8).

Hedging reserve

The cash-flow hedge reserve is not distributable and arose as a result of the movement in the effective portion of the Interest Rate Swap agreements connected to some of the bank facilities. Details of the fair value of the derivative financial instruments are set out in note 29.

Retranslation reserve

The reserve is not distributable and is the result of the conversion into US\$ of the shareholders' equity of the Group's companies having functional currencies different from the US\$.

Legal Reserve

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

23. BANKS AND OTHER LENDERS

<i>US\$ Thousand</i>	As at 31 December 2019	As at 31 December 2018
Banks and other lenders - <i>Non-current liabilities</i>	270,169	338,622
Banks and other lenders - <i>Current liabilities</i>	72,692	91,238
Total	342,861	429,860

Bank loans outstanding as at 31 December 2019 comprised the following facilities:

Lender / Details	Asset	Repayment terms	interest%	Loan-to-value covenant	Financial covenants	Short-term	Long-term	Total 31 Dec. 2019
DTL								
Crédit Agricole CIB + 8 syndicated Banks/ March 2016 US\$ 250m Term Loan Facility (supplemented and amended from time to time)	High Courage High Valor High Wind Cielo di New York Cielo di Rotterdam Cielo di Cagliari Cielo Rosso Cielo di Londra	19/20 consecutive quarterly instalments + balloon at maturity (total balloon = US\$ 120.7m)	US\$ LIBOR + 2.0% or + 2.15% according to vessel employment	< 76.9%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 25%	12,636	134,113	146,749
DNB Bank ASA/ December 2018 US\$ 16.25m Term Loan Facility	High Seas	20 consecutive quarterly instalments + US\$ 8.87m balloon at maturity	US\$ LIBOR + 2.80%	< 74.1%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 25%	1,476	13,298	14,774
ING Bank N.V., London Branch/ December 2018 US\$ 15.6m Term Loan Facility	High Tide	20 consecutive quarterly instalments + US\$ 8.5m balloon at maturity	US\$ LIBOR + 2.70%	< 74.1%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 25%	1,418	12,764	14,182
MPS Capital Services Banca per le imprese SpA/ July 2015 US\$ 58m Term Loan Facility	Cielo Bianco	10 consecutive semi-yearly instalments + US\$ 17.9m balloon at maturity	US\$ LIBOR + 2.25%	< 80.0%	Liquid assets > US\$ 25m Equity > US\$ 100m Equity ratio > 25%	1,764	20,555	22,319
Banca IMI SpA / October 2014 US\$ 45.080m Term Loan Facility	Cielo di Ulsan Cielo di Capri	14 consecutive semi-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 > 25%	3,011	30,776	33,787
ABN Amro N.V./ December 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 charter period to the Key charter thereafter 2.30%	< 76.9%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 25%	1,279	12,226	13,505

Tokyo Century Corporation December 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 > 25%	2,776	30,149	32,925
Tokyo Century Corporation November 2015 US\$ 21.78m Term Loan Facility	High Challenge	24 consecutive quarterly instalments + US\$ 13.1m balloon at maturity	US\$ LIBOR + 2.175%	<87.0%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 25%	1,452	16,335	17,787
Tokyo Century Corporation August 2016 US\$ 10.472m General Working Capital Facility	High Challenge 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 > 25%	1,904	2,870	4,774
Intesa Sanpaolo SpA/ Hot money	n.a.	within 12 months	n.a.	n.a.	n.a.	5,000	-	5,000
Intesa Sanpaolo SpA/ Overdraft	n.a.	within 12 months	n.a.	n.a.	n.a.	5,007	-	5,007
Bank of Ireland/Overdraft for working capital	n.a.	n.a.	n.a.	n.a.	n.a.	5,512	-	5,512
GIS								
Crédit Suisse AG (originally with Commerzbank AG)/ June 2008 US\$ 195m Term Loan Facility	Glenda Melanie Glenda Melissa Glenda Meryl	40 consecutive quarterly instalments + US\$ 62.8m total balloon at maturity(2)	US\$ LIBOR + spread 0.90% to 1.10%	< 76.9%	n.a.	25,383	-	25,383
DIS								
Cassa Lombarda SpA/Overdraft for working capital	n.a.	n.a.	n.a.	n.a.	n.a.	1,074	-	1,074
UniCredit SpA/ Overdraft for working capital	n.a.	n.a.	n.a.	n.a.	n.a.	4,488	-	4,488
<i>Financial fees</i>						(1,488)	(2,917)	(4,405)
Total as at 31 December 2019						72,692	270,169	342,861

(1) As specified in the financing contract;

(2) The figures in the table correspond to 100% of the balloons. GIS is, however, a proportionally consolidated subsidiary. In DIS' consolidated accounts we therefore include only 50% of such loans, a portion which is equivalent to d'Amico Tankers d.a.c. participation in GIS' share capital.

Bank loans outstanding as at 31 December 2018 included the following facilities:

Lender / Details	Asset	Repayment terms	interest%	Loan-to-value covenant (1)	Financial covenants	Short-term	Long-term	Total 31 Dec. 2018
DTL								
Crédit Agricole CIB + 8 syndicated Banks/ March 2016 US\$ 250m Term Loan Facility (supplemented and amended from time to time)	High Performance High Progress High Venture High Courage High Valor High Wind Cielo di New York Cielo di Rotterdam Cielo di Cagliari Cielo Rosso Cielo di Houston(2) Cielo di Londra	19/20 consecutive quarterly instalments from draw-down + balloon at maturity (total balloon for the vessels already on water= US\$ 97.57m)	US\$ LIBOR + 2.0 % or + 2.15% according to vessel employment	< 76.9%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	24,676	142,999	167,675
DNB Bank ASA/ December 2018 US\$ 16.25m Term Loan Facility	High Seas	20 consecutive quarterly instalments + US\$ 8.87m balloon at maturity	US\$ LIBOR + 2.80%	< 74.1%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1,476	14,774	16,250
ING Bank N.V., London Branch/ December 2018 US\$ 15.6m Term Loan Facility	High Tide	20 consecutive quarterly instalments + US\$ 8.5m balloon at maturity	US\$ LIBOR + 2.70%	< 74.1%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 25%	1,418	14,182	15,600
DNB Bank ASA/ December 2016 US\$ 19.375m 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	14,694	16,175
MPS Capital Services SpA/July 2015 US\$ 58m Term Loan Facility	Cielo Bianco	10 consecutive semi-yearly instalments + US\$ 17.9m balloon at maturity	US\$ LIBOR + 2.25%	< 80.0%	Liquid assets > US\$ 25m Equity > US\$ 100m Equity ratio > 30%	1,764	22,320	24,084

Crédit Agricole CIB/ December 2015 US\$ 9.5m Term Loan 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	5,750	6,750
Banca IMI SpA/ October 2014 US\$ 45.080m Term Loan Facility	Cielo di Ulsan Cielo di Capri	14 consecutive semi-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	33,787	36,799
ABN Amro N.V./ December 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 charter period to the Key charter thereafter 2.30%	< 76.9%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1,439	13,504	14,943
Tokyo Century Corporation/ December 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	32,925	35,701
Tokyo Century Corporation/ November 2015 US\$ 21.78m Term Loan Facility	High Challenge	24 consecutive quarterly instalments + US\$ 13.1m balloon at maturity	US\$ LIBOR + 2.175%	<87.0%	Liquid assets > US\$ 25m Net worth > US\$ 100m Equity ratio > 35%	1,452	17,787	19,239
Tokyo Century Corporation/ August 2016 US\$ 10.472m General Working Capital Facility	High Challenge 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%	1,904	4,774	6,678
Intesa Sanpaolo Bank Ireland PLC / December 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
Intesa Sanpaolo SpA/ Hot money	n.a.	within 12 months	n.a.	n.a.	n.a.	4,991	-	4,991
Intesa Sanpaolo SpA/ Overdraft	n.a.	within 12 months	n.a.	n.a.	n.a.	4,940	-	4,940
Bank of Ireland/Overdraft for working capital	n.a.	n.a.	n.a.	n.a.	n.a.	5,721	-	5,721
GIS								
Crédit Suisse AG (originally with Commerzbank AG) / June 2008 US\$ 195m Term Loan Facility	Glenda Melanie Glenda Melissa Glenda Melody Glenda Megan Glenda Meryl Glenda Meredith	40 consecutive quarterly instalments + US\$ 62.8m total balloon at maturity(3)	US\$ LIBOR + spread 0.90% to 1.10%	< 76.9%	n.a.	14,685	25,383	40,068
DIS								
Cassa Lombarda SpA/Overdraft for working capital	n.a.	n.a.	n.a.	n.a.	n.a.	1,076	-	1,076
UniCredit SpA/ Overdraft for working capital	n.a.	n.a.	n.a.	n.a.	n.a.	4,805	-	4,805
<i>Financial fees</i>						(2,378)	(4,257)	(6,635)
Total 31 December 2018						91,238	338,622	429,860

(1) As specified in the financing contract;

(2) sold and leased-back in Q1 2019;

(3) The figures in the table correspond to 100% of the balloons. GIS is, however, a proportionally consolidated subsidiary. In DIS consolidated accounts we therefore include only 50% of such loans, a portion which is equivalent to d'Amico Tankers d.a.c. participation in GIS' share capital.

The Group has complied with all bank loans covenants during the 2019 and 2018 reporting periods.

DIS has reached agreement with all of its banks, for which the Equity / Total Assets ratio is one of the financial covenants in guarantees provided by DIS for loans to its subsidiaries, to lower this threshold to 25.0% from the 1 January 2019.

24. 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:

<i>US\$ Thousand</i>	As at	
	31 December 2019	31 December 2018
Total future minimum lease payments (gross investment)	454,648	249,386
due within one year	57,605	19,386
due in one to five years	198,522	82,310
due over five years	198,521	147,690
Present value of minimum lease payments	351,154	173,667
due within one year	37,736	8,369
due in one to five years	140,349	44,732
due over five years	173,069	120,566
Finance charge included in the minimum lease payments	103,494	75,719
of which pertaining to the period	21,413	7,227

The carrying amount of the assets held under finance leases, as well as the main lease terms, are disclosed under notes 13 and 14; the annual rate of return on DIS' leasing transactions were, at the moment they were closed, aligned with market rates.

25. SHAREHOLDERS' SHORT-TERM FINANCING

<i>US\$ thousand</i>	As at			As at		
	31 December 2019			31 December 2018		
	Non-current	Current	Total	Non-current	Current	Total
Total	-	5,000	5,000	30,600	1,280	31,880

DIS borrowed US\$ 5.0 million from d'Amico International S.A. at the end of December 2019 and fully reimbursed the amount in early January 2020. In the month of April 2019, DIS' controlling shareholder, d'Amico International S.A., exchanged the loan granted to DIS, amounting to US\$ 31.3 million as at 31 December 2018, for new shares issued through the Company's preferential subscription rights offering.

26. PAYABLES AND OTHER CURRENT LIABILITIES

<i>US\$ Thousand</i>	As at	
	31 December 2019	31 December 2018
Trade payables	33,603	43,460
Other creditors	2,230	3,476
Accruals & deferred income	2,389	7,077
Total	38,222	54,013

Payables and other current liabilities as at 31 December 2019 as well as at 31 December 2018, mainly include trade payables. Their carrying amount is considered to be the same as their fair value, due to their short-term nature.

The Group has financial risk management policies in place to ensure all payables are settled within agreed terms. Further information is disclosed in note 29.

27. CURRENT TAX PAYABLE

<i>US\$ Thousand</i>	As at	As at
	31 December 2019	31 December 2018
Current tax liabilities	342	100

The balance at the end of 2019 and at the end of 2018 relates to the income taxes payable by DIS' subsidiaries and the net wealth tax payable by the holding company.

28. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

<i>US\$ Thousand</i>	As at 31 December 2018	NET CASH-FLOWS	NON-CASH CHANGES								As at 31 December 2019	
			Share- holder's financing	Capital modification	Amortised financial fees	Financial lease cost	New accounting standard IFRS 16	Assets held for sale	Derivatives Realised movements	P&L Unrealised movements		Cash- flow hedge OCI
Share Capital	65,376	29,364	-	(32,688)	-	-	-	-	-	-	-	62,052
Share Premium	316,697	19,461	-	32,688	-	-	-	-	-	-	-	368,846
Shareholders' loan	31,880	26,880	5,000	-	-	-	-	-	-	-	-	5,000
Liabilities from financial lease	173,667	3,938	-	-	-	21,413	152,136	-	-	-	-	351,154
Banks and other lenders	429,860	(67,187)	-	-	2,438	-	-	(22,250)	-	-	-	342,861
Liabilities from derivative instruments	4,148	2,612	-	-	-	-	-	-	35	(1,382)	3,707	9,120

29. FINANCIAL 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 objectives 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 effects 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.

DIS adopted an Internal Control and Risk Management System aimed at identifying, measuring, managing and monitoring the main risks faced by the Company. The System contributes to safeguard 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.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payables, loans to and from associated entities, loans from banks, financial leases and derivatives.

MARKET RISK

DIS and its subsidiaries are exposed to market risk in respect of vessels trading on the spot market, since they are exposed to fluctuations in market freight rates. In particular, when chartering-out vessels the hire rates may be too low to ensure an adequate return or to cover costs. The following risk management strategies are applied: (i) If possible, the Group aims to have a fixed contract coverage between 40-60% over the next twelve months, thus ensuring the exposure to the spot market does not exceed 60%; (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 its exposure to spot market rates.

FINANCIAL MARKETS RISK

As a multinational Group that has operations throughout the world, DIS 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, so as 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 could be hedged by currency swaps, forward contracts and currency options, subject to specific risk policies and guidelines and internal control procedures. All forward exchange contracts and related currency options are valued at fair value through profit or loss, with the exception of cash flow hedges. Changes in the valuation of effective cash flow hedges are recorded in other comprehensive income and transferred to profit or loss when the hedged transaction affects profit or loss or are included in the initial acquisition cost of the hedged assets or liabilities where appropriate. Counterparties to these agreements are major financial institutions. Certain transactions could also have as counterpart the related party, d'Amico Finance d.a.c..

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 2019, these payments amounted to an equivalent of US\$ 26.7 million, representing 10.7% of total operational, administrative, financial and fiscal expenses, of which 8.6% related to Euro transactions. Other foreign currencies do not represent a significant portion of DIS' cash flows.

US\$ Thousand	2019		2018	
	+ 10%	- 10 %	+ 10 %	-10 %
US\$ / Ccy	2,590	(2,590)	3,579	(3,579)

Through a sensitivity analysis, we established that a 10% fluctuation in the U.S. Dollar exchange rate against all other currencies would have resulted in a variation of +/- US\$ 2.6 million in the Group's 2019 net result (US\$ +/-3.6 million in 2018). The Group's overall 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, respectively, earn or 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 are fixed using Interest rate swap (IRS) agreements. For the agreements classified as a hedge for accounting purposes (IFRS9), the effective portion of the gain or loss on the hedging instrument will be recognised under other comprehensive income. For the interest swaps which are not considered hedges, the change in fair value is recognised directly through the income statement. Management considers that by fixing a proportion of the loan's interest expense, this will improve the predictability of future interest costs, at a level considered appropriate for the business and

allowing the Group to reduce the risk of significant fluctuations in interest rates (cash-flow hedge). To comply with the ongoing requirements of hedge accounting the effectiveness of the hedge is reviewed and confirmed on a quarterly basis; (ii) Management continuously reviews financing conditions available in the market to ensure its facilities are competitive.

Interest rate (i) Sensitivity

US\$ Thousand	2019		2018	
	<i>i</i> +1%	<i>i</i> -1%	<i>i</i> +1%	<i>i</i> -1%
	Increase	Decrease	Increase	Decrease
Interest rate cost / income statement	(1,194)	1,194	(1,700)	1,700
Interest rate swap / hedging instruments through OCI	6,234	(6,234)	10,086	(10,086)

With all other variables constant, an increase in the level of interest rates of 100 basis points would increase net financial charges by US\$ 1.2 million (US\$ 1.7 million in 2018) while a reduction in interest rates of 100 basis points would decrease net financial charges by US\$ 1.2million (US\$ 1.7 million in 2018). As at 31 December 2019, had interest rates been 100 bp higher/lower, with all other variables constant, the valuation of the swaps would have increased by US\$ 6.2 million or decreased by US\$ 6.2 million, respectively (2018: US\$ 10.1 million increase or decrease, 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 (Level 1).
- 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 (Level 2). *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 2019						
US\$ Thousand	Loans and receivables	Derivative instruments	Total	Fair Value		Total
				Level 1	Level 2	
Assets						
Non-current financial assets	17,348	-	17,348	-	-	-
Receivables and other current assets	41,433	-	41,433	-	-	-
Other current financial assets	7,265	-	7,265	-	-	-
Cash and cash equivalents	33,598	-	33,598	-	-	-
Liabilities						
Banks and other lenders	342,861	-	342,861	-	-	-
Banks associated with assets held-for-sale	22,250	-	22,250	-	-	-
Liabilities from financial lease	351,154	-	351,154	-	-	-
Shareholders' financing	5,000	-	5,000	-	-	-
Other non-current financial liabilities	1,120	6,162	7,282	-	6,162	6,162
Payables and other current liabilities	38,222	-	38,222	-	-	-
Other current financial liabilities	9,515	2,958	12,473	-	2,958	2,958

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2018.

31 December 2018						
US\$ Thousand	Loans and receivables	Derivative instruments	Total	Fair Value		Total
				Level 1	Level 2	
Assets						
Non-current financial assets	9,391	264	9,655	-	264	264
Receivables and other current assets	52,163	-	52,163	-	-	-
Other current financial assets	15,395	456	15,851	-	456	456
Cash and cash equivalents	34,118	-	34,118	-	-	-
Liabilities						
Banks and other lenders	429,860	-	429,860	-	-	-
Liabilities from financial lease	173,667	-	173,667	-	-	-
Shareholders' financing	31,880	-	31,880	-	-	-
Other non-current financial liabilities	1,226	3,772	4,998	-	3,772	3,772
Payables and other current liabilities	54,013	-	54,013	-	-	-
Other current financial liabilities	6,779	1,097	7,876	-	1,097	1,097

The Level 2 financial instruments in the above tables refer to derivative instruments and their fair value is obtained through valuations provided by the corresponding bank at the end of the period. Counterparties to these derivatives are financial institutions which are rated from A+ to B+. Due to the high credit rating of these financial institutions, no adjustments for non-performance risk are deemed necessary.

The fair value of receivables and payables is equivalent to their carrying amount, due to the short-term nature of the current receivables

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

In 2019, the realised gains amounted to US\$ 0.03 million (IRS) while no losses were realised; no unrealised gains were recorded and unrealised losses were of US\$ 1.4 million (IRS). (2018: realised income US\$ 2.2million (IRS), realised losses US\$ 0.3 million (FX), unrealised gains US\$ 2.5 million (US\$ 1.9 million IRS and US\$ 0.5 million FX); no unrealised losses were recorded.)

DERIVATIVE INSTRUMENTS

Interest rate swaps

At the end of 2019, d'Amico Tankers d.a.c. had in place nineteen interest rate swap contracts (IRS) to hedge the risk relating to interest rates on bank financings. Sixteen hedges are linked to the financing of vessels and deemed highly effective, with the effective part of the unrealized gain/loss for the period recognized in other comprehensive income and the ineffective part recognised in profit or loss. These contracts were held with the following counterparties: two with Bank of Ireland, three with ING Bank N.V., one with ABN Amro Bank N.V., two with Crédit Agricole Corporate and Investment Bank, four with d'Amico Finance d.a.c., one with Intesa San Paolo, one with MPS and One with Skandinaviska Enskilda Banken AB. Three of the hedges are not linked to specific vessels and changes in their fair value is recognized in profit or loss; they are contracted with the following counterparties: one with ING Bank NV, one with Intesa San Paolo and one with Skandinaviska Enskilda Banken AB.

The following table shows the accounting impact of the derivatives (interest rate swaps) in 2019 and 2018:

US\$ Thousand	2019		2018	
	Profit or Loss	Equity Reserve	Profit or Loss	Equity Reserve
Interest rate swaps / hedge accounting	1,382	(4,935)	1,743	(639)
Total / fair value hedge	1,382	(4,935)	1,743	(639)

Forward currency contracts

As at 31 December 2019 the DIS Group had no hedging arrangement in place to cover exchange rate fluctuations (as at 31 December 2018: a notional amount of € 0.6 million).

The following table shows the accounting impact of the forward currency contracts in 2019 and 2018:

US\$ Thousand	2019		2018	
	Profit or Loss	Equity Reserve	Profit Or Loss	Equity Reserve
Forward currency contract	-	-	(264)	6
Total	-	-	(264)	6

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

Measurement of Fair Value

The fair value measurement for interest rate swaps has been categorised within Level 2, since their fair value measurement is derived from inputs other than quoted prices that are observable (please refer to 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 counterparties to DIS' derivatives contracts are banks and financial institution counterparties, which are rated A+ to B+ (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 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) for receivables, balances are reviewed on an on-going basis. The recovery of demurrage income and charter expenses is followed by a dedicated team. DIS' customers 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) for payments relating to services such as crew management, technical and bunker purchases, advances are planned to minimise credit risk. (iii) for instalment payments relating to vessels under construction, advances are covered by appropriate bank guarantees from creditworthy institutions; (iv) for payments to port agents, 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) for banks holding its cash deposits, the Group's policy is deal only with large institutions with strong credit ratings, a first-class reputation and in most cases, specialised in shipping.

The top 10 customers in 2019 represented approximately 65.0% of the revenue of the Group (2018: 43.6%). As at 31 December 2019, 33% of the total trade receivables were due from the Group's ten largest customers (as at year-end 2018: 33%). 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. Each of these receivables are regularly monitored and on an individual basis.

To measure the expected credit losses, management has used time-slots risk indexes for overdue demurrages as per the table below, with a risk increase per time-slot of 0.5% until 90 days overdue and a further increases of 1% for overdues up to 120 days and of another 1.3% for overdues of over 120 days (please also refer to the accounting principles). The following tables show relevant data for 2019 and 2018:

<i>US\$ Thousand</i>	< 30 days	30 < days < 60	60 < days < 90	90 < days < 120	> 120 days	Total
Demurrage receivable	1,319	1,667	1,819	729	981	6,515
Percentage of risk of overdue receivables	3.5%	4.0%	4.5%	5.5%	6.8%	-
YE '19 provision for life-time credit loss (gross interest)	46	67	82	40	67	302
YE '19 life-time impairment of credits under legal dispute	-	-	-	-	-	655

<i>US\$ Thousand</i>	< 30 days	30 < days < 60	60 < days < 90	90 < days < 120	> 120 days	Total
Demurrage receivable	1 541	3 388	1 892	908	2 363	10 092
Percentage of risk of overdue receivables	3.5%	4.0%	4.5%	5.5%	6.8%	-
YE '18 provision for life-time credit loss (gross interest)	54	135	85	50	161	485
YE '18 life-time impairment of credits under legal dispute	-	-	-	-	-	690

As at year-end 2019 total bad debt provision has decreased by US\$ 0.2 million relative to 31 December 2018; the total allowance for trade and other receivables losses as at 31 December 2019 amounted to US\$ 1.0 million (2018: US\$ 1.2 million).

The Group has significant cash deposits with the following banks, which have the following S&P credit rating, Credit Agricole Bank (A+), JP Morgan (A-) and DNB (A).

Other non-current financial assets as at 31 December 2019 refers to the non-current receivable amounting to US\$ 3.2 from the sale of both the M/T High Endeavour and the M/T High Endurance (US\$1.6 million for each vessel), which occurred in Q1 2017; the receivables are due in Q1 2021. Other financial assets at amortised cost include a loan to the related party DM Shipping d.a.c.

Under IFRS 9, these assets are assessed at each period-end to ascertain whether the credit risk relating to it has increased significantly since its initial recognition. If it has, then an allowance is made for the lifetime expected credit losses on it. If it has not, then only credit losses expected on defaults within 12 months of the period end are recognised. Risk of default is assessed on an individual basis on the counterparty and expected credit losses are measured based on the historical and current data.

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

LIQUIDITY RISK

The Group is exposed to liquidity risk since due to its exposure to the sport market, freight rates earned might not be sufficient to cover its operating costs, required investments and financial commitments, leading to reduction in cash balances.

As part of its financial planning process, DIS manages the liquidity risk through an appropriate financial planning, which is regularly reviewed and updated. DIS targets a capital structure that balances the significant credit lines and funds currently available with the expected cash generation of the operating activities, to allow the Group to maintain an adequate level of liquidity. In this respect, the Group also seeks to manage the terms, maturity and composition of its financing facilities. The Group's capital structure is set within the limits established by the Company's Board of Directors and the Group's Management regularly reviews group facilities and cash requirements.

Despite the challenging credit market conditions, the Group has succeeded in maintaining access to a wide range of funding at competitive rates through financial institutions, private debt capital and the capital markets (see also note 23 and 24).

The following tables details for the years 2019 and 2018, respectively, the Group's prospective cashflows for its financing liabilities based on contractual repayment terms. 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.

<i>US\$ Thousand</i>	As at 31 December 2019				
	< 1 y	1-2 y	2-5 y	> 5 y	Total
Total Banks and other lenders (Fin.fees excluded)	96,430	46,431	226,655	-	369,516
Other financial liabilities	1,000	-	-	-	1,000
Amount due to parent company	5,000	-	-	-	5,000
Financial leasing	37,736	34,385	105,964	173,069	351,154
Total	140,166	80,816	332,619	173,069	726,670

<i>US\$ Thousand</i>	As at 31 December 2018				
	< 1 y	1-2 y	2-5 y	> 5 y	Total
Total Banks and other lenders (Fin.fees excluded)	98,557	65,256	275,414	2,209	441,435
Other financial liabilities	2,000	-	-	-	2,000
Amount due to parent company	1,280	30,600	-	-	31,880
Financial leasing	8,369	8,767	35,965	120,565	173,667
Total	110,206	104,623	311,379	122,774	648,982

For all financial liabilities, as disclosed in the maturity analysis above, it is not expected that the cash-flows could occur significantly earlier or with significantly different amounts.

30. 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. Moreover, 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 significant transactions (net P&L effect of transactions with the related party of more than US\$100k per annum) for the Group for 2019 and 2018 with these related parties are the following:

<i>US\$ Thousand</i>	d'Amico International Shipping	d'Amico Shipping UK Ltd	DM Shipping d.a.c.	d'Amico Dry d.a.c.	d'Amico International S.A.	d'Amico Società di Nav. SpA	d'Amico Shipping Singapore	d'Amico Shipping USA	Ishima Pte.Ltd.	Rudder SAM	St.Andrews Estates Limited sarl
	(consolidated)										
Revenue	353,534										
<i>of which</i>											
Freight out	20,327	-	-	-	-	-	20,327	-	-	-	-
Voyage costs	353,534										
<i>of which</i>											
Bunkers	(334)	-	-	-	-	-	-	-		(334)	-
Time charter hire costs	(31,750)										
<i>of which</i>											
Vessel charter agreements	(4,707)	-	(4,707)	-	-	-	-	-	-	-	-
Other direct operating costs	(108,325)										
<i>of which</i>											
Technical management expenses and SQE	(8,571)	-	-	-	-	(7,972)	-	-	(599)	-	-
General & Administrative costs	(11,989)										
<i>of which</i>											
Service agreement - Consultancy	(3,964)	(150)	61	-	-	(1,182)	(1,501)	(1,191)	-	-	-
Result on disposal of fixed assets	(2,042)										
<i>of which</i>											
Commissions	(80)	(80)	-	-	-	-	-	-	-	-	-
Depreciation of RoU	(30,604)										
<i>of which</i>											
Depreciation	(579)	-	-	(207)	(28)	-	-	-	-	-	(344)
Net financial income (charges)											
<i>of which</i>											
Interest income (charge)	(469)	-	98	(88)	(323)	(112)	-	-	-	-	(44)
Total		(230)	(4,548)	(294)	(351)	(9,266)	18,826	(1,191)	(599)	(334)	(388)

The following table shows the effects, by legal entity, of related party transactions on the Group's consolidated income statement for the year 2018:

<i>US\$ Thousand</i>	d'Amico International Shipping	d'Amico Shipping UK Ltd	DM Shipping d.a.c.	Eco Tankers Limited	d'Amico International S.A.	d'Amico Società di Nav. SpA	d'Amico Shipping Singapore	d'Amico Shipping USA	Rudder SAM	St.Andrews Estates Limited sarl
	(consolidated)									
Revenue	399,046									
<i>of which</i>										
Freight out	7,286	-	-	-	-	-	7,286	-	-	-
Voyage costs	(154,176)									
<i>of which</i>										
Bunkers	(614)	-	-	-	-	-	-	-	(614)	-
Commissions	(57)	-	-	-	-	-	(57)	-	-	-
Time charter hire costs	(129,750)									
<i>of which</i>										
Vessel charter agreements	(15,309)	-	(11,450)	(3,859)	-	-	-	-	-	-
Other direct operating costs	(81,572)									
<i>of which</i>										
Technical management expenses and SQE	(7,829)	-	-	-	-	(7,829)	-	-	-	-
General & Administrative costs	(16,196)									
<i>of which</i>										
Service agreement – Consultancy	(4,883)	(150)	124	-	-	(1,282)	(1,922)	(1,653)	-	-
Rent	(408)	-	-	-	(32)	-	-	-	-	(376)
Net financial income (charges)										
<i>of which</i>										
Interest income (charge)	(839)	-	127	-	(564)	(262)	-	-	(139)	-
Total		(150)	(11,199)	(3,859)	(596)	(9,973)	5,307	(1,653)	(753)	(376)

An amount of US\$ 0.3 million of construction supervisory fees was incurred through a contract with the related party Ishima. This amount was capitalised in 2018 and is therefore not disclosed in the table above, indicating the effects on DIS' income statement of transactions with related parties.

Additional related-party transactions include payments to the directors and key managers of DIS Group totalling US\$ 1.9 million (2018: US\$ 3.5 million).

The effects, by legal entity, of significant related party transactions (net P&L effect of transactions with the related party of more than US\$100k per annum) on the Group's consolidated Statement of Financial Position as at 31 December 2019, are as follows:

<i>US\$ Thousand</i>	d'Amico International Shipping S.A. (consolidated)	d'Amico Tankers UK Ltd.	DM Shipping d.a.c.	d'Amico Dry d.a.c.	d'Amico Finance d.a.c.	d'Amico International S.A.	d'Amico Societa' di Navigazione SpA	d'Amico Shipping Italia	d'Amico Shipping Singapore	Eco Tankers Limited	Glenda International Shipping d.a.c.	Ishima Pte.Ltd.	Rudder SAM	St.Andrews Estates Limited sarl
Right-of-use assets	119,449													
<i>of which related party</i>	2,535	-	-	1,761	-	82	-	-	-	-	-	-	-	692
Other non-current financial assets	17,348													
<i>of which related party</i>	63	63	-	-	-	-	-	-	-	-	-	-	-	-
Receivables and other current assets	41,433													
<i>of which related party</i>	11,414	26	21	88	-	1	-	412	10,838	-	-	27	-	-
Other current financial assets	7,265													
<i>of which related party</i>	4,931	15	510	-	4,406	-	-	-	-	-	-	-	-	-
Non-current Liabilities from financial leases	313,418													
<i>of which related party</i>	2,025	-	-	1,602	-	59	-	-	-	-	-	-	-	364
Current Liabilities from financial leases	37,736													
<i>of which related party</i>	541	-	-	169	-	27	-	-	-	-	-	-	-	345
Shareholders' financing	5,000													
<i>of which related party</i>	5,000	-	-	-	-	5,000	-	-	-	-	-	-	-	-
Payables and other current liabilities	38,222													
<i>of which related party</i>	9,803	230	693	349	-	36	2,690	40	36	-	112	1,602	4,014	-
Other current financial liabilities	12,473													
<i>of which related party</i>	6,008	-	-	-	-	-	-	-	-	4,257	1,751	-	-	-
Total		(125)	(162)	(271)	4,406	(5,039)	(2,690)	372	10,802	(4,257)	(1,863)	(1,575)	(4,014)	(17)

The effects, by legal entity, of significant related party transactions on the Group's consolidated Statement of Financial Position as at 31 December 2018, were as follows:

<i>US\$ Thousand</i>	d'Amico International Shipping S.A. (consolidated)	DM Shipping d.a.c.	d'Amico Finance d.a.c.	d'Amico International S.A.	d'Amico Shipping Singapore	Rudder SAM	d'Amico Societa' di Navigazione
Other current financial assets	18,205						
<i>of which related party</i>	17,089	14,684	2,405	-	-	-	-
Receivables and other current assets	52,163						
<i>of which related party</i>	1,060	-	-	-	1,060	-	-
Payables and other current liabilities	54,013						
<i>of which related party</i>	12,372	-	-	-	-	9,789	2,583
Other current financial liabilities							
<i>of which related party</i>							
Shareholders' financing	31,880						
<i>of which related party</i>	31,880	-	-	31,880	-	-	-
Total		14,684	2,405	(31,880)	1,060	(9,789)	(2,583)

31. COMMITMENTS AND CONTINGENCIES

Capital commitments

No capital commitments existed as at December 31, 2019, since the last vessel which was part of the Fleet renewal program was delivered in October 2019 (31 December 2018: US\$ 58.2 million, of which payments over the next 12 months amounted to US\$ 58.2 million).

<i>US\$ Million</i>	As at 31 December 2019	As at 31 December 2018
Within one year	-	58.2
Between 1 – 3 years	-	-
Total	-	58.2

Operating leases – chartered in vessels

With the introduction of IFRS 16 – Leases, the lease liabilities relating to vessels on time charter, with contracts at inception longer than one year, are recognised within the balance sheet. In the following table we indicate the lease liabilities relating to time-charters shorter than one year; due to the change in accounting principles, 2019 data is not comparable with 2018 (please refer to note 1 of the consolidated financial statements). As at 31 December 2019, the Company's minimum operating lease rental commitments amounted to US\$ 4.6 million, of which payments over the next 12 months amounted to US\$ 4.6 million. (December 31, 2018, the Group's minimum operating lease rental commitments amounted to US\$ 336.4 million, of which payments over the next 12 months amounted to US\$ 81.0 million).

<i>US\$ Million</i>	As at 31 December 2019	As at 31 December 2018
Within one year	4.6	81.0
Between 1 – 3 years	-	106.9
Between 3 – 5 years	-	89.4
More than 5 years	-	59.1
Total	4.6	336.4

As at 31 December 2019 the Group time-chartered-in 4 vessel equivalents with a term at inception shorter than one year.

As at December 31, 2018, the Group time-chartered-in 18.5 vessel equivalents, with an average remaining contract term of 3.3 years as at that date (4.1 years including optional periods).

On-going disputes

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

Tonnage tax deferred taxation

All Irish operating companies are qualified to be taxed under the Tonnage Tax regime in Ireland. The regime includes a provision whereby a proportion of capital allowances previously claimed by the Group may be subject to tax in the event that vessels are sold, or the Group fails to comply with the ongoing requirements to remain within the regime.

There are neither contingent liabilities nor commitments made by the Group which are not recognized as at the reporting date, in relation with the Group's interests in its joint ventures.

32. 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	62,051,624	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 2019 does not differ with respect to the 2018 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 operation with the Glencore Group.
- 51% equity share in the ownership, with 50% voting power, of DM Shipping d.a.c. (Ireland)*, a jointly controlled entity with the 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 **	
	31 Dec.2019	31 Dec.2018	31 Dec.2019	31 Dec.2018	31 Dec.2019	31 Dec.2018
SUMMARY BALANCE SHEET						
Non-current assets	114,148	179,845	-	-	n.a.**	23,591
Current assets	31,352	15,135	1,117	38,824	n.a.**	2,284
Net equity	(92,026)	(111,448)	13,113	(14,657)	n.a.**	(9,570)
Non-current liabilities	(24)	(50,769)	-	-	n.a.**	(14,410)
Current liabilities	(53,450)	(32,763)	14,230	(53,481)	n.a.**	(1,896)
SUMMARY INCOME STATEMENT	2019	2018	2019	2018	2019	2018
Time Charter Equivalent Earnings	27,186	29,050	4,342	11,438	n.a.**	4,793
Other direct operating costs	(13,603)	(14,599)	(1,993)	(4,752)	n.a.**	(2,273)
General and administrative costs	(238)	(228)	(76)	(158)	n.a.**	(137)
Other operating income	-	5	-	-	n.a.**	-
Depreciation and impairment	(30,228)	(10,570)	97	(18,863)	n.a.**	(1,457)
Financial costs	(2,448)	(2,729)	(820)	1,936	n.a.**	(844)
Tax	(91)	(42)	(6)	(13)	n.a.**	-
Result of the period	(19,422)	(889)	1,544	(13,783)	n.a.**	(23)

*In compliance with the application of IFRS 11, DM Shipping d.a.c. was not consolidated in the 2019 nor in the 2018 DIS' Group accounts, since it had negative equity. In March 2020 its Board of directors has approved the liquidation of the company.

** In the process of Liquidation.

EARNINGS PER SHARE (E.P.S.)*US\$ Thousand*

	2019	2018
Basic e.p.s.	(0.026)	(0.085)
Diluted e.p.s.	(0.026)	(0.085)
Weighted average number of ordinary shares used as the denominator in calculating basic e.p.s.	1,062,413,650	645,714,080
Adjustment for calculation of diluted e.p.s. – options	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted e.p.s.	1,062,413,650	645,714,080

d'AMICO INTERNATIONAL SHIPPING S.A.
MANAGEMENT REPORT AND STATUTORY FINANCIAL STATEMENTS
Year ended 31 December 2019

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\$ 62,051,623.70 as at 31 December 2019

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 interests. Its principal activity is to act as the holding company for d'Amico Tankers d.a.c. and its subsidiaries and of Eco Tankers Limited, a company which is however currently under liquidation.

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, 2017, 2018 and 2019, aimed at financing the subsidiaries' fleet expansion and to strengthen the Company's balance sheet.

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

Operating Performance

In 2019 the Company recorded a net profit of US\$ 1.3 million. The Company's Income Statement is summarized in the following table.

<i>US\$ Thousand</i>	2019	2018
Investment income (dividends)	150	83
Investment loss (loss in value)	-	(1,315)
Personnel costs	(460)	(407)
Other general and administrative costs, including tax	(1,380)	(3,373)
Financial income (charges)	2,948	4,894
Net Profit / (Loss)	1,258	(118)

Investment income (dividends) totalling US\$ 0.2 million was received in 2019.

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

The Company has no branches; there are no Research & Development costs; Own shares are disclosed under note 13.

Statement of Financial Position

<i>US\$ Thousand</i>	31 December 2019	31 December 2018
Non-current assets	417,156	351 878
Current assets	5,835	45 106
Total assets	422,991	396 985
Shareholders' Equity	407,180	357 706
Non-current liabilities	15,752	30 600
Current Liabilities	59	8 679
Total liabilities and shareholders' equity	422,991	396 985

The Company's Non-current Assets of US\$ 423.0 million as at 31 December, includes:

- the investment in d'Amico Tankers d.a.c. (DTL)— the key operating subsidiary of the Group — with a book value of US\$ 404.1 million;
- 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 financing to d'Amico Tankers, with a book value of US\$ 10.0 million;
- Current assets are mainly represented by US\$ 5.4 million in financial receivables from the subsidiary d'Amico Tankers d.a.c..

SIGNIFICANT EVENTS IN THE YEAR

In 2019, the main events for the d'Amico International Shipping Group were the following:

D'AMICO INTERNATIONAL SHIPPING:

- **Board of Directors Meeting:** On 8 February 2019, the Board of Directors of d'Amico International Shipping S.A. (the "Board of Directors") convened the extraordinary general meeting of shareholders of the Company to be held on 11 March 2019 (the "EGM") proposing to the EGM to increase the authorised corporate capital of the Company from 750,000,000 to 1,750,000,000 shares with the intention, subject to the approval of the EGM and to market conditions, to execute in the weeks following the EGM a Capital Increase respecting the following conditions:

- i) amount of up to US\$ 60 million;
- ii) Theoretical ex-rights price ("TERP") discount of up to 25%.

DIS' Board of Directors also resolved to set an extraordinary period for the exercise of the "d'Amico International Shipping Warrants 2017 – 2022", ISIN code n. LU1588548724 (the "Warrants"), as set out in art. 3.3.1. of the terms and conditions attached to the Company's prospectus dated 18 April 2017 (the "2017-2022 Warrants Terms and Conditions"), starting from 12 March 2019 until 18 March 2019, both dates included (the "Extraordinary Exercise Period").

- **Shareholders' Extraordinary General Meeting:** On 11 March 2019 the EGM of DIS resolved:
 - i) to approve the proposed reduction of the accounting value of each share of the issued share capital of the Company from its former amount of US\$ 0.10 per share to US\$ 0.05 per share without cancellation of any shares in issue nor repayment of any share nor off-setting of any losses, as proposed by the Board of Directors in the explanatory report published on 8 February 2019 and available to Shareholders in the Corporate Governance section of the Company's website (www.damicointernationalshipping.com);
 - ii) to consequently reduce the amount of the issued share capital from its former amount of US\$ 65,375,802.50 to US\$ 32,687,901.25, allocating the amount resulting from the reduction to a special capital account (*apport en capitaux propres non rémunéré par des titres*), which is part of the premium accounts of the Company;
 - iii) to set the authorised corporate capital, including the issued share capital, at a total amount of US\$ 87,500,000 divided into 1,750,000,000 shares with no nominal value, approving the related proposed amendment to DIS' Articles of Association; and
 - iv) to renew, with immediate effect and 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 rights of the existing shareholders.

On 18th March 2019 DIS announced that during the extraordinary exercise period, no Warrants were exercised. Consequently, DIS' share capital remained unchanged at US\$ 32,687,901.25 divided into 653,758,025 shares with no nominal value.

- **Board of Directors Meeting:** On 20 March 2019, the Board of Directors of d'Amico International Shipping S.A., exercising the powers delegated by the EGM of Shareholders of 11 March 2019 – resolved:
 - i) to approve a rights issue addressed to the shareholders of the Company consisting of (i) an offering by the Company with preferential subscription rights (the "Preferential Subscription Rights") of new shares (the "New Shares") of the Company (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, with cancellation in this second round of offering of any preferential subscription right (the "Private Placement", together with the Rights Offering, the "Offering");
 - ii) 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 US\$ equivalent of € 44,045,318 (including share premium), through the issuance of up to 587,270,900 New Shares, that will generally in all respects rank pari passu with the existing shares, at an issuance price per New Share of € 0.075 (the "Issuance Price"), in the ratio of 10 New Shares for every 11 Preferential Subscription Rights exercised (the "Ratio").

It was also communicated that the net proceeds of the Offering will be used to strengthen the Company's balance sheet, reducing its financial leverage and improving its liquidity position.

The Issuance Price of the New Shares incorporated a discount of 25% to the reference price of d'Amico International Shipping shares on the Mercato Telematico Azionario of Borsa Italiana S.p.A. ("MTA") as at 19 March 2019, a discount of 43% to the simple average of the reference market prices registered by d'Amico International Shipping's shares during the last six months and a discount of 15% to the theoretical-ex-rights-price ("TERP").

The controlling shareholder of the Company – d'Amico International S.A. ("DAM"), which owned 64.00% of the share capital of the Company – irrevocably undertook and committed to subscribe to any share that were not subscribed to in the Private Placement and on the same terms, notably as to pricing, as determined by the Company at the Board of Directors meeting held on 20 March 2019.

In the context of the Offering DAM converted a long term subordinated revolving facility, which amounted to US\$ 30,600,00.00, to an unsubordinated due and payable debt. DAM subscribed a part of the capital increase by offsetting the outstanding due and payable facility.

- **Adjustment of Warrants exercise price following the Offering and notification to Consob of the updated version of KID regarding Warrants:** On March 29, 2019, d'Amico International Shipping S.A. announced that the exercise price of the DIS Warrants were adjusted according to article 6.1.1 of the terms and conditions of the 2017-2022 Warrants Terms and Conditions.

The Warrants exercise prices were reduced for all the established exercise periods and additional exercise periods that will follow the completion of the Offering (as defined in the prospectus dated 21 March 2019, the "2019 Prospectus") and were fixed at:

- € 0.327 for Warrants exercised on all the days of the month of June 2019;
- € 0.341 for Warrants exercised on all the days from 27 November to 27 December 2019;
- € 0.354 for Warrants exercised on all the days of the month of June 2020;
- € 0.368 for Warrants exercised on all the days from 27 November to 27 December 2020;
- € 0.382 for Warrants exercised on all the days of the month of June 2021;
- € 0.397 for Warrants exercised on all the days from 27 November to 27 December 2021;
- € 0.412 for Warrants exercised on all the days of the month of June 2022.

Results of the Rights Offering

During the Preferential Subscription Rights' exercise period, which started on March 25, 2019 and ended on April 16, 2019 (the "Rights Subscription Period"), no. 628,392,688 Preferential Subscription Rights were exercised, representing approximately 97.3% of the total number of Preferential Subscription Rights. Given the ratio of 10 New Shares for 11 Preferential Subscription Rights, the Company issued 571,266,080 New Shares, generating gross proceeds equal to the US\$ equivalent of € 42.8 million.

- **The Board of Directors of d'Amico International Shipping S.A. announced the amendment of the ending date for the private placement, the private placement results and final results of the right issue. Capital increase 100% subscribed and gross proceeds of the offering equal to the US\$ equivalent of € 44 million:** On April 24, 2019, the Board of Directors of d'Amico International Shipping S.A., following the offering of up to 587,270,900 New Shares with Preferential Subscription Rights announced the ending, as of that date, of the private placement period for the unsubscribed New Shares.

During the Private Placement 16,004,820 New Shares were subscribed (representing an additional capital increase - including share premium - amounting to the US\$ equivalent of € 1,200,361.50).

Following the completion of the Private Placement, the Company's share capital amounted to US\$ 62,051,446.25, divided into 1,241,028,925 shares with no nominal value.

- **Amendment of financial covenants on all bank loans guaranteed by DIS** – The application of IFRS16 from January 1, 2019 had a negative effect of 4.3% on DIS' Net Worth/Total Assets ratio, based on the Company's consolidated

financials as at 31 March 2019. To offset the impact of this new accounting standard, before the end of Q1 2019, all of DIS' banks agreed to amend the financial covenants on loans guaranteed by DIS, with a reduction of the minimum threshold for this ratio to 25% from 35% previously. The amended covenant is effective from January 1, 2019.

- **Approval of DIS' medium to long-term incentive plan:** on 9 May 2019, d'Amico International Shipping S.A.'s Board of Directors, upon positive opinion of its Nomination and Remuneration Committee held on May 3, 2019, approved the Regulation of the Company's medium to long-term incentive plan (the "Medium to Long-Term Variable Incentive Plan 2019-2021" or the "Incentive Plan" or the "Plan"), available in the Corporate Governance section of the Company's website (www.damicointernationalshipping.com).

The main beneficiaries of the Plan are the following top-managers and executive directors of DIS: Paolo d'Amico (CEO and Chairman), Carlos Balestra di Mottola (CFO and Executive Director), Flemming Carlsen (COO), Cesare d'Amico (Executive Director), Marie-Anne Fiorelli (head of operations).

The main features of the Plan are the following:

The plan is based on the average financial results achieved by DIS over three rolling two-year periods ("the Period(s)" or "Cycle(s)"). The first Period is 2019-2020. The plan seeks to align the interest of shareholders and the key decision makers in DIS. In particular, the plan establishes a bonus pool based on the average ROCE (Return on Capital Employed) achieved by DIS over each rolling two-year Period, with a minimum threshold of 5% established – the "gate" objective. The bonus pool is then calculated as 10% of the difference, if positive, between the average EBIT achieved during the Period and the EBIT corresponding to an average ROCE of 5%, up to a maximum EBIT corresponding to a ROCE of 7.5%.

The Bonus Pool is allocated according to three targets that aim to measure DIS' financial performance while accounting for the risks taken, the soundness of the contract coverage strategy and the cost efficiency of the management structure. In particular, the three targets measured are:

- i) the adjusted ROCE (40% of the pool), which modifies the ROCE through a matrix which accounts for the financial leverage in DIS' capital structure and the percentage of contract coverage;
- ii) the hedging effectiveness (35% of the pool), which measures whether the coverage taken contributed positively or negatively to the blended time-charter equivalent earnings;
- iii) the percentage change in the daily General and Administrative costs (25% of the pool), which attempts to measure how efficiently the vessels were managed.

For each of the above targets minimum thresholds are established and the percentage allocated increases linearly once such threshold is exceeded, up to a maximum of 110% of the amount attributable to the achievement of such target. A final adjustment to the bonus pool is made to reflect the total shareholder return (TSR) obtained by DIS' shareholders during the Period, relative to the TSR which would have been achievable by investing in the shares of a group of peers.

The final bonus as calculated above is paid 70% in cash at the end of the vesting period of each Cycle, and the remaining 30% through DIS shares (free of charge) in the two years following the vesting period (15% each year).

The number of DIS shares allotted will be based on the arithmetic average of the official market closing prices of DIS' ordinary shares in the month prior to the Company's Board of Directors that will verify the results achieved in the corresponding vesting period.

The DIS shares serving the Plan, are those held in portfolio by the Company as at 12 March 2020 (n. 8,642,027 own shares without nominal value, following the 882,000 own shares repurchased between 20 and 24 January 2020 – see significant events since the end of the period below).

- **Second exercise period of DIS' Ordinary shares warrants 2017-2022:** On 31 May 2019, d'Amico International Shipping S.A. confirmed that the holders of "d'Amico International Shipping Warrants 2017 – 2022", ISIN code n. LU1588548724 (the "Warrants") could apply for their Warrants, to be exercised on any Borsa Italiana S.p.A. ("Borsa") trading day starting from June 3, 2019 until June 28, 2019, both dates included (the "Second Exercise

Period”), with the right to subscribe for newly issued ordinary shares of DIS admitted to trading on the MTA market organized and managed by Borsa, without par value and with the same rights and features as the DIS ordinary shares outstanding at the issue date (the “Warrant Shares”), in the ratio of one (1) ordinary DIS share for one (1) Warrant exercised. The exercise price for the Second Exercise Period amounted to EUR 0.327 (zero point three hundred and twenty-seven Euros) per Warrant Share. Following the completion of the Second Warrants exercise period, in which 3,199 Warrants were exercised, leading to the issuance of 3,199 new ordinary shares, the Company’s share capital amounted to US\$ 62,051,606.20, divided into 1,241,032,124 shares with no nominal value.

- **Approval of the amended buyback programme:** on 13 November 2019, d’Amico International Shipping S.A.’s Board of Directors approved some amendments to the buy-back programme as initially approved on 4 May 2016, following the authorization from the Company’s Annual General Meeting of Shareholders, held on 20 April 2016 (the “Programme”).

The Board of Directors was authorized to repurchase the Company’s own shares in one or more tranches, with a power of sub-delegation, for a maximum period of five (5) years starting from 20 April 2016 (i.e. date of the relevant shareholders’ meeting approving the renewal of the authorization) and thus expiring on 20 April 2021.

The purpose of the Programme as initially identified by the Board of Directors in its meeting of 4 May 2016 (see Company press release issued on the same day) remains unchanged and is the creation of an “inventory of treasury shares” that will be available as a means of payment, exchange, transfer, contribution, assignment or other types of disposals associated with transactions linked to the Company and its subsidiaries’ operations and with any projects offering an effective investment opportunity in line with the strategic policy of the Company. These include agreements with strategic partners, acquisition of shareholdings or share packages or other extraordinary finance transactions that involve the allocation or assignment of own shares (e.g. merger, demerger, issuance of convertible debentures or warrants, etc.), and more widely for any purposes permitted under the applicable laws and regulations, including but not limited to placing the Company in a position to offer all of its own shares for distribution to the Company’s and its subsidiaries’ and controlling companies’ directors, officers or employees, whether or not pursuant to the implementation of a stock option plan as approved and/or amended from time to time by the Company itself.

Due to the recent changes by the Italian competent authority with regards to accepted market practices relating to the repurchase of own shares classified as “inventory of treasury shares” and that DIS’ former stock option plan approved by the Company’s Shareholders on 20 April 2016 and referred to upon the Board of Directors’ approval of the Programme (see press release of 4 May 2016) isn’t in force anymore – DIS’ Board of Directors decided to allocate all of the residual Company’s own shares re-purchasable as per the Shareholders’ authorization (amounting to 35,091,329 own shares) indiscriminately to the above described “inventory of treasury shares” purpose.

The maximum value of own shares that can be repurchased under the Programme cannot exceed Euro 17.5 million.

The Programme shall be carried out using available reserves and/or distributable earnings sufficient for the planned repurchase of fully paid-up own shares, subject to these transactions not having the effect of reducing the Company’s net assets below the amount mentioned in paragraph 1 & 2 of Article 461-2 of the Luxembourg Law (i.e. the aggregate of the subscribed share capital and the reserves which may not be distributed according to the law or the Articles of Association of the Company), and at a price per share within the following range:

- (i) a minimum which shall not be 10% lower than the official share price reported in the trading session on the day before each individual transaction is executed;
- (ii) a maximum which shall not be 10% higher than the official share price reported in the trading session on the day before each individual transaction is executed.

Regarding the Programme’s implementation, the Company confirms that the repurchase and disposal of own shares will be executed and coordinated by Equita SIM S.p.A., an equity broker duly engaged for this purpose, which will act completely independently and without any influence from the Company regarding the moment of such repurchases, in accordance with the relevant applicable laws and of the above mentioned Shareholders’ authorization from 2016.

- **Third additional exercise period of DIS' Ordinary shares warrants 2017-2022:** On 26 November 2019, d'Amico International Shipping S.A. confirmed that the holders of "d'Amico International Shipping Warrants 2017 – 2022 could apply for their Warrants to be exercised on any Borsa Italiana S.p.A. ("Borsa") trading day starting from November 27, 2019 until December 27, 2019 in the "Third Additional Exercise Period", with the right to subscribe for newly issued ordinary shares of DIS admitted to trading on the MTA market organized and managed by Borsa, without par value and with the same rights and features as the DIS ordinary shares outstanding at the issue date, in the ratio of one ordinary DIS share for one Warrant exercised. The exercise price for the Third Additional Exercise Period was of EUR 0.341 per Warrant Share, which had to be fully paid at the time of submission of the exercise notice. Following the completion of the Third Additional Warrants exercise period, in which 350 Warrants were exercised and 350 new ordinary shares were issued, the Company's share capital as at 31 December 2019 amounted to US\$ 62,051,623.70, divided into 1,241,032,474 shares with no nominal value.

D'AMICO TANKERS D.A.C.:

- **Newbuilding vessels:** In January 2019, M/T Cielo di Houston, an 'Eco' new-building LR1 product tanker built by Hyundai Mipo Dockyard Co. Ltd. (South Korea) at their Hyundai Vinashin Shipyard Co. Ltd. in Vietnam, was delivered to the Group.

In October 2019, M/T Cielo di Londra, an 'Eco' new-building LR1 product tanker built by Hyundai Mipo Dockyard Co. Ltd. (South Korea) at their Hyundai Vinashin Shipyard Co. Ltd. in Vietnam, was delivered to the Group.

- **'Time Charter-in' and 'Commercial management' Fleet:** In January 2019, the time-charter-in contract on M/T Freja Hafnia, an MR vessel built in 2006, expired and d'Amico Tankers d.a.c. acted as commercial manager of the vessel, earning a 2% commission on her gross revenues. In the same month, the management contract on M/T High Beam ended and the Vessel was redelivered to her owners.

Between February and March 2019, the management contracts on M/T Freja Hafnia and M/T High Force ended and these vessels were redelivered to their owners.

In April 2019, the management contracts on M/T High Glow and M/T High Current ended and these vessels were redelivered to their owners.

In April 2019, d'Amico Tankers d.a.c. time-chartered-in M/T Celsius Rimini (ex-High Force), an MR vessel built in 2009 in Shin Kurushima (Japan), for a 12-month period.

In May 2019, M/T High Power, an MR vessel built in 2004 and time-chartered-in by d'Amico Tankers d.a.c. since 2015, was redelivered to her owners.

In May 2019, M/T Philoxenia, an MR vessel built in May 2019, was delivered to d'Amico Tankers d.a.c., which is now acting as commercial manager of the vessel, earning a 2% commission on her gross revenues.

In September 2019, M/T Di Matteo (ex-High Strength), an MR vessel built in 2009 and time-chartered-in by d'Amico Tankers d.a.c. since April 2019, was redelivered to her owners.

In October 2019, M/T Falcon Bay (ex-Glenda Megan), an MR vessel built in 2009, was delivered to d'Amico Tankers d.a.c., which is now acting as commercial manager of the vessel, earning a 2% commission on her gross revenues.

In November 2019, M/T SW Cap Ferrat, a handy vessel built in 2002 and time-chartered-in by d'Amico Tankers d.a.c. since December 2015, was redelivered to her owners.

In December 2019, M/T Eagle Bay, an MR vessel built in 2008, was delivered to d'Amico Tankers d.a.c., which is now acting as commercial manager of the vessel, earning a 2% commission on her gross revenues.

- **'Time Charter-Out' Fleet:** In March 2019: i) d'Amico Tankers d.a.c. extended its time charter contracts with an oil-major on two of its Handy vessels for 12 months starting from respectively March and May 2019; ii) a

leading trading house exercised its option of extending for 6 months a time charter contract for one of d'Amico Tanker's LR1s at an increasing rate, starting from May 2019.

In April 2019, d'Amico Tankers d.a.c. extended its time charter contract with an oil-major on one of its MR vessels for 29 months, with an option for a further six months, starting from 30 April 2019.

In June 2019, d'Amico Tankers d.a.c., extended its time charter contract with an oil-major on one of its MR vessels for 12 months, starting from September 6, 2019.

In July 2019: i) a leading trading house exercised its option of extending for a minimum of 12 months and a maximum of 18 months its time charter contracts for two of d'Amico Tankers' LR1s at increased rates, starting respectively from Q3 and Q4 2019; ii) an oil-major extended its time charter contract on one of d'Amico Tankers' LR1s for a further 12 months, with an option for 12 additional months, starting from January 2020; iii) d'Amico tankers d.a.c. fixed one of its MR vessels with a leading trading house for 150 days; iv) an oil-major exercised its option for extending a time charter contract on one of d'Amico Tankers' MRs for a further 12 months at an increased rate;

In August 2019: i) an oil-major exercised its option for extending a time charter contract on one of d'Amico Tankers' MRs for a further 12 months at an increased rate; ii) d'Amico tankers d.a.c. fixed its newbuilding LR1 vessel, delivered in Q3 2019, with a leading trading house for 24 months, with an option for 12 additional months; iii) d'Amico tankers d.a.c. fixed one of its MR vessels with an oil-major for 3 years.

In September 2019: i) d'Amico Tankers d.a.c. fixed one its Handy vessels with an oil-major for 11 to 14 months; ii) an oil-major exercised its option for extending a time charter contract on one of d'Amico Tankers' Handy vessels for further 6 months at an increased rate.

In October 2019, d'Amico Tankers d.a.c. fixed one its MR vessels with an oil-major for 6 months.

In December 2019, d'Amico Tankers d.a.c. fixed: i) two of its MR vessels with a leading trading house for respectively 24 months and 6 months; ii) one of its MR vessels with an oil-major for 3 years; iii) an oil-major extended its time charter contract on one of d'Amico Tankers' MRs for additional 12 months starting from January 2020.

- **Vessel Sales and Sale-Leasebacks:** In January 2019, DIS announced that its subsidiary d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T Cielo di Houston, a 75,000 dwt LR1 product tanker vessel built by Hyundai-Mipo, South Korea (at their Vinashin facility in Vietnam) and delivered in January 2019. The vessel was sold for a consideration of US\$ 38.6 million. This transaction allowed d'Amico Tankers to generate around US\$ 10.2 million in cash, net of commissions and additional costs, relative to financing the vessel through the previously committed loan facility. In addition, through this transaction d'Amico Tankers maintained full control of the Vessel, since a 10.2-year bareboat charter agreement was also concluded with the buyer. Furthermore, d'Amico Tankers has the option to repurchase the vessel, after approximately 5 years and after approximately 7 years of the commencement of the charter period, at a competitive cost of funds.

In February 2019, DIS announced that DM Shipping d.a.c., a joint venture with the Mitsubishi Group, in which d'Amico Tankers d.a.c. holds a 51% participation, signed a memorandum of agreement for the sale of the M/T High Strength, a 46,800 dwt MR product tanker vessel, built in 2009 by Nakai Zosen Corporation, Japan, for a consideration of US\$ 16.4 million. The Vessel continued its current time-charter out contract with d'Amico Tankers d.a.c. until October 2019. The vessel was delivered to its new owners on 2 April 2019, allowing DM Shipping to generate as at the same date around US\$ 12.3 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.

In March 2019, DIS announced that its subsidiary 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 Voyager, a 45,999 dwt medium-range product tanker vessel, built in 2014 by Hyundai-Mipo, South Korea for a consideration of US\$ 25.7 million. This transaction allowed d'Amico Tankers d.a.c. to generate at the vessel's delivery, on 25 April 2019, around US\$ 9.6 million in cash, net of commissions and the reimbursement of the vessel's existing loan. 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 charter period. Furthermore, d'Amico Tankers d.a.c. has the option to repurchase the vessel, at any time starting from the third anniversary of the vessel's sale with three months' notice, at a competitive cost of funds.

In May 2019, DIS announced that Eco Tankers Limited, a joint venture company with Venice Shipping and Logistics S.p.A., in which d'Amico International Shipping S.A. ("DIS") holds a 33% participation, signed a memorandum of agreement for the sale of the MT High Sun, a 49,990 dwt MR product tanker vessel (the "Vessel"), built in 2014 by Hyundai-Mipo, South Korea (Vinashin), for a consideration of US\$ 28.7 million. This transaction resulted in a profit on disposal and allowed Eco Tankers to generate around US\$ 12.8 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.

In June 2019, DIS announced that DM Shipping d.a.c., a joint venture with the Mitsubishi Group, in which d'Amico Tankers d.a.c. holds a 51% participation, signed a memorandum of agreement for the sale of the M/T High Efficiency, a 46,547 dwt MR product tanker vessel, built in 2009 by Nakai Zosen Corporation, Japan, for a consideration of US\$ 16.1 million. The vessel was delivered to its new owners in September 2019, allowing DM Shipping to generate around US\$ 13.2 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.

In August 2019, Glenda International Shipping d.a.c., the joint venture company with the Glencore Group, in which d'Amico Tankers holds a 50% participation, signed a memorandum of agreement for the sale of the M/T Glenda Megan, a 47,147 dwt MR product tanker vessel, built in 2009 by Hunday Mipo, South Korea, for a consideration of US\$ 19.0 million. The sale of the ship was finalized in October 2019.

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK

D'AMICO INTERNATIONAL SHIPPING:

Executed buyback program: On 27 January 2020, d'Amico International Shipping S.A. announced that during the period between 20 January and 24 January 2020, n. 882,000 own shares (representing the 0.07107% of the outstanding share capital of the Company) were repurchased on the regulated market managed by Borsa Italiana S.p.A. at the average price per share of Euro 0.1495, for a total consideration of Euro 131,869.20. As at 24 January 2020, d'Amico International Shipping S.A. holds nr. 8,642,027 own shares, representing 0.7% of its outstanding share capital.

The transactions were made and coordinated by an independent equity broker duly engaged for this purpose, Equita SIM S.p.A., in compliance with the Board of Directors resolution of 13 November 2019 and under the authorization to purchase own shares approved by DIS Shareholders' Meeting on 20 April 2016 (as reminded by means of a press release issued on 13 November 2019).

D'AMICO TANKERS D.A.C.:

- **'Time Charter-Out' Fleet:** In January 2020, d'Amico Tankers d.a.c. fixed one of its Handy vessels with a leading trading house for 12 months.
- **'Time Charter-In' Fleet:** In February 2020, the time-charter-in contract on M/T Freja Baltic, an MR vessel built in 2008, ended and the vessel was redelivered to her owners.

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

	As at 31 December 2019				As at 12 March 2020			
	LR1	MR	Handysize	Total	LR1	MR	Handysize	Total
Owned	5.0	11.5	7.0	23.5	5.0	11.5	7.0	23.5
Bareboat chartered*	1.0	8.0	0.0	9.0	1.0	8.0	0.0	9.0
Long-term time chartered	0.0	10.0	0.0	10.0	0.0	9.0	0.0	9.0
Short-term time chartered	0.0	4.0	0.0	4.0	0.0	4.0	0.0	4.0
Total	6.0	33.5	7.0	46.5	6.0	32.5	7.0	45.5

* with purchase obligation

BUSINESS OUTLOOK

The recent outbreak of Covid-19 has significantly reduced global growth expectations for 2020 with Capital Economics expecting as at 9 March 2020, for it to amount to only 2.0%.

Also the IEA has reduced its oil demand growth forecasts for 2020 significantly as a result of Covid-19; while as at January they forecasted an expansion of 1.2 million bpd, as at March they expect a contraction of 100k bpd.

Clarksons' latest outlook for the product tanker market is positive for 2020, with nominal dwt growth in the 'trading' fleet expected to slow to 2.4%, with effective supply increasing even less as time out of service for scrubber retrofit is expected to absorb an average of 0.7% of the product tanker's fleet capacity this year, up from 0.5% in 2019. Clarksons also estimates that despite the effects of Covid-19, the new IMO 2020 sulphur cap regulations will support an acceleration in product tanker demand this year, to around 3.75%, as demand for compliant fuels is expected to support increased gasoil trade, potentially boosting exports from the US, Middle East and China.

Product tanker demand remained firm into the New Year on the back of the seasonal increase in December. However, in the first half of February refinery margins, refinery maintenance and lack of arbitrage opportunities have put product tanker market under pressure. The outbreak of the Coronavirus in China and the extended New Year holidays have significantly reduced product demand, especially for products linked to the transport sector such as jet fuel and diesel.

North America to South America (including Mexico), volumes increased for the third consecutive month in January. This is due mainly to the increase in Brazilian imports. However due to the lack of arbitrage between the USA and Europe there was a surplus supply of ships depressing freight rates in late January.

From the second-half of February, rates started improving in the Atlantic, Middle East and North Asia, driven by growing exports from the US to South America and Europe, increased exports from Europe to West Africa, lower refinery maintenance in the Middle East and increased exports from China to the western hemisphere, in particular of jet fuel.

In January the US authorities took COSCO Dalian off its sanctions list, releasing 26 VLCCs and 3 Suezmaxes, equivalent to around 10% of the VLCC tanker fleet.

The breakdown of negotiations of OPEC+ (the cartel comprising OPEC and other countries including Russia) on March 6, 2020, which has led to the decision to reverse significant oil supply cuts, has led to a sharp drop in oil prices. The immediate effect to the product tanker sector is expected to be positive as bunker prices fall and as more oil is traded.

The key drivers that should affect the product tanker freight markets and d'Amico International Shipping's performance are (i) the growth in global oil supply (ii) refinery margins and throughput (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 tankers market in the medium-term are detailed below:

Product Tanker Demand

- In January the IEA estimated oil demand would grow in 2020 by 1.2 million b/d, an annual change of 1.2%. However, in their March report, due to Covid-19, they reduced their forecast markedly to a contraction of 100 thousand b/d. In Q1 20 they expect oil demand to fall by 2.4 million b/d year, the first quarterly contraction in more than 10 years.
- According to Clarksons, despite Covid-19, total product tanker demand is projected to expand by 3.75% in 2020, with demand for compliant fuels expected to support an increase in the gasoil trade this year, potentially boosting exports from the US, Middle East and China.
- The reversal of OPEC cuts should lead to an increase in the seaborne trade of crude oil providing a near-term boost to crude tankers, with positive spill over effects also for product tankers. The lower oil and therefore bunker prices should also boost earnings for all vessel types. The downside is that the lower oil prices are going to eventually hit E&P budgets of oil companies, reducing growth in non-OPEC oil supply in countries such as the US and Brazil.
- In their March report, due to the impact of Covid-19, the IEA has significantly reduced their estimate for global refining throughput in 2020, which is now expected to fall by 0.4 million b/d (In January they expected a growth of 1.3 million b/d). Runs in 1Q20 are now expected to fall by 2.2 million b/d y-o-y. This is the fourth consecutive quarter of sizeable year-on-year declines.
- With the significant refinery capacity additions (including some delayed projects) planned in the Middle East this year, Clarksons expects products shipments from the region to continue to expand firmly, by 14% and 6%, respectively, in 2020 and 2021.
- 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 previous limit of 3.5%. Changes in this regulation are likely to lead to a surge in demand for very-low sulphur distillates and gasoil. The regulation is expected to affect products trade patterns, regional refinery runs, storage patterns, and vessel productivity.

Product Tanker Supply

- According to Clarksons, 93 MRs were scheduled to be delivered in 2019 and 88 were delivered. 77 MRs are scheduled to be delivered in 2020. 14 LR1 were scheduled to be delivered in 2019 and 12 were delivered. 7 LR1s are scheduled to be delivered in 2020.
- According to Clarksons' planned deliveries and DIS' management conservative demolition assumptions, nominal dwt fleet growth in the MR and LR1 segments, should be of 2% in 2020 and 0.8% in 2021.
- Around 6% of the MR and LR1 fleet currently on the water (on a dwt basis) is older than twenty years.
- Shipyards are going through a period of uncertainty. Lack of orders and poor returns are leading to a reduction in global shipyard capacity.
- Scrapping coupled with a subdued order book and limited new build ordering should result in low fleet growth over the next two years.
- The International Maritime Organisation's (IMO) regulations that limit sulphur content in marine fuels to 0.5% from January 2020, 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.
- Compliance with the IMO 2020 regulations can also be achieved through the installation of scrubbers on-board. Dry-docks required for such installations will when possible coincide with special surveys but would result in longer off-hire periods and reduce the effective supply of vessels.

- According to planned installations from Clarksons, around 3.4% of the entire tanker fleet and 1.2-1.4% of the product tanker fleet still has to retrofit scrubbers. Assuming all such installations occur in 2020 and off-hire is of around 50-60 days (including positioning to dock), it should equate to a reduction in effective supply for the product tanker fleet of around 0.2% this year. Most installations will be front-loaded, but should lead to a supply contraction, although diminishing, throughout most of 2020.
- Port delays and any increase in the length of voyages, as more cargoes are exported from the Middle East, could reduce the ready supply of tonnage.
- As at the end of January 2020 there were according to Kepler around 3.1 million tons of VLSFO in floating storage in Singapore. This product will be regionally distributed, unwinding its contractionary effects, in the first few months of 2020. However, VLSFO floating storage could be replaced by HSFO floating storage as the forward price curve for this product is expected to move into contango. While floating storage is positive for our market since it reduces effective supply, it also depressed the trade in refined products, having a temporary negative impact that is expected to revert.
- Bunkering congestion has been reducing the effective supply of ships in the beginning of 2020. Anecdotal evidence of waiting time for VLSFO bunkers of 2 to 5 days in some ports, with a particular bottleneck in Singapore. The situation is, however, normalizing and waiting in the future could be more related to scrubber fitted vessels awaiting HSFO deliveries.

12 March 2020

On behalf of the Board



Antonio Carlos Balestra di Mottola
Chief Financial Officer

D'AMICO INTERNATIONAL SHIPPING S.A. FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of Income and Other Comprehensive Income

<i>US\$</i>	Note	2019	2018
Revenue	(3)	150,000	82,500
Impairment on participation	(4)	-	(1,314,585)
General and administrative costs	(5)	(1,619,608)	(3,180,110)
Gross operating result		(1,469,608)	(4,412,195)
Depreciation	(8)	(32,331)	(4,663)
Operating result		(1,501,939)	(4,416,858)
Financial income	(6)	3,435,833	5,780,315
Financial charges	(6)	(487,528)	(885,898)
Profit / (Loss) Before Tax		1,446,366	477,559
Tax expense	(7)	(188,294)	(596,040)
Net Profit / (Loss)		1,258,072	(118,481)
Total comprehensive income for the period		1,258,072	(118,481)

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

The notes on pages 113 to 127 form an integral part of these statutory financial statements.

Statement of Financial Position

<i>US\$</i>	Note	As at 31 December 2019	As at 31 December 2018
Non-current assets			
Property, Plant and equipment	(8)	781	5,030
Right-of-use assets	(8)	82,001	-
Financial fixed assets	(9)	407,073,528	321,873,528
Non-current financial receivable	(10)	10,000,000	30,000,000
Total non-current assets		417,156,310	351,878,558
Current assets			
Receivables and other current assets	(11)	71,247	66,430
Current financial receivables	(10)	5,403,375	44,768,522
Cash and cash equivalents	(12)	360,394	270,985
Total current assets		5,835,016	45,105,937
Total assets		422,991,326	396,984,495
Shareholders' equity			
Share capital	(13)	62,051,624	65,375,803
Retained earnings	(13)	(8,702,715)	(9,960,787)
Other reserves	(13)	353,831,566	302,290,415
Total shareholders' equity		407,180,475	357,705,431
Non-current liabilities			
Shareholder financing	(15)	-	30,600,000
Financial lease payable	(16)	58,604	-
Total non-current liabilities		58,604	30,600,000
Current liabilities			
Bank and other lenders	(14)	5,562,079	5,880,789
Shareholder financing	(15)(18)	5,000,000	1,280,200
Financial lease payable	(16)	26,816	-
Payables and other current liabilities	(17)	4,987,566	1,518,075
Tax payable		175,786	-
Total current liabilities		15,752,247	8,679,064
Total liabilities and shareholders' equity		422,991,326	396,984,495

On behalf of the Board



Antonio Carlos Balestra di Mottola
Chief Financial Officer

The notes on pages 113 to 127 form an integral part of these statutory financial statements.

Statement of Cash Flows

US\$	2019	2018
(Loss) / profit for the period	1,258,072	(118,481)
Dividend	(150,000)	(82,500)
Impairment on participation	-	1,314,486
Depreciation	32,330	4,663
Current tax	188,294	596,040
Financial charges (income)	(2,948,306)	(4,545,803)
Other change in Shareholder equity / Stock Option Plan	(606,984)	182,726
Cash flow from operating activities before changes in working capital	(2,226,594)	(2,648,869)
Movement in amounts receivable	(4,818)	71,483
Movement in amounts payable	(558,429)	43,336
Interest paid	(43,361)	(26,110)
Taxes (paid)	(5,459)	(537,779)
Net cash flow from operating activities	(2,838,661)	(3,097,939)
Repayment of subsidiary financing – (to) from d’Amico Tankers d.a.c.	(13,817,050)	1,980,551
Investment income - Dividend	150,000	82,500
Cash payment for the interest portion of the lease liability	(5,263)	-
Net cash flow from investing activities	(13,672,313)	2,063,051
Share capital increase	49,787,350	156,995
Costs relating to capital increase	(963,393)	-
Repayment for the principal portion of the lease liability	(24,663)	-
Repayment of shareholders ‘loan	(31,880,200)	-
Net cash flow from financing activities	16,919,094	156,995
Change in cash balance	408,120	877,893
Cash and cash equivalents net of bank overdraft at the beginning of the year	(5,609,804)	(4,731,911)
Cash and cash equivalents net of bank overdraft at the end of the year	(5,201,684)	(5,609,804)
Cash and cash equivalents at the end of the year	360,394	270,985
Bank overdrafts at the end of the year	(5,562,078)	(5,880,789)

The notes on pages 113 to 127 form an integral part of these statutory financial statements.

Statement of Changes in Shareholders' Equity

<i>US\$</i>	Share capital	Retained earnings	Other Reserves	Total
Balance as at 1 January 2019	65,375,803	(9,960,787)	302,290,415	357,705,431
Capital increase	29,363,722	-	20,423,627	49,787,349
Cost of share issue	-	-	(963,393)	(963,393)
Shareholders' contribution without issuance of shares	(32,687,901)	-	32,687,901	-
Share option cost reversal	-	-	(606,984)	(606,984)
Total comprehensive income	-	1,258,072	-	1,258,072
Balance as at 31 December 2019	62,051,624	(8,702,715)	353,831,566	407,180,475

<i>US\$</i>	Share capital	Retained earnings	Other Reserves	Total
Balance as at 1 January 2018	65,321,532	(9,842,306)	302,004,965	357,484,191
Capital increase	54,271	-	145,169	199,440
Cost of share issue	-	-	(42,445)	(42,445)
Share option cost	-	-	182,726	182,726
Total comprehensive income	-	(118,481)	-	(118,481)
Balance as at 31 December 2018	65,375,803	(9,960,787)	302,290,415	357,705,431

The notes on pages 113 to 127 form an integral part of these statutory financial statements.

Notes

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

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, which is the functional currency of the Company, rounded to the nearest dollar.

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 Company provides additional benefits to certain members of senior management through an equity compensation plan. In accordance with IFRS 2 – share-based payment, this plan represents a component of the recipient's remuneration.

In May 2019 the existing stock option plan expired (further information is set out in note 5). The fair value of the options was measured using the Black Scholes pricing model, in line with IFRS guidelines and market practice. The inputs used in the model were 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, was 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 revised its estimates of the number of options that are expected to vest based on the actual service conditions.

Following expiry of the former stock-option plan, a new management compensation plan, involving share-based payments, was approved; for full details on this plan, please refer to the information provided in the Significant events of the year, within the non-financial information section of this annual report. Following this new management compensation plan, at the end of the vesting period of each cycle, the number of DIS shares allotted to the senior management will be based on the arithmetic average of the official market closing prices of DIS' ordinary shares in the month prior to the Company's Board of Directors that will verify the results achieved in the corresponding vesting period.

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 assets and liabilities

Financial assets are 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.

Embedded derivatives within a host contract in the scope of IFRS 9 are no longer separated and the whole contract is measured at fair value through profit or loss, when the host contract is an asset; they might be separated, however, if the host contract is a liability within the scope of IFRS 9. There are no changes to the treatment of embedded derivatives in a host contract that is not a financial instrument. The Group has embedded derivatives within its contracts, although they are not financial instruments within the scope of IFRS 9 and therefore are not recognised within these financial statements.

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. A three-stage approach is considered for impairment: the first instance (12 months expected credit losses) is applicable when there's no significant increase in credit risk, expected

credit losses are recognised and updated at each reporting date and interest is presented on gross basis; in the second stage a lifetime credit loss is expected and recognised, due to the increase of credit risk, anyway interest continues to be presented on gross basis; the last stage considers a lifetime expected credit loss, the subsequent impairment of the credit and interest is presented on a net basis.

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.

Expected credit losses are calculated on demurrage receivables and are based on an assessment about lifetime expected credit losses, adopting the simplified approach, and determined at initial recognition and subsequently adjusted for any changes in expectations.

Under IFRS 9 the impairment is assessed with reference to the expected credit losses associated with trade receivables with the change in the provision recognised through the income statement.

In the assessment of credit risk and expected losses, management considers a risk of default and its probability for each set window of payment. An increase in the number payment days delay is considered by management an indicator of an increase in the risk of default – management has therefore established clusters for such payment delays to which it assigned a higher probability of default the longer the delay in payment, and for which it therefore recognises provisions which represent an increasing percentage of amounts outstanding. The policy is to write off any undue demurrages at the closing of trade negotiations, following the agreed terms.

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 three months from inception and that 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 a 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 the 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, 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 2019

The following standards and amendments have become effective for the annual periods commencing on or after 1 January 2019:

Accounting principles adopted from 1 January 2019

IFRS 16 – Leases, is effective for annual periods beginning on or after 1 January 2019 and has been adopted by the Company.

Leasing is a means of gaining access to assets, of obtaining finance and of reducing an entity's exposure to the risk of asset ownership. The new approach to leases results in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, provides greater transparency of a lessee's financial leverage and capital employed.

IFRS 16 changes the Company's Financial Statements, affecting the treatment by lessees of contracts which in previous periods were treated as operating leases. With some exceptions, liability for payments in contracts previously classified as operating leases are now discounted at the inherent rate in the lease unless this is not readily determinable, in which case at the Company's incremental borrowing rate at the date of initial application or commencement of the lease, leading to the recognition of a lease liability and a corresponding right of use asset (RoU).

Within the Income Statement, the rental costs for the office space, that is the right-of-use asset (RoU), is replaced with interest and depreciation, so key metrics like EBITDA, EBIT and Net result are modified. The interest portion of the financial leases is deducted from the Operating cash-flow, which however is higher than before, since the remaining cash payments for the lease liability are classified within financing activities.

The Company has adopted the modified retrospective approach for transition into IFRS 16, applying the standard from the beginning of 2019, not restating prior year financial information; the net impact on Retained earnings at the beginning of the application period (January 1, 2019) was negligible – lower than € 1 thousand, and has therefore not been recorded.

The RoU asset is amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, whichever is shorter.

The Company has also elected to use the practical expedient allowing not to recognise as leases the contracts shorter than 12 months (short-term leases) and those with a value lower than US\$ 5,000 (low-value items). For these contracts, the lease cost is recorded an expense, with no adjustment due to the transition.

DIS, as a lessee, applies IAS 36 *Impairment of Assets* to determine whether the leased asset is impaired and to account for any impairment loss identified.

When applying IFRS 16, the Company made the following changes in presentation:

- In the Income Statement, one additional line related to the depreciation of the right-of-use of leased assets;
- In the Statement of Financial Position, an additional line item reflects the right-of-use;
- In the Statement of Cash-flows, additional line items related to the depreciation of right-of-use assets, the lease interest cost, the repayment of lease liabilities and lease interest paid. The part of the lease payments for the principal portion of the lease liability is presented as a cash-flow from financing activities and the part of the lease payments for the interest portion of the lease liability is presented as a cash-flow from operating activities as per the Company's accounting policy regarding the presentation of interest payment.

There are no other standards effective from 1 January 2019 that have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. CAPITAL DISCLOSURE

d'Amico International Shipping S.A. 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 S.A. 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, 2017, 2018 and in 2019, consistent with its strategy of modernising its fleet and of strengthening the Company's balance sheet, enabling it to confront the mostly weak freight markets of the past few years. 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's capital requirements, as result of changes to investment plans or changes in current and prospective freight market conditions. The Company monitors its capital on the basis of the 'assets cover ratio' of the DIS Group, equal to the drawdown amounts on the Group facilities over the fair market value of Group owned vessels.

3. REVENUE

US\$	2019	2018
Revenue	150,000	82,500

A dividend from the key operating subsidiary d'Amico Tankers d.a.c. of US\$ 150 thousand was received in 2019. A dividend from Eco Tankers Limited amounting to US\$ 82.5 thousand was received in 2018.

4. IMPAIRMENT OF PARTICIPATION

US\$	2019	2018
Impairment of participation	-	(1,314,585)

No impairment of participation was recorded in 2019. In 2018, the Company recognised an impairment of US\$ 1.3 million against its participation in Glenda International Shipping d.a.c. (GIS) (please refer to note 9).

5. GENERAL AND ADMINISTRATIVE COSTS

US\$	2019	2018
Wages and benefits	460,494	(405,720)
Other operating charges	(2,080,102)	(2,774,390)
Total General & Administrative costs	(1,619,608)	(3,180,110)

Employees

The Company employs one administrative employee (2018: one manager and one administrative employee). The total charge for wages and salaries amounted to a net income of US\$ 460,494, due to the reversal of the share option cost (see below in note; 2018: cost of US\$ 405,724).

Fees were paid to the Company's directors for services rendered to the Company and attending the Board's meetings. A total amount of € 485,000 was paid, which after a 20% withholding tax represents a net remuneration of € 388,000 (2018: total € 780,000, to which a 20% withholding tax was also applicable).

On 9 May 2019, d'Amico International Shipping S.A.'s Board of Directors, upon positive opinion of its Nomination and Remuneration Committee held on May 3, 2019, approved the Regulation of the Company's medium to long-term incentive plan (the "Medium to Long-Term Variable Incentive Plan 2019-2021" or the "Incentive Plan" or the "Plan"), available in the Corporate Governance section of the Company's website (www.damicointernationalshipping.com).

The main beneficiaries of the Plan are the following top-managers and executive directors of DIS.

The Plan is based on the average financial results achieved by DIS over three rolling two-year periods, seeking to align the interest of shareholders and the key decision makers in DIS. In particular, the plan establishes a bonus pool based on the average ROCE (Return on Capital Employed) achieved by DIS over each rolling two-year Period, including a minimum threshold. The final bonus will be paid 70% in cash at the end of the vesting period of each Cycle, and the remaining 30% through DIS shares (free of charge) in the two years following the vesting period (15% each year). Please refer to the Significant events of the period, within the non-financial statements of this annual report, for full details and disclosure of calculations for this Plan. No charge has been recorded so far for payments under this plan.

Until 31 May 2019 (then expired) a different share-based compensation plan existed; 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, the "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 to the Board of Directors the definition of the terms, conditions, and procedures for the Plan's implementation. The terms and conditions, and the procedures for the Plan implementation were defined by a Regulation as approved by the Board of Directors on 4 May 2016.

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

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

	Average price per share option	Number of options
As at 1 January 2019	€ 0.0852	5,730,000
Granted during the period	-	-
Exercised during the period	-	-
Forfeited during the period	-	-
Expired at the end of the period	€ 0.0852	5,730,000
As at 31 December 2019	-	-

The fair value of the options at grant date was determined using the Black Scholes model, taking into account the following assumptions:

Share price on 1 st 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 vesting conditions of the incentive plan approved in 2016 were not satisfied and therefore the previous reserves accrued for the plan were released, resulting in an income in 2019 of US\$ 0.6 million. The cost relating to the Plan in 2018 was equivalent to US\$ 183 thousand.

Other operating charges

They include an amount of US\$ 1,084,438 in 2019, comprising professional fees and advisory costs incurred by the Company during the year as a result of being a listed entity (2018: US\$ 1,358,471), of which fees accrued for the réviseur d'entreprises agréé /statutory auditor for the audit of the 2019 statutory financial statements amounted to € 12.0 thousand equivalent to US\$ 15.8 thousand (2018: € 8 thousand equivalent to US\$ 9.6 thousand), and of which fees for the audit of the Company's consolidated financial statements amounted to US\$ 155.7 thousand (2018: € 58.3 thousand equivalent to US\$ 72.6 thousand).

6. FINANCIAL INCOME (CHARGES)

US\$	2019	2018
Financial income	3,435,834	5,780,315
Financial charges	(487,528)	(885,898)
Net financial income	2,948,306	4,894,417

Financial income in 2019 comprises interest income on the financing provided to the subsidiary d'Amico Tankers d.a.c. of US\$ 3,380,810 (2018: US\$ 5,684,784) and gains on commercial foreign exchange differences of US\$ 97,024 (2018: US\$ 95,531). Financial charges in 2019 include interest expenses due to the shareholder d'Amico International SA, on both the long-term and short-term facilities (please see as further described in note 14), amounting to US\$ 363,101 (2018: US\$ 605,744), interest expense due on the overdraft facility US\$ 43,256 (2018: US\$ 238,649), US\$ 75,909 financial fees (2018: US\$ 15,398) and US\$ 5,263 finance lease cost on the leased office space.

7. TAX EXPENSE

US\$	2019	2018
Tax expenses	(188,294)	(596,040)

Taxation in 2019 represents the accrual on the Net Wealth Tax charge for the year of equivalent US\$ 188,294 (2018: US\$ 596,040).

d'Amico International Shipping S.A. had, at the end of 2019, cumulative tax losses to be carried forward of approximately € 57.0 million (US\$ 64.0 million equivalent).

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

8. PROPERTY, PLANT & EQUIPMENT – RIGHT-OF-USE ASSETS

Tangible assets (PPE) principally represent IT equipment for the Luxembourg office; they are depreciated at a 8.33% quarterly rate over their useful lives. From 1 January 2019, following the first application of IFRS 16, a right-of-use asset (RoU), corresponding to the leased office space, is recognized and amortized over the duration of the lease contract; lessor of the office space is the related party and shareholder d'Amico International S.A.

US\$	2019		2018	
	PPE	RoU	PPE	RoU
At 1 January				
Cost or valuation	32,553	-	32,553	-
Accumulated depreciation	(27,523)	-	(22,860)	-
Opening net book amount	5,030		9,693	
Change in accounting policy	-	110,082	-	-
Restated opening net book amount	5,030	110,082	-	-
Additions	-	-	-	-
Depreciation charge for the period	(4,249)	(28,081)	(4,663)	-
Closing net book amount	781	82,001	5,030	-
At 31 December				
Cost or valuation	32,553	110,082	32,553	
Accumulated depreciation	(31,772)	(28,081)	(27,523)	

9. FINANCIAL FIXED ASSETS

Investment in subsidiaries

Company	Country	Ownership	Ccy	Book value at 31 December 2018	Increase (decrease)	Book value at 31 December 2019
d'Amico Tankers d.a.c.	IRL	100%	USD	318,921,920	85,200,000	404,121,920
Eco Tankers Limited	Malta	33%	USD	2,951,608	-	2,951,608
			USD	321,873,528	85,200,000	407,073,528

d'Amico Tankers d.a.c. (DTL) is the key operating subsidiary of the d'Amico International Shipping Group. In 2019 part of the outstanding loan provided to d'Amico Tankers d.a.c. by the Company, was converted into equity, resulting in an increase in the value of the Company's participation in DTL of US\$ 85,200,000. DTL's net result as for the 2019 financial year was a loss of US\$ 19.3 million. As at 31 December 2019, DTL had a net equity of US\$ 343.3 million. At year-end, the Company's management considers no impairment is needed to be recognised for this investment.

Eco Tankers Limited (ETL) is an associate, jointly controlled with Venice Shipping & Logistics, a private equity fund. As at 31 December 2019, Eco Tankers Limited is under liquidation, management considers no impairment is needed to be accounted for this investment and an advance on liquidation proceeds was already received by DIS (please refer to note 17).

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- in liquidation	100%	Ireland	Pool company
Glenda International Shipping d.a.c.	50%	Ireland	Shipping
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

*The Board of directors of DM Shipping d.a.c. has decided in March 2020 for a liquidation of the company.

10. FINANCIAL RECEIVABLES

US\$	As at 31 December 2019	As at 31 December 2018
Non-current financial receivable	10,000,000	30,000,000
Current financial receivable	5,403,375	44,768,522
Total	15,403,375	74,768,522

The total balance for financial receivables 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 revolving medium-term facility for corporate purposes, carrying an interest rate equal to the 3 Months US\$ LIBOR plus a margin of 2.0%, while the current financial receivable represents the amount outstanding under a short-term facility, which bears an interest equal to US\$ LIBOR 1 month plus a margin of 1.5%. The range of rates for the one-month US\$ Libor was 1.69%–2.51% during 2019. In 2019, US\$20.0 million of the long-term facility and US\$65.2 million of the short-term facility, were converted into capital.

11. RECEIVABLES AND OTHER CURRENT ASSETS

US\$	As at 31 December 2019	As at 31 December 2018
Receivables and other current assets	71,247	66,430

In 2019 and in 2018 the balance represents other sundry debtors and prepaid company expenses.

12. CASH AND CASH EQUIVALENTS

US\$	As at 31 December 2019	As at 31 December 2018
Cash and cash equivalents	360,394	270,985
Bank overdrafts	(5,562,078)	(5,880,789)
Total cash and cash equivalents	(5,201,684)	(5,609,804)

Cash and cash equivalents represent cash held at the bank (please refer to note 1) and bank overdrafts as described in note 14.

13. CAPITAL AND RESERVES

Subscribed capital

As at 31 December 2019, the share capital of d'Amico International Shipping amounted to US\$ 62,051,623.70 corresponding to 1,241,032,474 ordinary shares with no nominal value (31 December 2018: US\$ 65,375,802.50 corresponding to 653,758,025 ordinary shares with no nominal value).

On 11 March, 2019, the Extraordinary General Meeting of DIS' shareholders – on the basis of a special report by the Board of Directors – resolved to approve the proposed reduction of the accounting value of each share of the issued share capital of the Company from its former amount of US\$ 0.10 per share to US\$ 0.05 per share without cancellation of any shares in issue nor repayment on any share nor off-setting of any losses and consequently reducing the amount of the issued share capital from its former amount of US\$ 65,375,802.50 to US\$ 32,687,901.25, allocating the amount resulting from the reduction to a special capital account (*apport en capitaux propres non rémunéré par des titres*), which is part of the premium accounts of the Company; the decision was taken to set the authorised corporate capital, including the issued share capital, at a total amount of US\$ 87,500,000 divided into 1,750,000,000 shares with no nominal value, authorising the Board of Directors to increase the Company's capital in one or several tranches.

On 22 March 2019, the Board of Directors of the Company further resolved to prepare the launch of a preferential subscription rights ("PSR") offering addressed to its shareholders, regulated as per information included in the Prospectus; all PSRs were exercised, resulting in an increase in the share capital amounting to US\$ 29,363,545, through the issuance of 587,270,900 new ordinary shares.

The share capital of the Company on 2 July 2019 increased by 3,199 shares (US\$ 159.95) as a result of the exercise of an equivalent number of warrants at a price of € 0.327; on 30 December 2019, the share capital of the Company increased by 350 shares (US\$ 17.50) as a result of the exercise of an equivalent number of warrants, at a price of € 0.341 (please refer to the Terms and Conditions for the exercise of the Warrants). The total amount of aforesaid capital increases, including the share premium, was of US\$ 1,320.30.

As at 31 December 2019, the share capital of d'Amico International Shipping amounted to US\$ 62,051,623.70 corresponding to 1,241,032,474 ordinary shares with no nominal value (31 December 2018: US\$ 65,375,802.50 corresponding to 653,758,025 ordinary shares with no nominal value).

Retained earnings

The item includes previous years and current year net results, as well as deductions for dividends distributed.

Other reserves

The other reserves include the following items:

US\$	As at	Movements	As at
	31 December 2018	in 2019	31 December 2019
Share premium reserve	316,696,761	52,148,135	368,844,896
Treasury shares	(18,121,626)	-	(18,121,626)
Share option reserve	606,984	(606,984)	-
Legal reserve	3,108,296	-	3,108,296
Total	302,290,415	51,541,151	353,831,566

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 December 2019. 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 the end of 2019 consist of 7,760,027 ordinary shares (2018: 7,760,027), amounting to US\$ 18.1 million (2018: US\$ 18.1 million), corresponding to 0.6% of the outstanding share capital at the financial position date (2018: 1.2%). These shares were acquired as part of DIS' authorised buy-back programme.

Share option reserve

The reserve was created in connection with the Share Option Plan and was reversed at its expiration; 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	As at
	31 December 2019	31 December 2018
Bank and other lenders	5,562,079	5,880,789

The outstanding amount of US\$ 5.6 million at 31 December 2019 refers to bank overdrafts for general corporate purpose (Cassa Lombarda: € 1.0 Million, Unicredit: US\$ 4.5 million). The average interest rate on the amounts used of these two lines in 2019 was of 4.2%.

15. SHAREHOLDERS' FINANCING

US\$ Thousand	As at	As at
	31 December 2019	31 December 2018
Long Term loan	-	30,600,000
Short Term financing	5,000,000	1,280,200
d'Amico International S.A.	5,000,000	31,880,200

In the month of April 2019, DIS' controlling shareholder, d'Amico International S.A., exchanged the loan granted to DIS, amounting to US\$ 31.3 million as at 31 December 2018, for new shares issued through the Company's preferential subscription rights offering. US\$ 5.0 million were lent by d'Amico International S.A. at the end of December 2019 and fully reimbursed in early January 2020. The short-term financing provided by d'Amico International S.A. is remunerated at the one-month BBA US\$ Libor plus a 1% margin.

16. FINANCE LEASE PAYABLE

US\$	As at 31 December 2019	As at 31 December 2018
Finance lease payable non-current	58,604	-
Finance lease payable current	26,816	-
Total finance lease payable	85,420	-

The entry into force of IFRS 16 on 1 January 2019, led to the recognition of a short and a long-term liability corresponding to the remaining payments under the current lease contract for the right of use of DIS' office space.

17. PAYABLES AND OTHER CURRENT LIABILITIES

US\$	As at 31 December 2019	As at 31 December 2018
Payables and accruals	730,566	1,518,075
Other current liabilities	4,257,000	-
Payables and other current liabilities	4,987,566	1,518,075

Payable and other current liabilities as at 31 December 2019 include US\$ 0.7 million in payables and accruals arising from the day-to-day administrative activity of the Company (31 December 2018: US\$ 1.5 million); in particular, the Company is liable for VAT in Luxembourg and an amount equivalent to US\$0.4 million is accrued as VAT payable (31 December 2018: US\$ 0.4 million). Other current liabilities amounting to an advance on future capital distributions upon liquidation of US\$ 4.3 million received from Eco Tankers Limited following the sale of its only vessel the MT High Sun (please refer to note 9; 31 December 2018: nil).

18. RISK MANAGEMENT

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

Currency risk

The Company's functional currency is the US\$, and most of its income (dividends and interest income) are in US\$, while most of its expenses – director directors fees and the remuneration paid to managers and external consultants – are in Euros. The Company monitors its exposure to currency risk on a regular basis.

A 10% fluctuation in the U.S. Dollar exchange rate against Euros would have resulted in a variation of +/- US\$ 0.2million in the net result of the Company in 2019 (US\$ +/- 0.3 million in 2018). The Company's overall sensitivity to currency risk has not changed significantly from the prior year.

Interest rate risk

The Company is exposed to interest rate risk arising from the fact that its bank deposits, financial receivables and financial liabilities bear interest at variable rates. Management identifies and monitors these risks, seeking to anticipate potential negative effects and take appropriate mitigating action.

The interest rate sensitivity of the Company with respect to its financial liabilities is not material due the short period of utilization and amounts borrowed in both 2019 and 2018. As far as its financial assets are concerned (financing to d'Amico Tankers d.a.c.) an increase of 1% in the interest rates would result in an increase of financial income of US\$ 0.8 million while a decrease in the interest rates of 1% would result in a decrease of financial income of US\$ 0.8 million.

Liquidity risk

The Company is exposed to liquidity risk from the possible mismatch between cash requirements and cash-in-flows. DIS manages its liquidity risk through regular financial planning, seeking an appropriate capital structure and minimum

cash balance, given the planned expenses, available credit lines and forecasted cash to be generated from its subsidiaries. The Company's 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.

19. RELATED PARTIES TRANSACTIONS

During 2019, d'Amico International Shipping S.A. 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 2019 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.	d'Amico International S.A.	Directors & key management
Revenue	150,000					
<i>of which</i>						
Dividend	150,000	-	-	150,000	-	-
Gen.&administrative costs	(1,619,608)					
<i>of which</i>						
Personnel cost (directors)	(543,346)	-	-	-	-	(543,346)
Services agreement	(248,088)	(168,750)	(79,338)	-	-	-
Depreciation	(32,331)					
<i>of which</i>						
Depreciation of RoU	(28,081)	-	-	-	(28,081)	-
Net financial income (charges)	(2,948,305)					
<i>of which</i>						
Net Financial interest	2,975,709	-	-	3,293,623	(317,913)	-
Financial lease interest cost	(5,263)	-	-	-	(5,263)	-
Total		(168,750)	(79,338)	3,443,623	(351,257)	(543,346)

The effects, by legal entity, of related party transactions on the Company's income statement for 2018 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	Glenda International Shipping d.a.c.	d'Amico International S.A.	Directors & key management
Revenue	82,500							
<i>of which</i>								
Dividend	82,500	-	-	-	82,500	-	-	-
Gen.&administrative costs	(3,180,110)							
<i>of which</i>								
Personnel cost (directors)	(872,813)	-	-	-	-	-	-	(872,813)
Rent	(31,727)	-	-	-	-	-	(31,727)	-
Services agreement	(535,877)	(179,499)	(356,378)	-	-	-	-	-
Net financial income (charges)								
<i>of which</i>								
Financial interest	5,079,040	-	-	5,684,784	-	(41,667)	(564,077)	-
Total		(179,499)	(356,378)	5,684,784	82,500	(41,667)	(595,804)	(872,813)

The effect, by legal entity, of related-party transactions on the Company's Statement of Financial Position as at 31 December 2019 are as follows:

US\$	d'Amico International Shipping S.A.	d'Amico Tankers d.a.c.	d'Amico International S.A	d'Amico Shipping Italia SpA	d'Amico Dry d.a.c.	Eco Tankers. Ltd.
Non-current financial receivable	10,000,000					
<i>of which related party</i>	<i>10,000,000</i>	10,000,000	-	-	-	-
Current financial receivable	5,403,375					
<i>of which related party</i>	<i>5,403,375</i>	5,403,375	-			
Receivables and other current assets	71,247					
<i>of which related party</i>	<i>26,116</i>	-	5,450	13,215	7,451	-
Non-current liabilities	58,604					
<i>of which related party</i>	<i>58,604</i>	-	58,604	-	-	-
Current liabilities	15,752,247					
<i>of which related party</i>	<i>9,319,612</i>	-	5,062,612	-	-	4,257,000
Total		15,403,375	(5,115,766)	13,215	7,451	(4,257,000)

The effect, by legal entity, of related party transactions on the Group's combined Statement of Financial Position as at 31 December 2018 were the following:

US\$	d'Amico International Shipping S.A.	d'Amico Tankers d.a.c.	d'Amico International S.A
Non-current financial receivable	30 000 000		
<i>of which related party</i>	<i>30 000 000</i>	30 000 000	-
Current financial receivable	44 768 522		
<i>of which related party</i>	<i>44 768 522</i>	44 768 522	-
Non-current liabilities	30 600 000		
<i>of which related party</i>	<i>30 600 000</i>	-	30 600 000
Current liabilities	8 769 064		
<i>of which related party</i>	<i>1 280 200</i>	-	1 280 200
Total		74 768 522	(31 880 200)

20. 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 is d'Amico Società di Navigazione S.p.A., incorporated in Italy, which controls d'Amico International S.A..

21. 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\$ 279.0 million (originally US\$ 250.0 million) facility at Crédit Agricole Corporate & Investment Bank, the US\$ 29.0 million (originally US\$ 58.0 million) MPS Capital Services Banca per le Imprese SpA facility, the US\$ 9.5 million Crédit Agricole Corporate & Investment Bank facility, the US\$ 45.08 million Banca IMI SpA facility, the US\$ 19.5 million ABN AMRO Bank N.V. facility, the US\$ 41.6 million Tokyo Century Corporation facility, the US\$ 21.8 million Tokyo Century Corporation facility, the US\$ 10.5 million Tokyo Century Corporation for financing general working capital, the US\$ 16.3 million DNB Bank ASA facility and the US\$ 15.6 million ING Bank N.V. London Branch facility. The total amount outstanding in respect of these facilities at 31 December 2019 amounted to US\$ 323.1million.

EARNINGS PER SHARE (E.P.S.)

<i>US\$ Thousand</i>	2019	2018
Basic e.p.s.	0.0012	(0.0002)
Diluted e.p.s.	0.0012	(0.0002)
Weighted average number of ordinary shares used as the denominator in calculating basic e.p.s.	1,062,413,650	645,714,080
Adjustment for calculation of diluted e.p.s.	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted e.p.s.	1,062,413,650	645,714,080

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

12 March, 2020



Antonio Carlos Balestra di Mottola
Chief Financial Officer

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

Leudelange, March 12, 2020

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, 2019, 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 present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, 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 the EU Regulation N°537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF 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.

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 calculates 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 14 ("Property, plant and equipment") 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 data (broker estimates, operating costs, estimated future capital expenditure, vessel useful life, residual value and consumer price index) and competitor analysis. We checked and recalculated the discount rate with reference to the weighted average cost of capital (WACC) of the Group and peers. 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 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.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

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 three years.

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.

MOORE Audit S.A.

A handwritten signature in blue ink, appearing to read 'Horst Schneider', written over a vertical line.

Horst SCHNEIDER
Réviseur d’Entreprises Agréé

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

Leudelange, March 12, 2020

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, 2019, 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 present fairly, in all material respects, the financial position of the Company as at December 31, 2019, 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 the EU Regulation N°537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF 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 the consolidated financial statements as at December 31, 2019 issued on March 12, 2020.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in 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.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.



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.



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 three years.

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 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 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.

MOORE Audit S.A.

A handwritten signature in blue ink, consisting of a large, stylized initial 'H' followed by a horizontal line that ends in a small arrowhead pointing to the right.

Horst SCHNEIDER
Réviseur d'Entreprises Agréé