2010 Annual Report

d’Amico Società di Navigazione S.p.A.

d’Amico

2010 Annual Report

Consolidated and Statutory Financial Statements
Year Ended 31 December 2010

d'Amico Società di Navigazione S.p.A.

Registered office: Via Siracusa 27, Palermo (Italy)
Head office: Corso d'Italia 35/B, Rome (Italy)
Share capital: Euro 25,000,000, fully paid-in
Tax code, VAT registration and registration number
in the Palermo Companies Register 00768720823


CIELO DI DUBLINO
MONROVIA
IMO 9585651
ORIENTAL

Contents

Corporate Boards and Officers

Board of Directors

Chairman
Paolo d'Amico [1]

Chief Executive Officer
Cesare d'Amico[1]

Managing Director for Administration, Finance and Control
Roberto Michetti

Director
Giovanni Battista Nunziante

Board of Statutory Auditors

Standing Auditors
Gianfranco Taddeo - *Chairman*
Gian Enrico Barone
Franco Guerrucci

Substitute Auditors
Paolo Taddeo
Renzo Marini

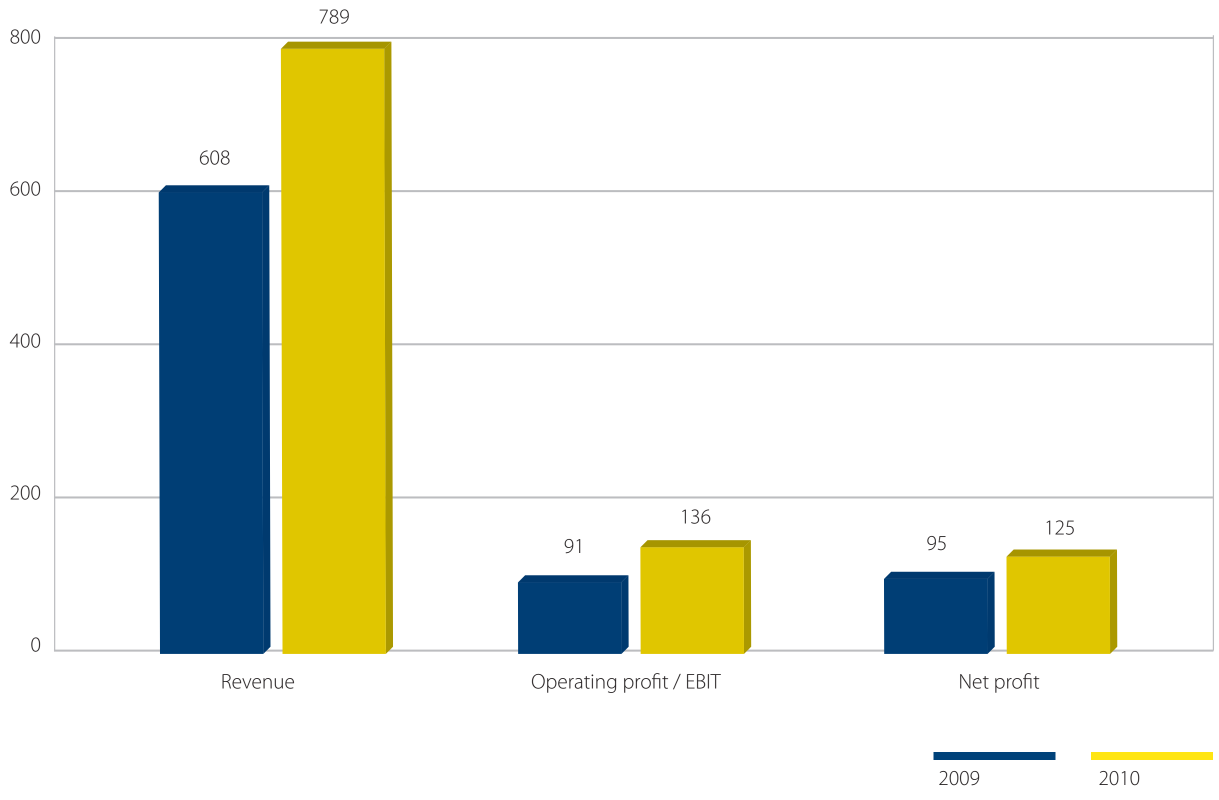
Independent Auditors

Moore Stephens Concorde S.r.l.

[1] Members of the Executive Committee

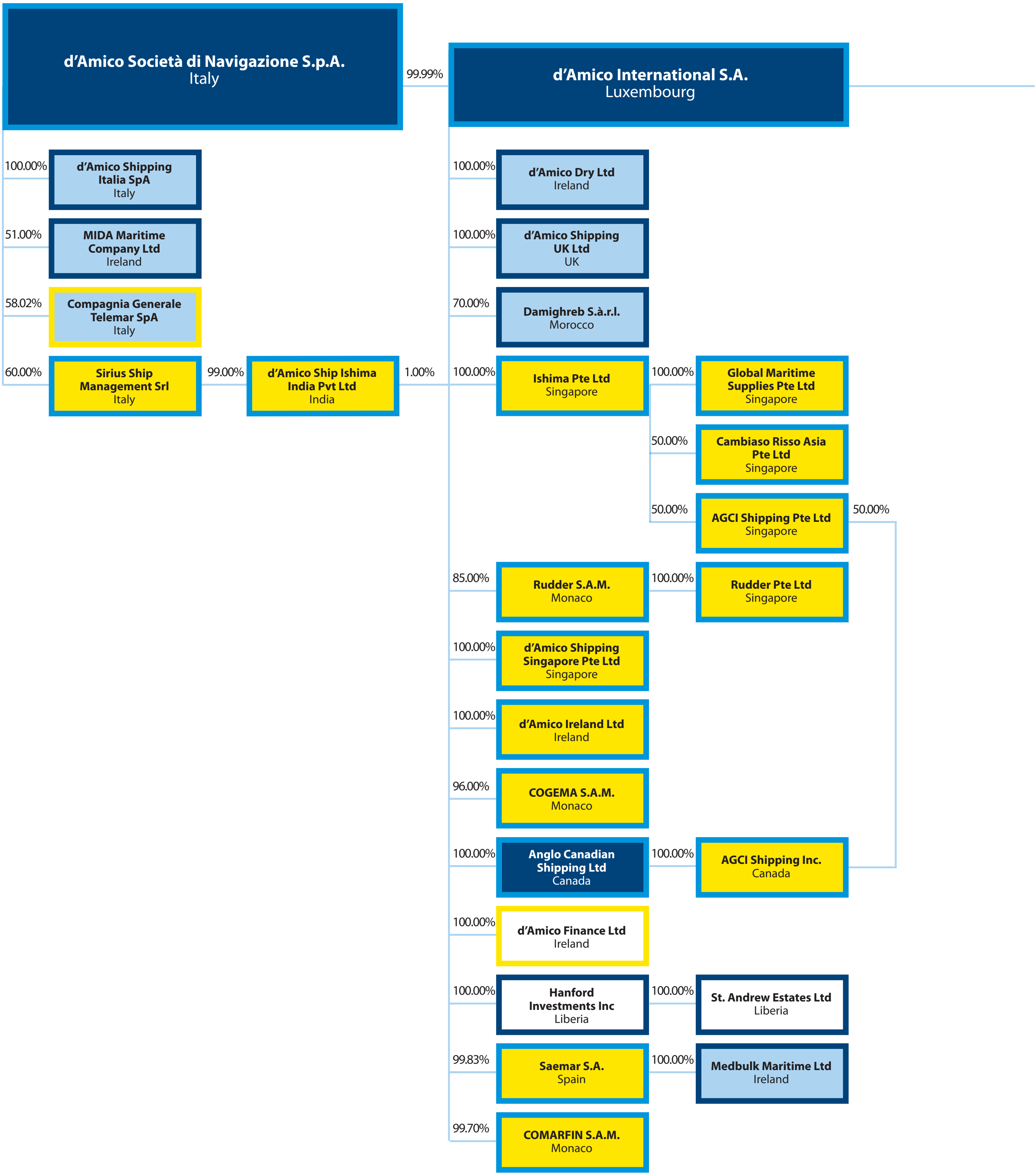
Key Figures

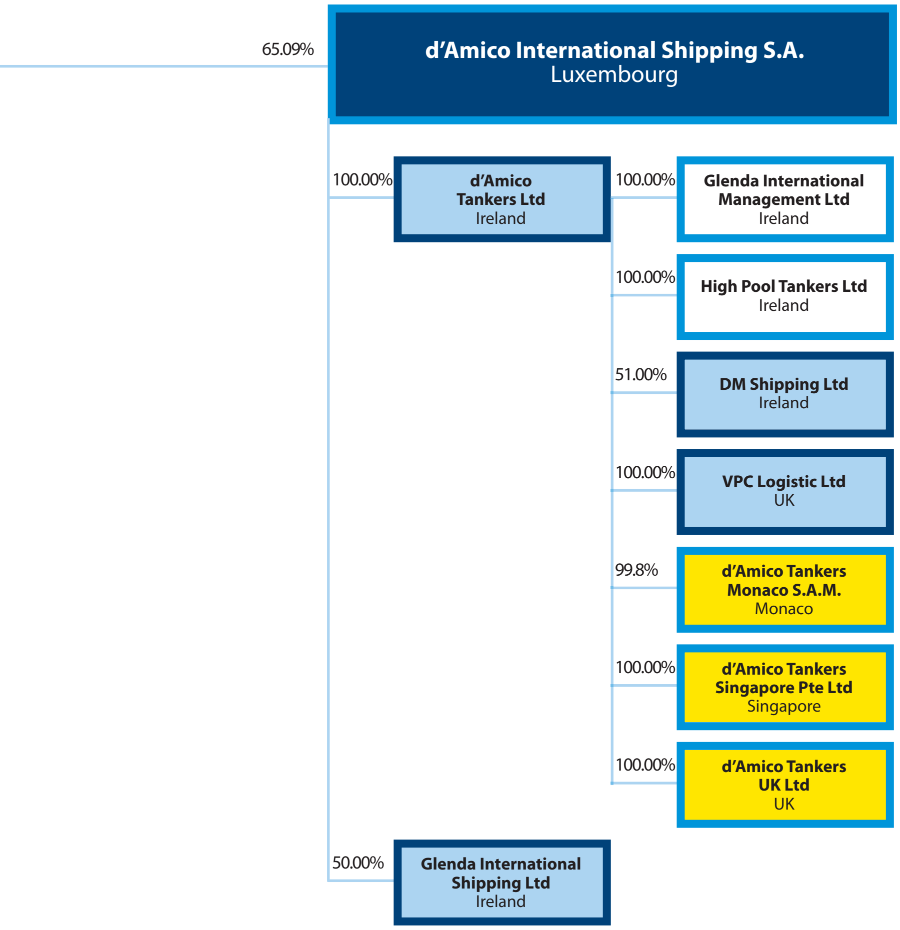
(millions of euro)	2010	2009
Revenue	789	608
Operating profit / EBIT	136	91
Net profit	125	95
Net cash	48	44
Investments (fleet)	158	91

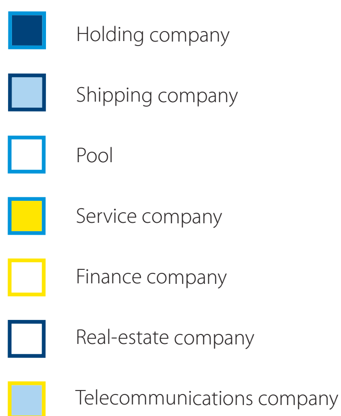


Report on Operations

Group Structure

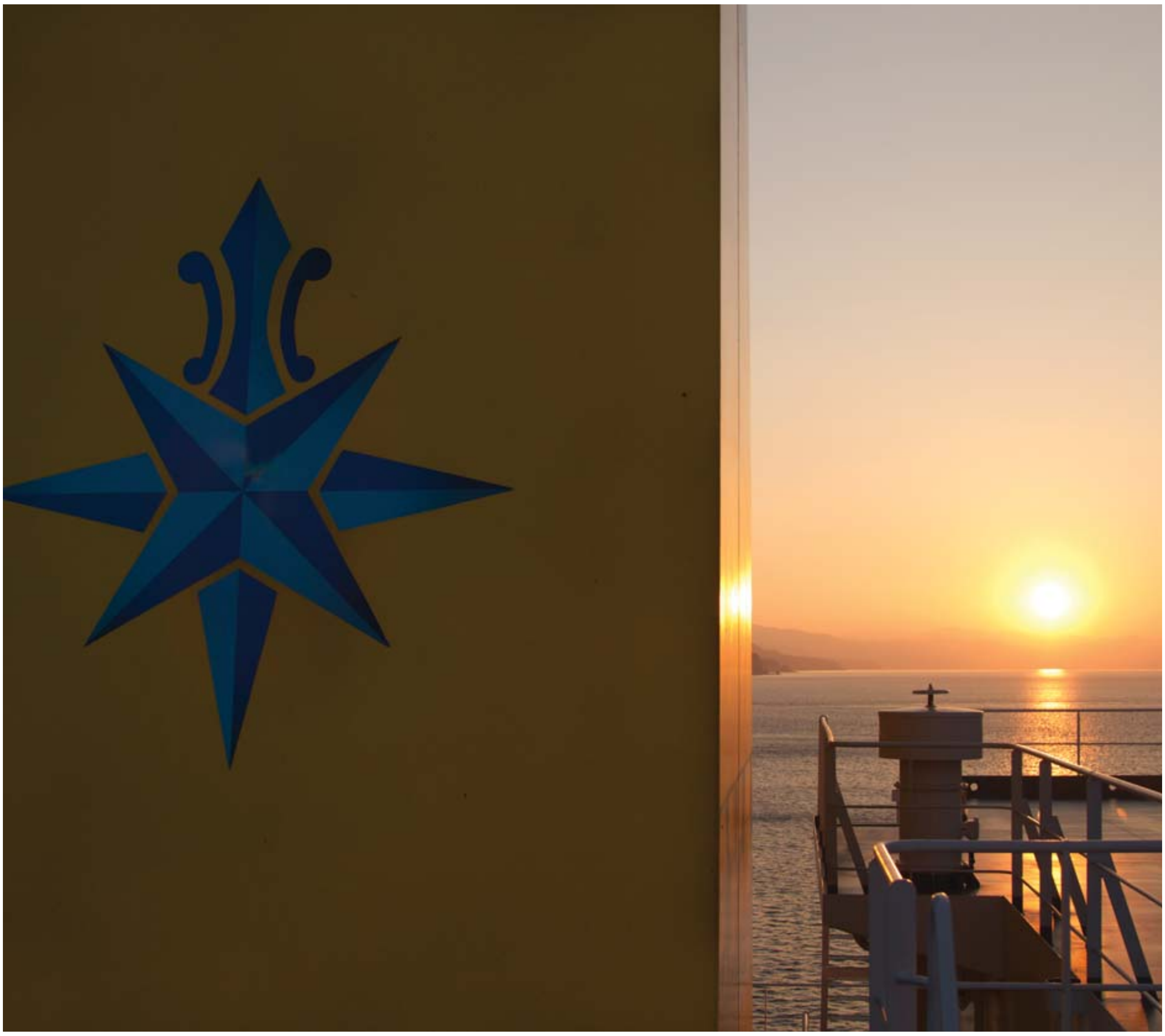



65.09%
d'Amico International Shipping S.A.
Luxembourg
100.00%
d'Amico Tankers Ltd
Ireland
100.00%
Glenda International Management Ltd
Ireland
100.00%
High Pool Tankers Ltd
Ireland
51.00%
DM Shipping Ltd
Ireland
100.00%
VPC Logistic Ltd
UK
99.8%
d'Amico Tankers Monaco S.A.M.
Monaco
100.00%
d'Amico Tankers Singapore Pte Ltd
Singapore
100.00%
d'Amico Tankers UK Ltd
UK
50.00%
Glenda International Shipping Ltd
Ireland


Holding company
Shipping company
Pool
Service company
Finance company
Real-estate company
Telecommunications company

d’Amico Società di Navigazione S.p.A.

d’Amico Società di Navigazione S.p.A. (hereinafter ’DSN’, ’d’Amico’, the ‘Company’ or ‘d’Amico Società di Navigazione’) is the holding company for a leading global shipping group (hereinafter the ‘Group’) with operations in dry cargo and container ships, tankers and auxiliary maritime services. The Group boasts a long and established tradition as a family business founded in 1936 and has developed a worldwide presence over the years with offices in the most important maritime mercantile centres. Its indirect subsidiary d’Amico International Shipping S.A. (‘DIS’), a sub-holding company for tanker operations, is listed on Borsa Italiana S.p.A. Experience, competence and responsibility, in addition to a strong focus on the client, operational safety and protection of the environment represent the d'Amico Group's core values.



Business Areas

Dry cargo and container ships

The Group operates in the **dry-cargo** sector of the shipping market through **d'Amico Dry Limited** and **d'Amico Shipping Italia S.p.A.** (hereinafter 'DSI'). The fleet, a detailed list of which is presented as an annex to this report, comprises both owned ships and ships on long-term charters. In order to satisfy flexibility needs and seize the opportunities presented by the dry-cargo market, the d'Amico Group also uses ships on short-term charter that do not represent an integral part of its fleet. In further detail, the Group operates in the following segments: Handysize (from 32,000 dwt to 37,000 dwt), Supramax (from 52,000 dwt to 58,000 dwt) and Panamax (from 74,000 dwt to 83,000 dwt). The composition of the fleet of dry-cargo ships was as follows as at 31 December 2010:

	As at 31 December 2010			
	Handysize	Supramax	Panamax	Total
Owned	4	7	7	**18**
Chartered	5	4	6	**15**
Total	**9**	**11**	**13**	**33**

During 2010, d'Amico Dry Limited operated an average of approximately **44 vessels** (31% of which were on short-term charter), while d'Amico Shipping Italia S.p.A. operated an average of approximately **nine vessels** (approximately 10% of which were on short-term charter).

The Group conducts shipping on a global scale on behalf of a large number of European and Asian clients. In addition to the coal sector, in which the Group boasts longstanding experience, the segments of the shipping market in which the Group operates include bulk cargo generally, such as iron ore and other commodities, where its clients are among the leaders of their respective industries. Reliability, flexibility and strong long-term relationships are the competitive advantages that the d'Amico Group has established in the dry-cargo business.

The dry-cargo sector also includes the shipping of forest products from North America to various Mediterranean ports on the basis of both long-term contracts with the major forest-product producers and voyage-based contracts that allow the Group to seize the opportunities presented by the segment.
The vessels in the d'Amico fleet are employed directly: a significant share is hired under 'time-charter' (medium-and long-term) contracts, while the remainder is chartered on a 'per-voyage' basis (known as the 'spot' market).

Damighreb S.à.r.l. (based in Morocco) is the Group company that operates in the liner shipping sector through the use of **container ships**. The company has been operating since 2010 and has assumed responsibility for liner shipping service in the Mediterranean area, which had previously been operated by d'Amico Shipping Italia S.p.A. under the NAVIMED brand.

As at 31 December 2010, Damighreb S.à.r.l operated two container ships that provide liner service for transporting goods in containers to and from Morocco, Italy, Spain and Tunisia.

Tankers

The Group's tankers sector is entrusted to **d'Amico International Shipping S.A.** ('**DIS**'), which, mainly through its subsidiary d'Amico Tankers Limited, based in Ireland, operates a fleet with an average age of approximately 5.1 years, comprising double-hull vessels with load capacities of 35,000 to 51,000 dwt (Handysize and Medium-Range product tankers), chiefly employed in shipping refined petroleum products, providing shipping services on a global scale to leading oil and trading companies. In addition, all vessels have been constructed in accordance with IMO (International Maritime Organization) and MARPOL (the International Convention for the Prevention of Pollution from Ships) regulations, the requirements set by the major oil and energy companies and international standards. Pursuant to MARPOL/IMO regulations, cargoes such as palm oil, vegetable oil and a range of other chemical products may only be transported by tankers that meet specific requirements ('IMO-classed' vessels). As at 31 December 2010, 67.5% of the vessels in the d'Amico International Shipping fleet were IMO-classed, allowing the Group to transport a wide range of products. As at the same date, the fleet of tankers operated by DIS included **38.5 vessels**, as shown in the following table:

	As at 31 December 2010		
	MR	Handysize	Total
Owned	14.5	3.0	**17.5**
Chartered	16.0	4.0	**20.0**
Chartered in pool arrangements	-	1.0	**1.0**
Total	**30.5**	**8.0**	**38.5**

d'Amico Società di Navigazione also operates in the tanker sector, to a residual extent, through its direct subsidiary **d'Amico Shipping Italia S.p.A.** ('**DSI**'), which as at 31 December 2010 held bareboat-charter contracts with third parties for three Handysize tankers, two of which were employed directly on the market, while the third was chartered by d'Amico Tankers Limited.

A complete list of the fleet of tankers is presented in an annex to this report.

Use of the fleet and partnerships

As at 31 December 2010, d'Amico International Shipping employed 14.5 vessels directly through its operating subsidiary d'Amico Tankers Limited: seven MR ('Medium Range') and one Handysize vessel under long-term charter contracts and six Handysize vessels on the spot market. A significant portion of its ships are employed under partnership agreements ('pools'). This type of arrangement allows access to an even larger fleet in terms of size and geographical coverage, permitting d'Amico International Shipping to seize commercial opportunities and provide clients with complete service by expanding its geographical coverage while also concurrently increasing flexibility of fleet use. DIS participates in the following pools through d'Amico Tankers Limited:

- *GLENDA* – a pool arrangement entered into with Glencore/ST Shipping to operate vessels under a single commercial brand, GLENDA. As at 31 December 2010, the pool operated 34 MR tankers; and

- *High Pool Tankers* – a pool arrangement with Nissho Shipping Co. Limited (Japan) that as at 31 December 2010 operated 11 MR tankers and also involved the participation of Mitsubishi Corporation.

In addition to pool arrangements, DIS has formed two joint ventures with important strategic partners: DM Shipping Ltd. with the Mitsubishi Group (two MR vessels delivered in 2009) and GLENDA International Shipping with the Glencore Group, which as at 31 December 2010 owned three vessels delivered in 2009 and 2010. The foregoing joint venture also includes among its orders contracts to construct three new 'product/chemical' MR vessels to be delivered in the first quarter of 2011.

Maritime services

This segment comprises the provision of auxiliary services for shipping operations. The services rendered benefit not only the d'Amico fleet, but also international clients, and comprise in particular **ship management, maritime telecommunications services, insurance brokerage** and intermediation in ship fuel purchases ('**bunkering**').

Ship management services constitute one of the main lines of business of the Parent Company, **d'Amico Società di Navigazione S.p.A.**, which, along with its subsidiaries, and **Ishima Pte Limited** in particular, renders certain services to Group companies and third parties, including:

- technical management (supervision of construction and maintenance projects);
- planning, procurement and management of planned maintenance ('PM');
- crew management (selection, recruitment and management of the compensation of maritime personnel);
- management of quality, safety and environmental protection systems;
- management of onboard information technology systems;
- management of legal and insurance issues.

Maritime telecommunications services are entrusted to **Compagnia Generale Telemar S.p.A.**, a global leader in the sector. Such activities include the provision of electronic and satellite communications and navigation systems and support for those systems, as well as the sale of radiotelegraphic traffic. Telemar, which operates through subsidiaries in ten countries, is a strategic partner and agent for the major producers of telecommunications systems and boasts unparalleled expertise in support services for transport and cruise vessels.

Bunkering operations are conducted by **Rudder SAM**. The company provides services to the Group as well as third parties. The process begins with constant monitoring of the reliability of traders operating in the sector and is founded on longstanding relationships with the oil majors. The purpose of this arrangement is to ensure the quality of the product and delivery to vessels.

Financial investments

In parallel with its investments in shipping and auxiliary services, the d'Amico Group, and in particular the Parent Company, d'Amico Società di Navigazione S.p.A., along with its sub-holding company d'Amico International S.A. (Luxembourg), has a significant presence in the financial investments sector. This line of business, in addition to the short-/medium-term management of financial resources, also includes the acquisition of qualified equity investments of a strategic nature in financial and industrial companies with a view towards diversification and from a long-term perspective. Such activities include, inter alia, the investments in:

- *ClubTre S.r.l.* – owned by Tamburi Investment Partners S.p.A., which holds a 35% interest, and Angelini Partecipazioni Finanziarie S.r.l. and d'Amico Società di Navigazione S.p.A., each of which holds a 32.5% interest. As at 31 December 2010, d'Amico Società di Navigazione S.p.A., had invested a total of Euro 26.7 million. ClubTre S.r.l. holds an interest of more than 5% in Prysmian S.p.A., a global leader in cabling and high-tech systems for energy transmission and telecommunications;

- *Venice Shipping & Logistic S.p.A.* – a company whose main shareholders as at 31 December 2010 were Palladio Finanziaria S.p.A. (56.58%), Vega Finanziaria S.p.A. (14.16%) and d'Amico Società di Navigazione S.p.A. (28.26%). The company was incorporated in September 2009 and primarily engages in investment transactions in the shipping and shipping logistics sectors; *Tamburi Investment Partners S.p.A.* - an independent merchant bank listed on the Milan Stock Exchange and focused on medium-sized Italian companies. The equity interest came to 9.3% as at 31 December 2010;

- *Datalogic S.p.A.,* listed on the Milan Stock Exchange, is one of the world's leading producers of bar-code readers, mobile computers for data collection, RFID systems and automatic viewing systems and offers solutions for applications in manufacturing, transport, logistics and retail. The equity interest came to 2.03% as at 31 December 2010.

Organization and Human Resources

As at 31 December 2010, the Group employed a workforce of 1,495, including 944 seagoing personnel.

Seagoing Personnel

Crewing represents one of the key elements in the safe and efficient use of the fleet. The crewing policy implemented by the Group, which boasts more than 75 years of experience in the sector, aims to promote onboard safety and environmental protection, while also maintaining conditions of crew efficiency and reliability. The d'Amico Group achieves these objectives on the basis of three pillars: a meticulous selection process, thorough training and a permanent monitoring and assessment system.

To establish an effective recruitment program, the Group aims to secure access to talented employees. In order to meet these needs fully, the Group has developed a personnel selection strategy that has resulted in the implementation of the following initiatives, among other activities, in recent years: (i) through its subsidiary Sirius Ship Management S.r.l., d'Amico Società di Navigazione set up a base of operation for the Indian market in Mumbai. The Indian market has an established track record as a provider of quality English-speaking crew. The Group also has representation in Manila with the aim of ensuring access to the important Philippine market. The majority of the crew members employed on the Group's vessels are Indian nationals. Recently, two vessels in the dry-cargo fleet were staffed by a crew of Chinese nationals only, who performed well; (ii) as part of its initiatives aimed at supporting training organizations, d'Amico Società di Navigazione and other important Italian institutional partners have founded the Giovanni Caboto Foundation, an institution of higher education for specialized technicians that offers two-year post-secondary training courses intended for those who wish to embark upon an international career in the naval sector. Courses, which are divided into one year of theoretical study and one year of hands-on training, aim to provide an excellent technical background, allowing pupils to expand their knowledge of d'Amico's organizational structure, policies, expertise and vision in order to facilitate their hiring as the Company's seagoing or onshore personnel.

Through an appropriate training program, the Group ensures that the crews employed on its vessels meet the high standards of professionalism essential to their duties. In this respect, it has organized a rigorous training program both ashore and onboard vessels. In addition, the Group pursues a policy of collaboration with various naval education institutions with the aim of increasing awareness of safety and environmental issues, key priorities for d'Amico.

Continuous monitoring and feedback allows the Group to identify areas for improvement and establish tailored programs. In addition, the Group adopts a pro-active approach to evaluating its staff and organization, placing a strong emphasis not only on actual accidents but also episodes that could have resulted in accidents. This assessment system allows the Group to identify areas of concern in advance and take the appropriate measures.

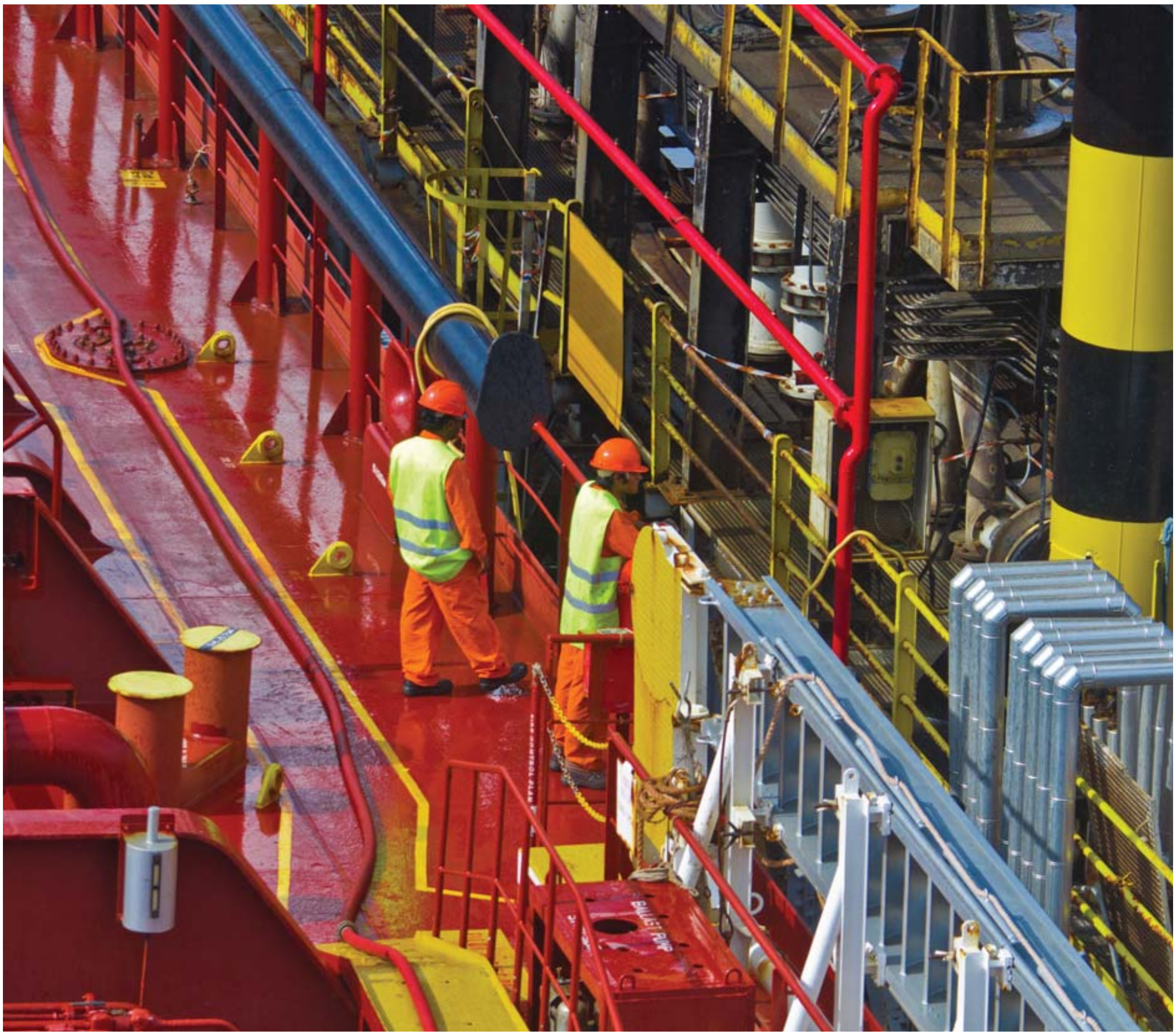
Onboard and environmental safety are priorities of the greatest importance to the Group, which promotes strict compliance with the procedures set forth in the SQE (Safety, Quality and Environment) Manual, in addition to the above-mentioned policies. The Group believes that employee loyalty is crucial to ensure a high-quality and continuously improving service. In this respect, the Group also aims to minimize staff turnover by providing a positive working environment that respects individuals' development needs.

Onshore Personnel

In keeping with its strategic guidelines for human resource management, the Group has continued to consolidate people-management policies, procedures and tools with a view towards honing professional skills, retaining employees and developing talent and 'critical' resources (i.e., persons with skills that have the greatest impact on core processes). The Group has thus continued to implement reward systems based on individual performances and compensation policies aimed at fostering the recognition of best performers under compensation conditions in line with the best practices on the job market. The Group has also redoubled its efforts in the area of internal communications initiatives aimed at reinforcing information and ensuring the entire population's involvement in company life.

Considerable effort has also been devoted to training and establishing professional growth and development processes for onshore personnel. As part of its program for retaining and developing resources considered to have the potential to take up positions of managerial responsibility, the Group has implemented tailored assessment initiatives (the Development Centre) and planned the resulting follow-up activities, which are primarily oriented towards a managerial training program.

The Group has also launched initiatives aimed at involving the top management in seminars and workshops concerning executive policy issues, which also provided strong opportunities for team-building and increasing the cohesiveness of the executive staff.



Ship Management

Compliance with International Standards

All vessels in the d'Amico fleet are subjected to constant monitoring in order to ensure that they comply with IMO (International Maritime Organization) regulations, MARPOL (the International Convention for the Prevention of Pollution from Ships) and the other international standards applicable to the industry. Indeed, each year DIS tankers are required to pass the following examinations conducted by external entities and/or clients:

- inspection and monitoring of compliance with MARPOL standards by the flag state;
- port-state controls, which are inspections of foreign ships to verify that the conditions of the vessel and its equipment comply with the requirements of international conventions and that the vessel is manned and operated in accordance with those rules;
- flag state controls in the country where a ship is registered;
- vetting inspections by major oil and energy companies such as ExxonMobil, Shell, Total, Glencore, Petrobras, Vitol and Vela, which are some of the Group's established clients.

In order to ensure that its vessels comply with industry standards and regulations, d'Amico has developed and adopted a strict environmental analysis system that involves identifying vessel activities with an impact on the environment (water, air and other elements) and then analyzing which of those interactions might have a significant impact on the environment. The IMO (Inter-Governmental Maritime Organization) is a specialized agency of the United Nations founded in the United Kingdom in 1958 with a specific task: creating and updating a comprehensive regulatory framework of international conventions and recommendations governing every facet of marine shipping, such as safety, environmental and legal concerns, technical co-operation, maritime security and the efficiency of marine transport. These include the MARPOL convention and STCW convention on standards of training for seafarers. MARPOL 73/78 is an international frame convention for the prevention of pollution from ships ('Marpol' stands for marine pollution and '73/78' refers to the years 1973 and 1978), the purpose of which is to preserve the marine ecosystem through the complete elimination of pollution by oil and other harmful substances (e.g., gasoline, jet fuel, kerosene and naphtha). It comprises six annexes, each of which is concerned with preventing a specific form of marine pollution from ships.

Pursuant to specific contracts with various Group companies, the technical management of the vessels comprising the Group's fleet is entrusted to d'Amico Società di Navigazione S.p.A. and, to a lesser extent, Ishima Pte Limited. The Parent Company also provides support in the area of maritime insurance for the fleet and coordinates the Tanker Management and Self-Assessment Programme (TMSA) launched in 2004 by OCIMF (Oil Companies International Marine Forum), in addition to the Safety Quality and Environment (SQE) Management System. Onboard and environmental safety represent top priorities for the Group.

Ship management, coordinated by the Parent Company with the collaboration and supervision of its operating subsidiaries, includes general maintenance-related issues, with the aim of ensuring compliance with applicable naval regulations and classification requirements, while also satisfying the requirements of the vetting procedures applied by the major oil companies. This goal is achieved by supervising maintenance services, promoting vessel efficiency, planning and supervising dry-dock work, purchasing onboard supplies and spare parts and appointing advisors and technical supervisors.

Ship management is based on an integrated SQE (Safety, Quality and Environment) system applied without distinction onboard the Group's vessels and in its offices. This system is compliant with the international standards ISO 9001:2008 and ISO 14001:2004, established by the International Organisation for Standardisation, and was certified by the international classification society RINA S.p.A. (Registro Italiano Navale) in 2003. d'Amico Società di Navigazione has also adopted an Occupational Health and Safety management system certified compliant with BSOHSAS 18001:2007. This system is currently applied only in offices on vessels flying the Italian flag, but is planned to be extended to the entire fleet in 2011. The policies and procedures implemented onboard its vessels allow the Group to maintain a high standard of operation with a strong emphasis on the safety of all activities performed, the potential environmental impact of its operations and maximum client satisfaction. In order to ensure that offices and vessels closely adhere to the established requirements and to reduce the risk of accidents and environmental impacts to a minimum, the system also calls for systematic periodic controls. d'Amico's sensitivity to these issues, clearly articulated in the Company's mission and vision statement, also implies careful selection and thorough oversight of external suppliers and services.

The management method adopted, which relies on a process-based approach to organize all activities performed in a clear manner, with points of control, performance measurements, analysis of critical issues and measures for improvement, also allows d'Amico to rank in the upper segment of TMSA, the Tanker Management and Self-Assessment Programme launched in 2004 by OCIMF (Oil Companies International Marine Forum). While not compulsory, TMSA is recommended by the major oil companies in order to encourage shippers to measure, assess and improve their performances on the basis of certain key indicators. Satisfaction of this program's requirements often represents the basis for developing agreements of a commercial nature, but also drives the pursuit and maintenance of higher safety levels, the prevention of pollution and a drastic reduction in the risk of accidents.

The Group is committed to involving all personnel in achieving the goals it has set for itself by establishing specific training processes, encouraging staff to participate in changes and motivation, identifying and disseminating best operating practices and assessing risks in order to create a shared body of practical, cultural knowledge that identifies they key elements to quality and safety at d'Amico. In this area, the Group has also developed programs for controlling and measuring the performances of various operating segments, which are analyzed on a half-yearly basis with the aim of achieving constant improvement. In this respect, particular emphasis has been placed on identifying and managing those factors that have or may have a significant impact on the environment in order to minimize the associated risk and, in particular, to seek to reduce CO^2 emissions. The analysis is based on a wide range of data, such as fuel type, water consumption, measurements of acoustic and electromagnetic pollution, construction data, vessel and plant layouts and maintenance procedures and intervals. In accordance with the philosophy of development and improvement outlined above, the Group has launched a number of projects aimed at ensuring the highest level of safety and respect for the environment, exceeding the minimum requirements set by international conventions. The following is a list of some of the main projects conducted in 2010:

- the retrofitting of all auxiliary boilers to ensure compliance with the European Union Directive on minimum fuel sulphur content;
- in order to comply with the highest levels of TMSA, the Group has implemented a procedure involving the preparation of an exhaustive list of onboard critical spare parts and equipment;
- all print copies of plans, manuals and designs have been converted into digital format to facilitate availability and improve tracking and updating;
- an Operation Risk Assessment has been drawn up for all vessels in order to reduce risks and standardize the adoption of preventative safety measures;
- to ensure an increasingly high level of health and safety in the workplace, the Group has adopted a hygiene and onboard food control system based on HACCP methodology.

Sustainable Development

The d'Amico Group's strategy also calls for designing and then implementing a Corporate Social Responsibility (CSR) Plan, driven by a full awareness of the importance of social and environmental aspects and the recognition of the proper responsibility for contributing to sustainable development.

These programs consist of principles and policies involving several functions of a company. Some of the milestones of the ship-management policies presented in the foregoing section, such as the system of SQE (Safety, Quality and Environment) procedures, are an integral part of the corporate social responsibility master plan. The section concerning crew management policies demonstrates the importance that the d'Amico Group attaches to its staff's workplace occupation, safety and health conditions.

On the subject of the Group's intended approach to environmentally friendly operation, d'Amico is also developing a Ship Energy Efficiency Management Plan that calls for the application of measures specific to each ship and company for managing and improving their performances in terms of environmental impact. The Management Plan provides a system of procedures and measures to be adopted onshore by each company and onboard each specific vessel and deals with the following fundamental issues with the primary aim of reducing CO^2 emissions:

- the Programme for Measuring and Monitoring Ship Efficiency;
- the Voyage Optimization Programme, which includes optimizing the speed, route planning and trim;
- the Propulsion Resistance Management Programme, which refers to hull and propeller resistance;
- the Machinery Optimization Programme, which focuses on engine management and monitoring, in addition to the optimization of lubrication and other machinery and equipment;
- Cargo Handling Optimization (cargo treatment and temperature control);
- the Energy Conservation Awareness Plan, which calls for onboard and onshore staff training with the aim of familiarizing employees with the company's efficiency program. At a more specific level, training covers issues such as energy conservation for quarters.

At a more general level, the energy saving program will be integrated into the ship-management process in order to ensure that all relevant information is being used and understood by the management team.

Corporate Governance

Board of Directors

In accordance with the Articles of Association of the Parent Company, d'Amico Società di Navigazione S.p.A. (the 'Company'), the Annual General Shareholders' Meeting held on 12 June 2009 set the number of members of the Board of Directors for the three-year period 2009-2011 at four (4), re-elected Chairman Paolo d'Amico and Directors Cesare d'Amico and Roberto Michetti and appointed Giovanni Battista Nunziante as a new director. At the date of this report, the Board of Directors consisted of four Directors, three of whom are Executive Directors and one of whom is a Non-Executive Director. The three Executive Directors are Paolo d'Amico, Cesare d'Amico and Roberto Michetti.

In addition, the meeting of the Company's Board of Directors held on 15 June 2009, during the process of delegating authority and granting the associated powers of representation to the Board of Directors, which had been appointed by the aforementioned Annual General Meeting of the Shareholders of 12 June 2009, resolved to grant Chairman of the Board of Directors Paolo d'Amico and Cesare d'Amico (the latter of whom was re-appointed the Company's Chief Executive Officer) all powers of ordinary and extraordinary administration, along with the associated powers of representation, to be exercised separately between them and with single signing authority, along with the power to delegate third parties, separately between them, to hold the powers of ordinary and extraordinary administration conferred upon them by issuing special powers of attorney, in addition to granting Roberto Michetti full powers in the area of Administration, Finance and Control. Pursuant to the Company's Articles of Association and article 2 of the Regulation for the Establishment and Operation of the Executive Committee approved by the Company in 2009, that same meeting of the Board of Directors of 15 June 2009 formed an Executive Committee for the three-year period corresponding to financial years 2009/2011, appointing Paolo d'Amico and Cesare d'Amico as members and granting the Committee authority, within the limits of the law and the Company's Articles of Association, to pass all resolutions concerning:

- the determination of the Company's organizational structure;
- the employment, dismissal, transfer and granting of positions and powers to the executives of the Company and/or its subsidiaries;
- the definition of the Company's strategic, industrial and financial plans and the associated budgets, including at the consolidated level, business plans and updates and/or revisions of such documents;
- the designation of members of the Board of Directors, Executive Committee and Board of Auditors of direct or indirect investees and directors and representatives of the Company within consortia, associations or other entities;
- the conferral of voting instructions for the participation of Company representatives in the general meetings of investees.

Internal Control System

Compliance with Legislative Decree 231 of 8 June 2001

Legislative Decree 231 of 8 June 2001 (hereinafter 'Decree 231') introduced administrative liability for companies and entities as a result of specific types of crimes set forth in the Italian Criminal Code (such as crimes against the public administration, corporate crimes, market abuse, etc.) committed and prosecutable in Italy by persons in top-level positions or other employees in the interests or for the benefit of that company or entity. However, Decree 231 provides for a specific form of exemption from such liability if the company or entity has:

- adopted and effectively implemented an appropriate compliance program that aims to develop an organic, structured system of procedures, rules and controls to be adopted both preventively and subsequently in order to reduce and prevent in a material way the risk of commission of the various types of crimes, in particular through the identification and drafting of a procedure for each of the sensitive activities identified as most at risk of crime as set out in the Italian Criminal Code (the 'Organization, Management and Control Model' or 'Model');
- entrusted responsibility for supervising the functioning and observance of the Model, as well as for updating the Model, to a specific body of the entity (the 'Supervisory Committee') endowed with autonomous powers of initiative, control and spending.

In voluntary application of Decree 231, the Company therefore formally adopted a Model and implemented specific operational procedures for preventing the commission of offences by resolution of the Board of Directors of 29 May 2008. At that same session, the Board of Directors also approved and adopted the Code of Conduct, which sets forth the fundamental ethical principles to which the Company conforms and with which directors, statutory auditors, employees, consultants, partners and, generally, all those who act in the Company's name and on its behalf are required to comply, as well as appointing the Supervisory Board, charged with the following duties:

- supervising the effectiveness of the Model, putting in place control procedures for specific actions or acts carried out by the Company, while also coordinating with the other corporate functions in order to implement better monitoring of activities at risk;
- periodically checking the efficiency and adequacy of the Model, ascertaining that the elements provided in the special parts for the various types of crimes are adequate for the requirements of observance of the provisions of Decree 231 and identifying corporate activities in order to update the map of activities at risk;
- evaluating the advisability of updating the Model when necessary to update it in relation to corporate requirements or conditions;
- ensuring the required information flows, in part by promoting suitable initiatives to raise awareness and improve understanding of the model and co-operating in drawing up and supplementing internal rules.

The Company's Supervisory Committee is collegial in form and consists of three members appointed following due assessment and consideration of the following requirements established for such function by Decree 231: autonomous power of initiative, independence, professionalism, consistency of action, absence of conflicts of interest and integrity. All current members will remain in office until the approval of the financial statements for the year ended 31 December 2010. In addition, on 29 January 2009 the Company, upon the Supervisory Committee's proposal, approved the associated Internal Regulations, which govern the Committee's functioning, operating methods of action, rights and duties.
On 28 January 2010, the Board of Directors, upon the Supervisory Committee's proposal, also resolved to launch a new risk assessment process with the aim of updating the Company's Risk Management Plan following the introduction of new types of offence to Legislative Decree 231/2001.

On the basis of the periodic reports by the Supervisory Committee concerning the implementation, functioning, adequacy and efficacy of the Model, the Board of Directors, after appropriate evaluation, has deemed the Supervisory Committee adequate in terms of organizational structure and the powers conferred upon it and did not deem it necessary to make any changes and/or additions.

Board of Statutory Auditors

The Annual General Meeting of the Shareholders held on 12 June 2009 elected a new Board of Statutory Auditors, whose term had expired with the approval of the 2008 financial statements, confirming the number of standing members for the three-year period 2009-2011 at three, at least one of whom is required to be enrolled with the Register of Auditors maintained by the Ministry of Grace and Justice, while the remaining members are all required to be enrolled in the professional registers expressly identified in by Decree of the Ministry of Justice 320 of 29/12/2004, inasmuch as accounting control is required to be assigned to an independent auditor pursuant to article 2409-bis of the Italian Civil Code, and also confirming the number of substitute auditors at two, one of whom is required to be enrolled in the Register of Auditors maintained by the Ministry of Grace and Justice, while the other is required to be enrolled in one of the professional registers expressly identified by the aforementioned Decree of the Ministry of Justice.

Pursuant to articles 2397 et seq. of the Italian Civil Code, the Board of Statutory Auditors supervises compliance with the laws and the articles of association, observance of the principles of sound management and, in particular, the adequacy of the administrative, organizational and accounting system adopted by the company and that system's actual functioning.

Independent Auditors

On the basis of a justified opinion from the Board of Statutory Auditors, the Annual General Meeting of the Shareholders held on 9 June 2010 resolved to extend the engagement to act as independent auditors of the statutory and consolidated financial statements for the three-year period 2010-2012 conferred upon the firm Moore Stephens Concorde, enrolled in the Register of Independent Auditors instituted pursuant to article 2 of Legislative Decree 39/2010, and thus set to expire on the date of the general meeting of the shareholders to be convened to approve the financial statements for the third year of the period of engagement, namely the year ending on 31 December 2012.

Significant Events of the Year

Dry-cargo and Container ships

d'Amico Dry Limited / Controlled fleet - During the year, *M/n Medi Lisbon* (Supramax) was purchased through the exercise of the purchase option provided for in the previous charter contract; *M/n Cielo di Casablanca* (container ship) was purchased and leased back to (Damighreb S.à.r.l.); and *M/n Cielo di Vaiano* (Handysize) was sold to third parties. Lastly, contracts were signed for the construction of four new ships (Handysize) in South Korean shipyards, with delivery scheduled for 2011 and 2012.

d'Amico Dry Limited / Admission to tonnage tax regime - During the year, the competent authorities approved the application for admission to the tonnage tax regime submitted by d'Amico Dry Limited effective for ten years beginning on 1 January 2010.

d'Amico Shipping Italia S.p.A. / Controlled fleet - *M/n Medi Dubai* (Supramax) was sold to third parties and *M/n Medi Valencia* (Supramax) was purchased through the exercise of the purchase option provided for in the applicable charter agreement; the charter agreement for *M/n Medi Hong Kong* was terminated early. As mentioned in another part of this report, container liner shipping operations in the Mediterranean area were transferred to Damighreb S.à.r.l. at the beginning of the year. In this respect, it should be noted that d'Amico Shipping Italia S.p.A. remained a party to the charter agreement for *M/n Tetuan*, employed in liner shipping, throughout 2010 for merely 'functional purposes'. The goal was to then lease the ship back to the Group's Moroccan company. During 2010, d'Amico Shipping Italia S.p.A. also began to employ vessels directly on the spot market both through the use of owned ships and by entering into short-term charter agreements for vessels.

Tankers

d'Amico International Shipping S.A. / Controlled fleet – The following should be noted in regards to d'Amico Tankers Limited: *M/t Uzava*, a MR tanker, was chartered for one year; *M/t Cielo di Roma* and *Cielo di Milano*, Handysize vessels chartered from d'Amico Shipping Italia S.p.A., and *M/t High Trader*, a MR vessel chartered from third parties, were returned to their respective owners. Following the reorganization of the ways in which ships are employed, the presence of pool handytankers was decreased to a single vessel. The vessels that d'Amico Tankers Limited removed from that pool in 2010 are now employed directly.

Turning to GLENDA International Shipping Limited, a joint venture between d'Amico International Shipping S.A. and the Glencore Group, in 2010 *M/t GLENDA Meredith* and *M/t GLENDA Melanie*, MR owned ships, were delivered; *M/t Dauntless*, a MR vessel, was initially chartered for a period of two years. Following the change in ownership, the vessel was returned to its new owners in October.

d'Amico International Shipping S.A. / GLENDA International Shipping Limited – Publication of arbitration awards for disputes between GLENDA and SLS Shipbuilding Co. Ltd. and the resulting restitution of all payments made in accordance with the refund clause - The arbitration awards in the proceedings between GLENDA International Shipping Limited and the shipbuilder SLS Shipbuilding Co. Ltd, Tongyeong, Korea concerning the early termination of contracts governing the construction of our product/chemical tankers (51,000 dwt) were announced in early 2010. The arbitration panels found that the termination of those contracts to be valid and acknowledged entitlement to the refund in full of the advances paid. Following publication of the associated arbitration awards, in May 2010 Kookmin Bank, South Korea, in its capacity as guarantor for the Korean shipbuilder, directly refunded all payments made pursuant to the terminated contracts in relation to the vessels at issue to GLENDA International Shipping Limited. The total amount of the refund, including interest, came to USD 113.4 million. Net of the repayment to the bank of the associated loan, the principal refunded to the company amounted to approximately USD 45.3 million.

d'Amico International Shipping S.A. / GLENDA International Shipping Limited – Transfer of two Hyundai MR tankers owned by GLENDA to d'Amico Tankers Limited and two Hyundai LR1 tankers owned by GLENDA to ST Shipping Transport PTE. LTD - In the first quarter of 2010, GLENDA International Shipping Limited transferred: (i) all rights and obligations pertaining to two MR Hyundai tankers for the transport of chemical products with hull nos. 2164 and no. 2188 to d'Amico Tankers Limited - Ireland and (ii) all rights and obligations pertaining to two 74,000-dwt Hyundai tankers for the transport of petroleum products with hull nos. 2292 and no. 2293 to ST Shipping and Transport Pte. Limited – Singapore (Glencore Group).

The price of the tankers transferred to d'Amico Tankers Limited was reduced from USD 50.5 million to an average of USD 45.7 million per ship, for a residual outlay of USD 56.2 million. An agreement was also reached with Hyundai Mipo Dockyard Co. Limited – Korea to increase the vessels' capacities from 46,000 to 52,000 dwt and, lastly, to postpone the respective delivery dates from March 2011 to the first quarter of 2010 at no additional charge.

d'Amico International Shipping S.A. / d'Amico Tankers Limited – Execution of time-charter contracts - During the year, d'Amico Tankers Limited signed charter contracts for five vessels in its fleet, two of which were extensions, with several of the world's most important oil and trading companies. Three of the vessels have been 'reserved' for one year, with an option to extend for an additional year, while the other two vessels were chartered for one and three years, respectively. In addition, the pool through which d'Amico Tankers Limited employs a significant portion of its fleet entered into two additional charter contracts with terms of three years with important oil and trading companies.

d'Amico International Shipping S.A. - Organizational structure - On 8 July 2010, Michael Valentin, Chief Operating Officer, left the Group. On 9 November 2010 it was announced that Flemming Carlsen had been appointed to this position. On 1 January 2011, Mr. Carlsen assumed responsibilities for the chartering and operating activities of d'Amico International Shipping and its subsidiaries. Flemming Carlsen began his career at A.P. Møller – Maersk Group, where he acted as Strategic Sales and Marketing General Manager. His previous professional experiences include the role of Head of Regional Operations Europe at Neptune Orient Lines (London) and, recently, Managing Director of UPT United Product Tankers (Hamburg).

In the fourth quarter, d'Amico International Shipping completed the reorganization plan for its operating functions. The current organizational structure, in addition to the holding company based in Luxembourg (DIS), is headquartered in *Dublin*, which is home to the key operating company, d'Amico Tankers Limited, the pool companies and joint ventures, while *London* and *Singapore* host offices from which personnel devoted to chartering and operations provide the Dublin office with support in strategic and commercial management of the fleet, covering the Western and Eastern hemispheres.

Maritime services

Compagnia Generale Telemar S.p.A. – Acquisition of Polar Electronics Norge AS and increase in the interest in Telemar Scandinavia AB - During 2010, Compagnia Generale Telemar S.p.A. undertook two important transactions of an extraordinary nature, allowing it to strengthen its broad presence in a market of strategic importance, Scandinavia. In particular, in the second half of 2010 the company made an investment of Euro 0.7 million to acquire control of Polaris Electronics Norge AS (Norway), now Telemar Norge AS, which specializes in distributing terrestrial and satellite communications systems and providing post-sales and maritime telecommunications services. Early the year, the interest in Telemar Scandinavia AB was also increased to 95% for an investment of Euro 1.3 million, corresponding to 40% ownership of the company.

Ishima Pte Limited – In 2010 the company entrusted its investees with developing certain commercial operations it had previously conducted directly. In particular, Global Maritime Supplies Pte Limited, a fully-owned subsidiary, procures consumables, spare parts and lubricant oil; Cambiaso Risso Asia Pte Limited, a recently incorporated firm in which the company holds a 50% interest and whose other shareholder is Cambiaso Risso Marine S.r.l., operates in the hull and machinery insurance brokerage field, while AGCI Shipping Pte Limited provides agency services in the port of Singapore.

Financial investments

d'Amico Società di Navigazione S.p.A. – Investments in ClubTre S.r.l. and Venice Ship Logistic S.p.A. - In 2010 the Parent Company undertook significant investments in equity interests. Among these, the investments in ClubTre S.r.l. and Venice Ship Logistic S.p.A. may be considered of particular importance.

Financial Performance Analysis - The Group

Summary of 2010 Results

The results achieved in 2010 essentially reflect the performances of the two main shipping markets on which the d'Amico Group operates, dry cargo and tankers. During 2010, the tankers sector showed an improvement in performance compared to the previous year, albeit within a market scenario characterized by charters that continue to fail to turn an operating profit. By contrast, the dry-cargo shipping vessel market remained in a positive phase of the cycle, allowing the Group to improve upon the performance achieved in 2009, yielding results that, driven by strong transport demand and the ensuing significant charter levels, allowed the Group to turn a net profit of Euro 124.8 million.

The excellent overall earnings performance, to which the maritime auxiliary services and financial investments sectors also contributed, was accompanied by a very solid financial position characterized by an increase in net cash at hand compared to the previous year of Euro 49.8 million as at 31 December 2010 (Euro 57.5 million as at 31 December 2009), with Euro 177.4 million in cash provided by operating activities during the year.

The earnings results achieved in a challenging and always highly competitive market situation, along with the financial resources at hand, provide evidence of the validity of the d'Amico Group's business model, focused on a strategy of constant growth, while ensuring that the fleet is used in a balanced manner in the core shipping sector. This strategy, while aiming to maximize earnings performance, including in the near term, by seizing market opportunities, allows the Group to sustain the generation of operating cash flows that ensure adequate support for investment plans, which proceeded regularly in 2010, involving the outlay of Euro 151.6 million in financial resources. The Group's earnings and financial position results and the comparative figures analyzed in the following section have been determined in accordance with IFRSs.

Operating performance

(Thousands of euro)	2010	2009
Revenue	788,694	607,852
Gross operating profit / EBITDA	183,073	142,031
Operating profit / EBIT	135,613	90,500
Profit before taxes	125,500	108,517
Net profit	**124,745**	**95,076**

The increase in **revenue** from Euro 607.9 million in the previous year to Euro 788.7 million in 2010, marking an improvement of 29.8%, may be attributed primarily to the dry-cargo sector of the shipping market, while still being distributed across the various business segments. Turnover reflects both the uptrend in the size of the d'Amico fleet and the ways in which that fleet was employed.

In a similar manner, both **gross operating profit** and **operating profit** increased, by 28.5% and by 49.8% respectively, driven in particular by the strong performance of dry-cargo vessels. The margin at the level of gross operating profit stood at 23.2% in 2010, in line with the previous year, whereas the percent margin achieved at the level of operating profit was 17.2%, up from 14.9% in 2009.

Profit before taxes (Euro 125.5 million as at 31 December 2010 compared to Euro 108.7 million in the previous year) is after net financial charges of Euro 10.1 million in 2010, compared to net financial income of Euro 17.9 million in 2009. The change is attributable to the exchange losses reported in 2010 deriving from the translation of accounts payable in Japanese yen and from the especially significant results achieved in 2009 on the management of short-term treasury investments compared to the negative performance registered in 2008.

Net profit came to Euro 124.7 million in 2010. The significant increase compared to 2009 (Euro 95.2 million) may be explained by the positive performance of operating profit at the Group level. The 2009 net profit was affected by the ordinary tax burden levied on d'Amico Dry Limited, which at that time had yet to be admitted to the Irish tonnage tax regime.

Statement of financial position

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009
ASSETS		
Non-current assets	851,352	702,283
Current assets	592,992	590,072
Total assets	**1,444,344**	**1,292,355**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	916,431	797,269
Non-current liabilities	323,574	289,198
Current liabilities	204,339	205,888
Total shareholders' equity and liabilities	**1,444,344**	**1,292,355**

Non-current assets (Euro 851.3 million) refer primarily to tangible assets and, within that item, the carrying amount of the fleet of owned vessels (Euro 740 million). Non-current assets also include equity investments (Euro 60.7 million) in non-consolidated companies, representing the Group's medium-/long-term investments. The increase in non-current assets in 2010 may be attributed to the acquisition of the fleet of owned vessels as well as the significant financial investments in equity interests.

During 2010, the Group undertook a total of Euro 163.4 million in *investments in tangible assets*, of which Euro 157.6 million referred to owned vessels. Acquisitions of *long-term investments* (equity interests) came to Euro 33.5 million.

The components of working capital, such as trade receivables and inventories, in the total amount of Euro 187.9 million, are included among **Current assets**, the balance of which was Euro 593.0 million. The cash and cash equivalents (cash and short-term treasury investments) balance of Euro 405.1 million is significant and separately shown, along with the other items of a financial nature, in the following section containing an analysis of the Group's net liquidity situation.

The balance of **Non-current liabilities** (Euro 323.6 million) comprises almost exclusively payables to banks for loans pertaining to purchases of fleet vessels, whereas **Current liabilities**, the total amount of which was Euro 204.3 million as at 31 December 2010, include, as part of working capital, short-term trade-related liabilities (Euro 161.9 million) and, to a lesser extent, short-term payables to banks (Euro 41.5 million).

Total **Shareholders' equity** increased from Euro 799.2 million as at 31 December 2009 to Euro 916.4 million at the end of 2010 due to the 2010 net profit.

Net liquidity / (indebtedness)

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009
Cash and cash equivalents	248,302	261,442
Current financial assets	156,755	143,560
Total current financial assets	**405,057**	**405,002**
Bank loans - current	(26,467)	(53,634)
Other current financial liabilities	(14,286)	(12,335)
Total financial liabilities	**(40,753)**	**(65,969)**
Net current liquidity / (indebtedness)	**364,304**	**339,033**
Other non-current financial assets	**2,093**	**873**
Bank loans - non-current	(315,121)	(270,168)
Other non-current financial liabilities	(1,442)	(12,228)
Total non-current financial liabilities	**(316,563)**	**(282,396)**
Net non-current liquidity / (indebtedness)	**(314,470)**	**(281,523)**
Net liquidity / (indebtedness)	**49,834**	**57,510**

As in the previous year, as at 31 December 2010 the Group presented a positive situation of net liquidity, the balance of which declined from Euro 57.5 million to Euro 49.8 million. The net liquidity situation bears witness to the Group's strong condition of financial solidity. In this respect, it should also be noted that bank borrowings are primarily long-term in nature, with a current share limited to Euro 26.5 million, while the Group has Euro 405.5 million in current financial resources.

Cash Flow

(Thousands of euro)	2010	2009
Net cash provided by (used in) operating activities	177,443	148,094
Net cash provided by (used in) investing activities	(102,164)	(37,448)
Net cash provided by (used in) financing activities	(88,419)	(59,159)
Net cash provided / (used)	**(13,140)**	**51,487**
Net increase / (decrease) in cash and cash equivalents	**(13,140)**	**51,487**
Cash and cash equivalents at the beginning of the period	261,442	209,955
Cash and cash equivalents at the end of the period	**248,302**	**261,442**

As at 31 December 2010, cash and cash equivalents were essentially stable compared to the end of the previous year. The net cash used during the year came to a mere Euro 13.1 million. The significant cash provided by operating activities (Euro 177.4 million) allowed the Group to undertake a total of Euro 102.2 million in investments. Among the other items, Cash flows from financing activities include Euro 52.8 million procured by drawing down lines of credit for vessel financing, net of repayments, in addition to the change in short-term investments of liquidity (Euro 70.1 million).

Operating Performance by Business Area

Dry-cargo and Container ships

(Thousands of euro)	2010	2009
Revenue	422,796	294,054
Fixed assets (fleet)	310,727	250,727
Investments (fleet)	88,647	32,118

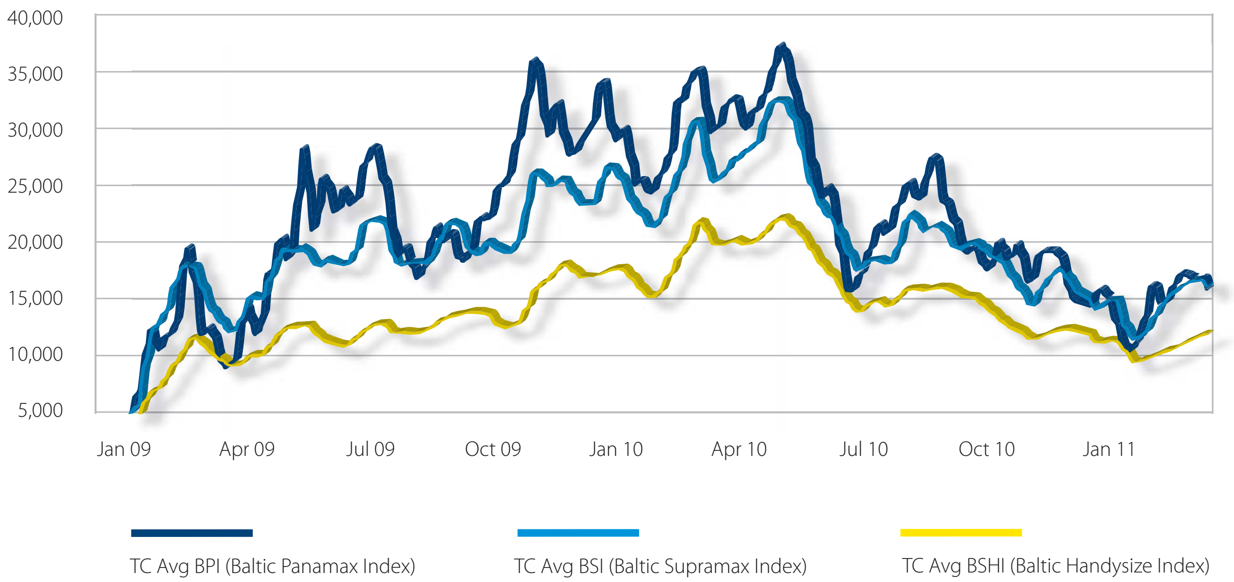
The Euro 422.8 million in revenue deriving from the operation of the fleet of dry-cargo vessels is primarily related to d'Amico Dry Limited (Euro 296 million). The remainder of the revenue from the sector has been generated by d'Amico UK Limited, d'Amico Shipping Italia S.p.A and Damighreb S.à.r.l.

The increase in turnover compared to the previous year (net of effects tied to extraordinary events such as the early termination of the charter agreement for *M/n Medi Hong Kong* in the amount of approximately Euro 20.5 million) was due not only to the greater average number of vessels operated during the year (49.5 in 2010 compared to 43 in the previous year), but also to the stronger performance of the charter market, which continued to register the uptrend that began in the second half of 2009 beyond mid-2010. In the second half of the year, the charter market, and thus the value of dry-cargo vessels, declined, primarily owing to the entry of a significant number of vessels delivered by shipyards to the market. However, due to the hedging strategy (medium-/long-term fixed-rate contracts), the results for the year were not affected. In addition, the market presented opportunities for short-term arbitrage that allowed for not only an increase in volumes in terms of turnover, but also in terms of margins.

The carrying amount of fixed assets, corresponding to the eight owned ships in the fleet (plus the six others under construction), stood at Euro 310.7 million. The recoverable amounts of the vessels deriving from their use is greater than their carrying amounts, meaning that an impairment provision has not been made in respect of their carrying values.

Gross investments stood at Euro 88.6 million in 2010 and were associated with instalments paid to shipyards for vessels under construction and vessels purchased during the year. Those investments also include capitalized dry-dock costs for owned vessels.

Market Overview - Average spot rates for Panamax, Supramax and Handysize vessels



Source: Baltic Exchange

Tankers

(Thousands of euro)	2010	2009
Revenue	233,922	187,163
Fixed assets (fleet)	429,486	381,141
Investments (fleet)	61,793	63,679

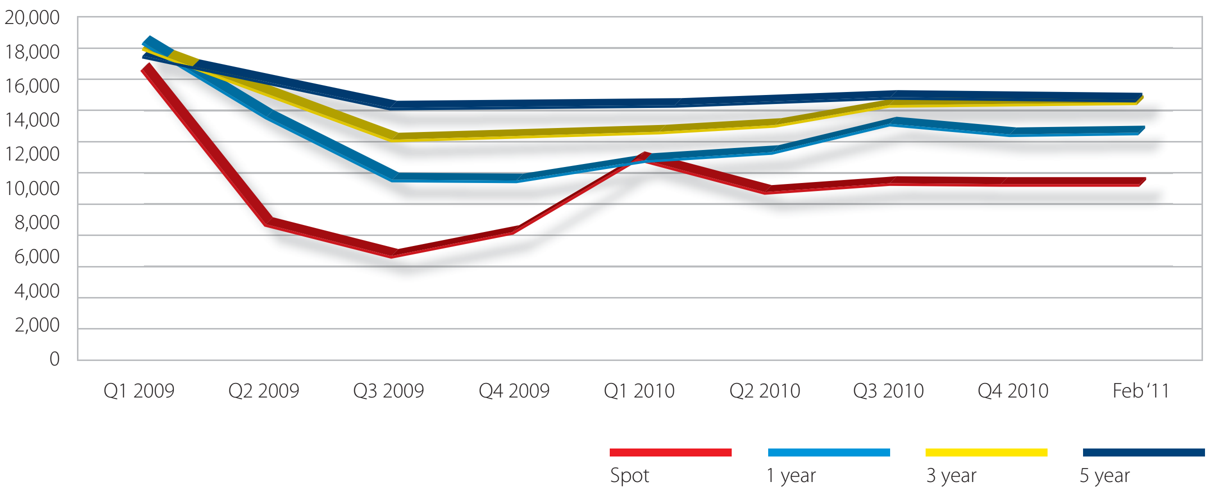
The Euro 233.9 million in revenue deriving from the operation of the fleet of tankers is primarily associated with d'Amico International Shipping S.A. (Euro 230.5 million). The remainder of the revenue from the tanker sector generated with d'Amico Shipping Italia S.p.A.

The increase in turnover compared to the previous year was due not only to the greater average number of vessels operated during the year, but also to the stronger performance of the tanker charter market. Following on the high levels reported in early 2010 (January) due to the severe winter, spot charters stabilized at levels of 25-30% higher than in the second half of 2009, to then show temporary further growth in July and August. Despite their essential stability, charters for certain routes and geographical areas are characterized by a certain degree of volatility. This market trend did not allow the Group, and d'Amico International Shipping S.A. in particular, to turn a profit in 2010, closing the year with a net loss of Euro 20.5 million.

The carrying amount of fixed assets is represented essentially by the carrying amount of the [17.5] owned vessels in the fleet (Euro 429.5 million). The recoverable amount of the vessels deriving from their use is greater than their carrying amount, meaning that an impairment provision has not been made in respect of their carrying values.

Gross investments stood at Euro 61.8 million in 2010 and were associated with instalments paid to shipyards for vessels under construction as part of the GLENDA International Shipping Limited joint venture. Those investments also include capitalized dry-dock costs for owned vessels.

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



Maritime services

(Thousands of euro)	2010	2009
Revenue	128,756	107,168

Most of the revenue deriving from maritime services (Euro 111 million) is associated with Compagnia Generale Telemar S.p.A., which reported an increase in turnover of approximately 15% in 2010, owing in particular to the development of the operations of its international subsidiaries. Fuel bunkering operations, conducted by Rudder, contributed Euro 1.5 million to the Group's 2010 revenue, while revenue on ship and crew management on behalf of third parties (associated directly with the Parent Company and Ishima Pte. Limited) came to Euro 4.8 million.
Given the nature of the services rendered, the values of fixed assets and investments in such assets are not especially significant.

Financial investments

(Thousands of euro)	2010	2009
Long-term investments	60,773	23,778
Acquisitions of long-term investments	33,502	4,896

Long-term investments are investments of a strategic nature in equity interests and other companies. Such investments are undertaken directly by the Parent Company through the use of available financial resources. The investments undertaken in 2010 regarded ClubTre S.r.l. (Euro 26.7 million), Tamburi Investment Partners S.p.A. (Euro 1.6 million) and Venice Ship Logistic S.p.A. (Euro 1.2 million).

As in the previous year, the process of managing the portfolio of current financial resources saw the Group invest its liquidity primarily in equities, bonds or bank deposits. Operations of this nature, which are conducted by d'Amico International S.A. and the Parent Company, yielded a total of Euro 7.2 million in financial income.

Financial Performance Analysis – d'Amico Società di Navigazione S.p.A.

Operating performance

The reclassified income statement presented below has been prepared on the basis of the statutory financial statements for the year ended 31 December 2010, to which the reader is referred.

(Thousands of euro)	2010	2009
Dividends	46,930	52,066
Other revenue	11,376	10,620
General and administrative costs and other operating costs	(15,337)	(13,989)
Net financial income / (charges)	2,091	(343)
Income taxes	(473)	(110)
Net profit	**44,587**	**48,244**

The income statement for the year ended 31 December 2010 presents a net profit of Euro 44.6 million compared to a net profit of Euro 48.2 million in the previous year. This performance was due to the income on equity investments held directly by d'Amico Società di Navigazione S.p.A., and in particular by the amount of the dividends collected in 2010 by the subsidiaries d'Amico Shipping Italia S.p.A. and d'Amico International S.A., the Group's sub-holding companies, which are responsible for a significant share of the shipping operations of the dry-cargo and container vessels and tankers division, in addition to the investment of current financial resources. The decrease in income on equity investments (dividends) compared to the previous year was due to the earnings performances of Group companies.

The other revenue earned in 2010, which did not show significant changes compared to 2009, largely originated with the services rendered by the Parent Company to other Group companies in the areas of ship management services for vessels in the d'Amico fleet and other services of a corporate nature, such as co-ordination and legal counsel, internal auditing and human resource management.

The costs are associated with salaried employees, chiefly responsible for ship management operations for the fleet, as well as other operations deriving from the Parent Company's nature as a holding company, and the ensuing co-ordination of functions relating to administration, legal affairs and human resources. In addition to the costs of salaried employees, the costs for the year include other structural costs incurred by the Company.

Financial position

(Thousands of euro)	As at 31 Dec 2010	As at 31 Dec 2009
Non-current assets	168,420	130,784
Current assets	17,772	22,237
Total assets	**186,192**	**153,021**
Shareholders' equity	162,666	145,393
Non-current liabilities	5,006	4,896
Current liabilities	18,520	2,732
Total shareholders' equity and liabilities	**186,192**	**153,021**

The financial structure of d'Amico Società di Navigazione reflects the nature of the core business of the d'Amico Group's holding company. **Non-current assets** (Euro 168.4 million) primarily include long-term investments (Euro 152.9 million), which refer to the carrying amounts of equity investments in consolidated direct subsidiaries (Euro 95.2 million) and equity investments in associates and other companies (Euro 59.7 million). The residual balance of fixed assets refers primarily to tangible assets of Euro 8.9 million, and in particular of owned properties of Euro 6.4 million. The increase in non-current assets compared to the previous year was essentially due to investments in other companies as a reflection of the significance assumed by d'Amico's financial investments in recent years.

Current assets, the total balance of which was Euro 17.8 million as at 31 December 2010, comprise items of a financial nature, such as cash and cash equivalents (Euro 11.0 million) and short-term investments of financial resources (Euro 5.0 million).

The Company had total **Shareholders' equity** of Euro 162.7 million as at the end of 2010. On the liabilities side, **Non-current liabilities** amounted to Euro 5.0 million and are associated with a finance lease and provisions for employee benefits. **Current liabilities** (Euro 18.5 million) primarily include a loan received from the subsidiary d'Amico International S.A. in the amount of Euro 15 million, whereas the remainder comprises the short-term share of finance lease debt.

The Company presented a solid financial position, with Euro 4.5 million in net liquidity as at 31 December 2010 compared to the balance of Euro 23.3 million as at the end of the previous year. The change may be attributed to the uses of liquidity to meet investment needs.

Significant Events since the End of the Year and Business Outlook

Dry-cargo and container ships

d'Amico Dry Limited / Controlled fleet - *M/n Medi Cork* (Supramax) was sold in January 2011. *M/n Cielo di Dublino* and *M/n Cielo di San Francisco* (Handysize) were delivered in the first and second quarter of 2011, respectively. The Memorandum of Agreement relating to the exercise of the purchase option for *M/n Medi Victoria* was signed in April and delivery of the vessel is scheduled for June 2011.

Tankers - d'Amico International Shipping S.A. and subsidiaries

d'Amico Tankers Limited / Controlled fleet – *M/t High Glory* and *M/t Cielo di Napoli*, chartered tankers, MR and Handysize, respectively, were returned to their respective owners by d'Amico. d'Amico Tankers Limited also resolved to purchase *M/T Fabrizia D'Amato*, a 40,081-dwt Handysize tanker owned by D'Amato Shipping S.r.l. for the price of USD 24.5 million. Delivery of the ship, contingent on the final decision, by 30 June 2011, to close the arrangement procedure, is scheduled for July 2011.

GLENDA International Shipping Limited / Controlled fleet - *M/t GLENDA Melody*, *M/t GLENDA Meryl* and *M/t GLENDA Melissa*, all owned MR vessels, were delivered in the first quarter of 2011, thereby successfully completing the plan to construct six ships for the joint venture with the Glencore Group.

d'Amico Tankers Limited – Execution of time-charter contracts with a leading oil company - In early 2011, d'Amico Tankers Limited extended three charter contracts with an important oil company for an additional two years, with an option to extend for another year. Concurrently, d'Amico Tankers entered into a one-year charter contract with another oil company.

d'Amico Shipping Italia S.p.A. / Controlled fleet - In early May 2011, d'Amico Shipping Italia S.p.A. entered into two memoranda of agreement ('MOA') for the acquisition of two tankers, *M/t Cielo di Roma* and *M/t Cielo di Milano*, for the price of USD 24.0 million for each vessel. Both vessels had already been part of the d'Amico Group's fleet since 2001 under bareboat charters.

Maritime services

Compagnia Generale Telemar S.p.A. – Incorporation of the subsidiary Telemar Singapore Pte Ltd - As part of the plan to develop telecommunication and navigation service operations, which is founded upon an expansion of the geographical presence, in May 2011 Compagnia Generale Telemar S.p.A. incorporated Telemar Singapore Pte Ltd, which will allow it to enjoy a direct presence on one of the world's most important marine transport markets.

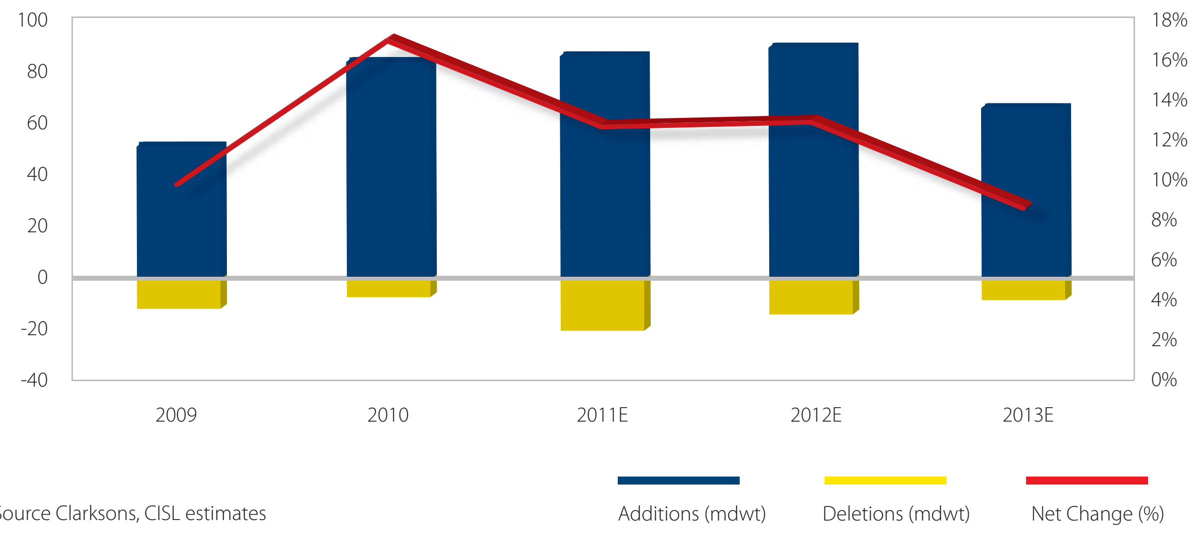
Financial investments

In the first few months of 2011, the Parent Company invested a total of Euro 5.1 million in additional financial resources in minority interests in other companies. Among the investments undertaken, especially worth of note is the Euro 1.5 million invested in Tamburi Investment Partners S.p.A., which increased the share held by d'Amico Società di Navigazione S.p.A. to 10.03%.

Business outlook

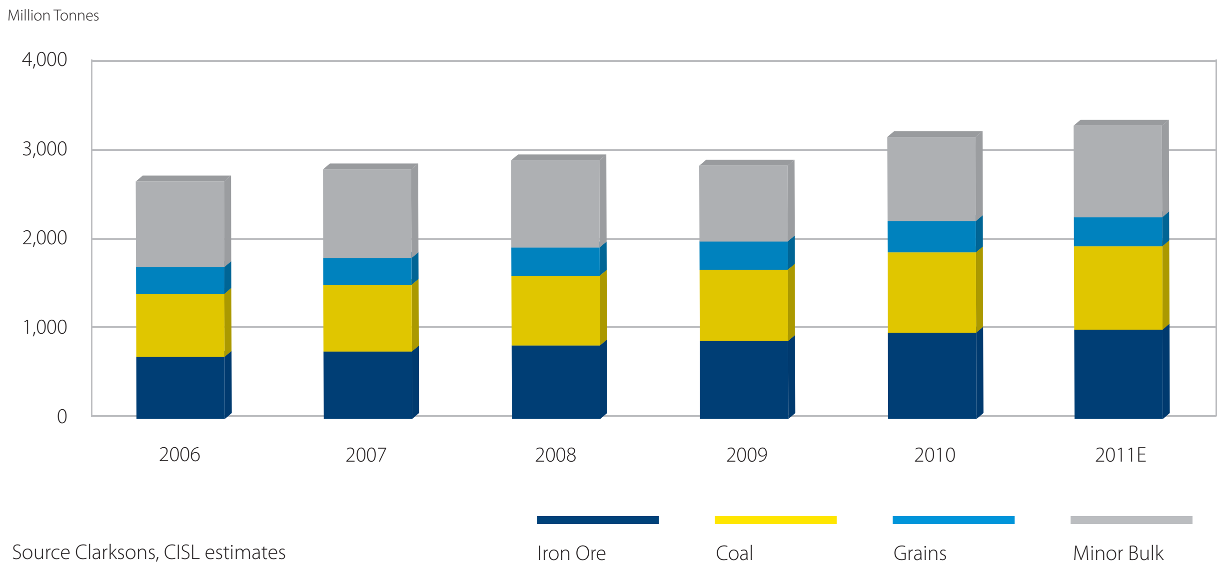
The coming year promises to be challenging for the shipping industry, yet within a scenario that appears partially different from that seen in the previous two years. While for the tanker sector the year began with far and away the strongest figures and sentiments of the past three years, the dry-cargo shipping sector, as was predictable, saw a decrease in spot charters caused by the simultaneous occurrence of several negative events, such as the decrease in demand for commodities from China, flooding in Australia and Brazil with effects on mineral and coal exports and the constant addition of new vessels to the market.

Dry Cargo Fleet Additions and Deletions 2009-2013E



Source Clarksons, CISL estimates

Global Major Bulk Trade (2006-2011E)



Source Clarksons, CISL estimates

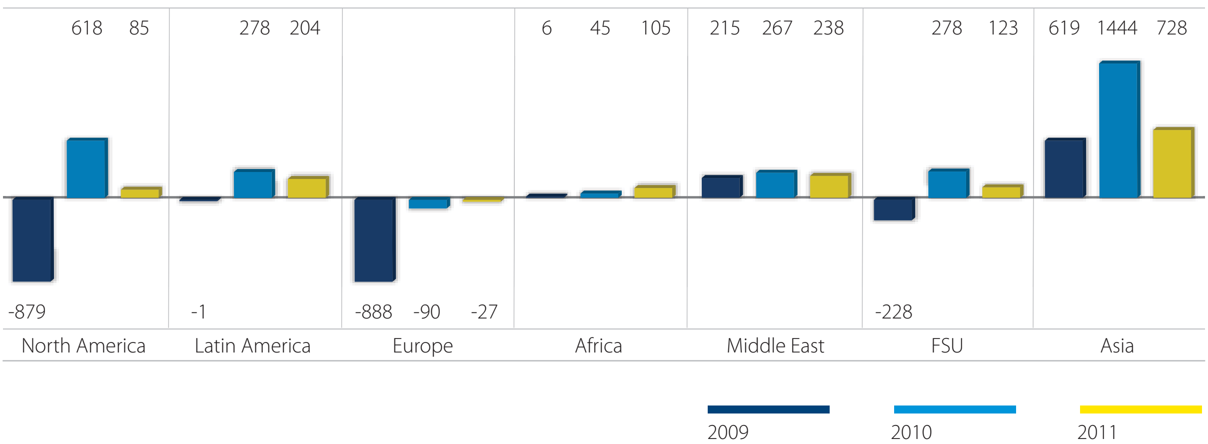
The primary factors that continue to condition the shipping market remain (i) the growth in the demand for products and raw materials linked to economic macro-indicators and GDP trends in various countries and/or economic areas; and (ii) the supply of vessels, and in particular the number of new vessels delivered or to be delivered in the coming months. With respect to shipping demand, the uptrend in the fleet at the global level now appears more marked for dry-bulk vessels, while the trend for tankers is expected to subside considerably.

Projections of demand for petroleum products in 2011, driven in particular by growth trends in OECD countries, have been revised upwards. This circumstance supports the expectation of a gradual increase in demand for tankers and tanker charter rates during the year, with greater opportunities presented by product dislocation and arbitrage. In the dry-cargo sector, market performance in 2011 will be conditioned first and foremost by the rising number of vessels on the market. Demand continues to be driven primarily by China, although the new Chinese five-year plan calls for less intensive development of steel production, with foreseeable negative repercussions on ore demand. The disastrous earthquake that struck Japan also rendered inoperative several coal power plants, which will require several months to be repaired, with the ensuing decline in demand for that commodity, at least in the near term.

The performance of marine service business areas will necessarily be influenced by the trend in charter markets and the operating environment outlined above. Although the tanker market is showing signs of a recovery and greater confidence and optimism for future periods, the general outlook for the Group's operating performance in 2011 is shaped by prudence.

The elements presented above are the primary factors that may condition future developments and performances. The section entitled Financial performance analysis contains an illustration of the Group's financial position, cash flows and net indebtedness. In addition to significant cash reserves, d'Amico has access to further significant financial resources owing to its lines of credit. In addition, in keeping with its balanced business model, a significant portion of revenue has been guaranteed by fixed-rate time-charter contracts and contracts of affreightment. Accordingly, management believe that the Group's position is adequate to ensure effective management of business risks.

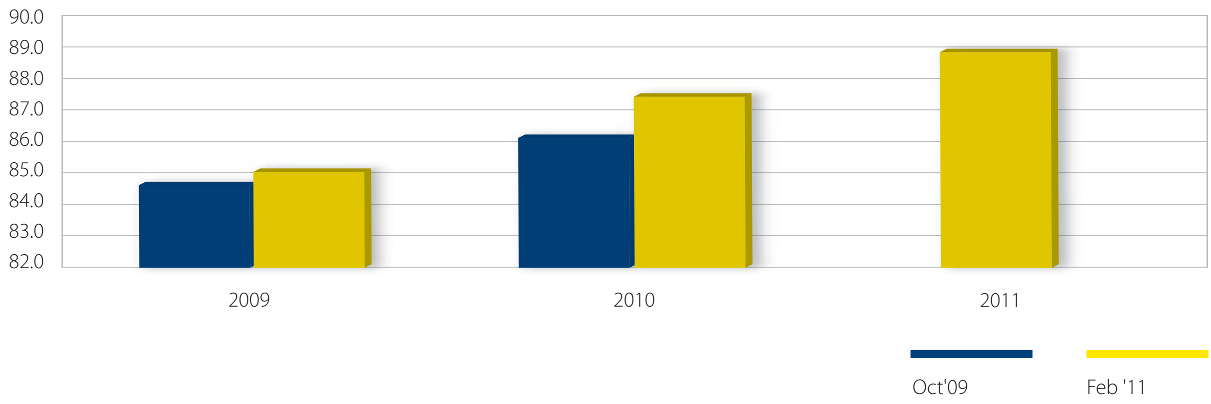
Global Oil Demand Growth 2009-2010-2011



Global Demand Growth (mb/d)

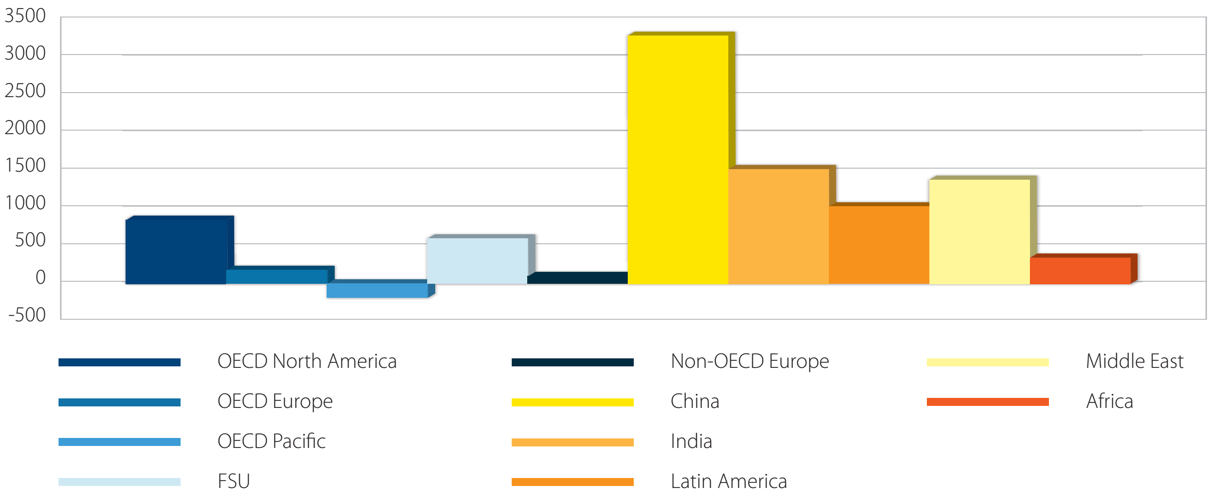
2009	-1.16	-1.3%
2010	2.84	3.3%
2011	1.46	1.7%

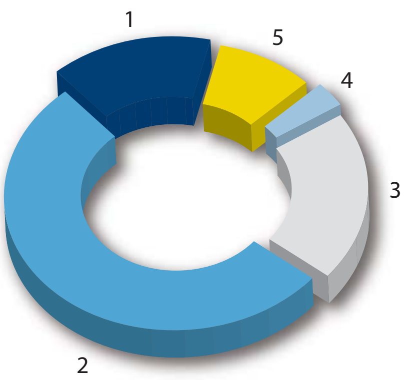
Global Oil Demand (2009-2011) IEA Estimates



Crude distillation additions and expansion

(millbpd)



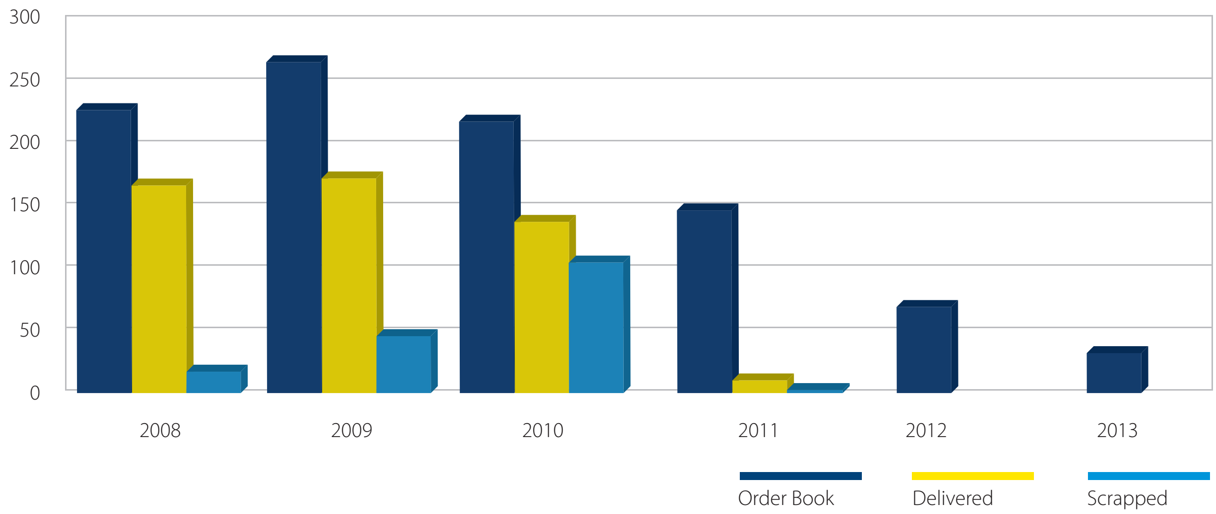


1	Middle East	**15%**
2	Asia	**53%**
3	Other Countries	**20%**
4	Europe	**3%**
5	North America	**9%**

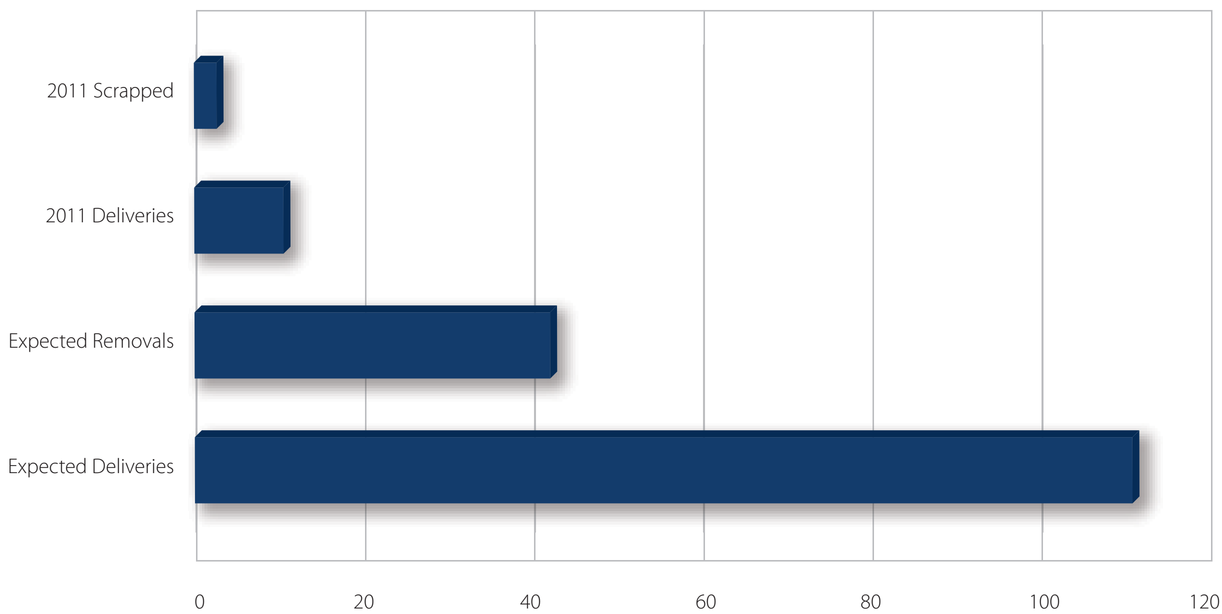
Source: International Energy Agency Medium Term Oil Market report, February 2011

Medium Range Product Tankers deliveries / scrapping

Orderbook vs. deliveries – MR Tankers 2008-2011



Orderbook vs. deliveries – MR Tankers expected



Other Information

Treasury shares owned by the parent company

d'Amico Società di Navigazione S.p.A. does not hold any treasury shares, either directly or indirectly.

Research and development

In consideration of the characteristics of the sectors in which it operates, d'Amico Società di Navigazione, as well as the other Group companies, did not engage in any activity of this nature during the year.

Branch offices

In accordance with article 2428, paragraph 4 of the Italian Civil Code, it is hereby certified that the Company conducts its business at its registered office in Palermo, Italy (located at Via Siracusa 27), its head office in Rome (located at Corso d'Italia 35/b) and its branch office in Genoa (located at Via de Marini 1).

Disclosure concerning derivative instruments

With respect to the disclosure concerning the use of financial instruments required by article 2428, paragraph 2, point 6-bis) of the Italian Civil Code, it should be noted that the following derivative instruments were outstanding as at 31 December 2010:

- forward freight agreements (FFAs) aimed at hedging charter rates for shipping using dry-cargo vessels;
- currency options, forward foreign exchange and futures contracts aimed at hedging fluctuations of exchange rates and pursuing speculative objectives;
- interest rate swaps (IRSs) intended to convert the floating rate portion of the financial indebtedness contracted to fixed rate;
- bunker hedging to hedge fluctuations in the price of fuel for vessels.

Further information regarding the nominal value and fair value of such financial instruments is presented in the notes to the statutory and consolidated financial statements.

Dealings with related parties

For information concerning dealings with associates, the Parent Company and subsidiaries of the Parent Company, please refer to the notes to the statutory and consolidated financial statements.

Privacy – Personal data protection code (pursuant to Legislative Decree 196/2003)

On 30 March 2011, d'Amico Società di Navigazione S.p.A. completed a dated revision of its Personal Data Security Plan pursuant to articles 33 et seq., Chapter 2, of Legislative Decree 196/2003 and the Technical Specifications. In further detail, d'Amico Società di Navigazione, upon completing a periodic assessment of the potential critical issues to which personal data processing is exposed, verified the efficacy of all security measures (physical, logical and organizational) already in place to protect data processing, modifying the existing Plan as necessary and updating the Register of Data Processors. During 2010, DSN also initiated the implementation of the Disaster Recovery Plan issued on the basis of the Confidence project launched in 2009, which defines the main organizational procedures for responding and restoring the operations of the ICT office in response to the occurrence of the adverse events considered, will be applied to all Group companies and is scheduled to enter into effect in the first half of 2011. In accordance with the instructions provided by the Personal Data Protection Authority, effective since 15 December 2009, the Group has begun to use software to log and analyze access to network resources and applications by the ICT office personnel assigned to the help desk, maintenance and application management and thus endowed with special privileges for access to the Company's information-technology resources. Lastly, it should be noted that in 2007 the subsidiary d'Amico Shipping Italia S.p.A., in drafting its Security Plan, designated d'Amico Società di Navigazione S.p.A. as the External Manager for certain types of data processing, assigning the company in particular with implementing information technology security measures on its behalf, the efficacy of which has been verified by d'Amico Shipping Italia S.p.A., when updating its Security Plan and Register of Data Processors.

Organization, management and control model (pursuant to legislative decree 231/01)

In January 2010, following the implementation of the Organization, Management and Control Model adopted by d'Amico Società di Navigazione in 2008, the necessary training courses on the subject were held through traditional classroom sessions dealing with the principles of the law and the form and content of the Model adopted by the Company. That training session, in which all employees participated, was motivated not only by the need to share a central facet of company governance with the staff, but also by compliance with the law, inasmuch as Legislative Decree 231/2001, on the basis of which the Model was adopted, identifies training on the subject as a requirement for the Model to be effective and for the adoption of the Model to be considered to result in effective, positive grounds for exemption from the administrative liability of entities.

It should also be noted that in January 2010 DSN's Board of Directors, at the initiative of the Supervisory Board and following the addition to new crimes to Legislative Decree 231 of 2001, resolved to extend the analysis - previously conducted upstream in the process that resulted in the Company's adoption and approval in 2008 of an Organization, Management and Control Model aimed at preventing the crimes set out in the cited Legislative Decree - of the activities conducted by d'Amico in order to update the risk assessment and take any additional measures required to improve the preventive control system.

In the first few months of 2011, the Group initiated activity aimed at updating the risk assessment by conducting interviews of function heads and/or persons charged with processes identified as sensitive within the meaning of the aforementioned Legislative Decree 231/2001.

Management and coordination

d'Amico Società di Navigazione S.p.A. is not subject to management and coordination by other companies or entities and determines its general and operational strategic guidelines in full autonomy. d'Amico Società di Navigazione S.p.A. currently exercises management and coordination, pursuant to articles 2497 et seq. of the Italian Civil Code, solely for d'Amico Shipping Italia S.p.A., a fully-owned subsidiary of DSN.


NO SMOKING
NO SMOKING
HIGH CENTURY
HONG KONG


d'AMIC
32

d’Amico Società di Navigazione S.p.A.

Consolidated Financial Statements for the Year Ended 31 December 2010

d'Amico Società di Navigazione S.p.A.

Consolidated Income Statement

(Thousands of euro)	Notes	2010	2009
Revenue	4	788,694	607,852
Operating costs	5	(485,331)	(344,150)
General and administrative costs	6	(132,955)	(123,299)
Profit on disposal of fixed assets	7	12,665	1,628
Gross operating profit		**183,073**	**142,031**
Depreciation, amortization and impairment		(47,460)	(51,531)
Operating profit		**135,613**	**90,500**
Financial income	8	9,134	25,471
Financial charges	8	(13,869)	(11,698)
Net foreign exchange (losses)/gains	8	(5,378)	4,244
Profit before taxes		**125,500**	**108,517**
Income taxes	9	(756)	(13,441)
Net profit		**124,744**	**95,076**

Attributable to:			
Non controlling Interests		(2,495)	1,018
Parent Company		127,239	94,058
Earnings per share		12.72	9.41

Consolidated Statement of Comprehensive Income

(Thousands of euro)	2010	2009
Net profit	124,744	95,076
Translation differences on foreign operations	(1,732)	(32,899)
Change in the fair value of available-for-sale financial instruments	4,926	(1,006)
Hedges	(7,766)	(6,471)
Comprehensive income	120,172	54,700

Attributable to:		
Non controlling Interests	(2,495)	1,018
Parent Company	122,667	53,682

Consolidated Statement of Financial Position

(Thousands of euro)	Notes	As at 31 Dec 2010	As at 31 Dec 2009	As at 31 Dec 2008
ASSETS				
Non-current assets				
Intangible assets	10	8,810	8,184	8,545
Tangible assets	11	779,676	669,432	689,616
Long-term investments	12	60,773	23,794	20,879
Other non-current financial assets	13	2,093	873	8,050
Total non-current assets		**851,352**	**702,283**	**727,090**
Current assets				
Inventories	14	32,561	22,964	15,950
Receivables and other current assets	15	155,374	162,106	215,495
Other current financial assets	16	156,755	143,560	102,500
Cash and cash equivalents	17	248,302	261,442	209,955
Total current assets		**592,992**	**590,072**	**543,900**
Total assets		**1,444,344**	**1,292,355**	**1,270,990**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		25,000	25,000	25,000
Retained earnings		687,263	596,501	435,989
Other reserves		(19,128)	(14,556)	25,819
Net profit		127,239	94,058	171,107
Shareholders' equity - Parent	**18**	**820,374**	**701,003**	**657,915**
Capital and reserves - Non controlling Interests		98,552	95,248	60,606
Net profit - Non controlling Interests		(2,495)	1,018	43,256
Total shareholders' equity	**18**	**916,431**	**797,269**	**761,777**
Non-current liabilities				
Provisions for risks and charges	19	679	670	730
Banks and other lenders	21	315,121	270,168	283,124
Provisions for employee benefits	20	4,974	4,955	4,852
Other non-current financial liabilities	22	1,442	12,228	4,760
Deferred tax liabilities		1,358	1,177	3,697
Total non-current liabilities		**323,574**	**289,198**	**297,163**
Current liabilities				
Banks and other lenders	21	26,467	53,634	19,366
Payables and other current liabilities	23	161,922	133,059	169,870
Other current financial liabilities	24	14,286	12,335	20,781
Taxes payable	25	1,664	6,860	2,033
Total current liabilities		**204,339**	**205,888**	**212,050**
Total shareholders' equity and liabilities		**1,444,344**	**1,292,355**	**1,270,990**

The financial statements on pages 38 to 81 were authorised for issue by the board of Directors on its behalf on 23 may 2011

Paolo d'Amico, Chairman

Cesare d'Amico, Chief Executive Officer

Consolidated Statement of Cash Flows

(Thousands of euro)	2010	2009
Net profit for the period	**124,744**	**95,076**
Depreciation and amortization	47,460	42,448
Current and deferred income taxes	756	15,748
Financial charges	(10,113)	18,016
Fair value gains on foreign currency translation	(43,526)	16,907
Other non-cash items	27,775	(18,149)
Net cash provided by / (used in) operating activities before changes in working capital	**147,096**	**170,046**
Movement in inventories	(9,597)	(7,014)
Movement in amounts receivable	6,732	53,389
Movement in amounts payable	28,870	(36,870)
Taxes paid	(5,771)	(13,441)
Interest collected / (paid)	10,113	(18,016)
Net cash provided by / (used in) operating activities	**30,347**	**(21,952)**
Acquisition of fixed assets	(157,901)	(98,880)
Disposal/derecognition of fixed assets	55,737	61,432
Net cash provided by / (used in) investing activities	**(102,164)**	**(37,448)**
Other changes in shareholders' equity	28,278	21,148
Movement in other financial receivables	(68,348)	(32,773)
Bank loan repayments	(70,146)	(34,820)
Bank loan draw-downs	52,815	60,543
Dividends paid	(31,018)	(73,257)
Net cash provided by / (used in) financing activities	**(88,419)**	**(59,159)**
Net cash provided / (used)	**(13,140)**	**51,487**
Net increase / (decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	261,442	209,955
Exchange gains / (losses) on cash and cash equivalents	(13,140)	51,487
Cash and cash equivalents at the end of the year	**248,302**	**261,442**

Consolidated Statement of Changes in Shareholders’ Equity

	SHARE CAPITAL	OTHER RESERVES			RETAINED EARNINGS				NET PROFIT	TOTAL	MINORITY INTERESTS	TOTAL SHAREHOLDERS' EQUITY
		Trans./ cons. reserve	Cash-flow hedging reserve	Fair value reserve	Legal reserve	Non-distr. reserve art. 2426	Extraordi-nary reserve	Retained earnings	Net profit	Total	Minority interests	Total shareholders' equity
1 January 2009	25,000	22,738	7,145	(4,064)	3,000	2,536	54,519	375,934	171,107	657,915	103,862	761,777
Dividends paid									(30,000)	(30,000)		(30,000)
Allocation of net profit					2,000	679	17,142	121,286	(141,107)	-		-
Change in minority-interest shareholders’equity										-	(8,615)	(8,615)
Comprehensive income		(32,898)	(6,471)	(1,006)					94,058	53,683	1,018	54,701
Other changes								19,405		19,405		19,405
31 December 2009	25,000	(10,160)	674	(5,070)	5,000	3,215	71,661	516,625	94,058	701,003	96,266	797,269
Dividends paid									(30,000)	(30,000)		(30,000)
Allocation of net profit							97,358	(33,300)	(64,058)	-		-
Change in minority-interest shareholders’ equity											2,286	2,286
Comprehensive income		(1,732)	(7,767)	4,927					127,239	122,667	(2,495)	120,172
Other changes						(2,135)		28,839		26,704		26,704
31 December 2010	25,000	(11,892)	(7,093)	(143)	5,000	1,080	169,019	512,164	127,239	820,374	96,057	916,431

Notes

Introduction

d'Amico Società di Navigazione S.p.A. ('d'Amico') is a joint-stock company incorporated under the laws of Italy. d'Amico Società di Navigazione and its subsidiaries operate in shipping and auxiliary services on a global scale. Within the shipping sector, the d'Amico Group is currently active in dry cargo, container and tanker shipping.

These consolidated financial statements have been prepared in accordance with international accounting principles (hereinafter International Accounting Standards - IASs and/or International Financial Reporting Standards - IFRSs) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) endorsed by the European Commission (also referred to collectively hereinafter as 'IFRSs'). As permitted by applicable legislation, the d'Amico Group has prepared these consolidated financial statements for the year ended 31 December 2010 in accordance with IFRSs on a voluntary basis. These are the first consolidated financial statements prepared in accordance with IFRSs. These financial statements therefore fall within the scope of IFRS 1 - *First-time Adoption of International Financial Reporting Standards* inasmuch as they are the first financial statements prepared in accordance with IFRSs. During the initial application of such principles, it was thus necessary for comparative purposes to re-determine and restate the figures from the 2009 consolidated financial statements to reflect the changes resulting from the adoption of IFRSs. Reconciliations and descriptions of the effects of the transition from Italian GAAP to IFRSs are presented in section 33 of these notes. In consideration of the foregoing, d'Amico Società di Navigazione S.p.A. has chosen 1 January 2009 as the date of transition to IFRSs and the consolidated financial statements for the year ended 31 December 2010 as the first prepared in accordance with IFRSs.

To present the effects of the transition to IFRSs, and to meet the requirements of IFRS 1, paragraphs 24 a) and b) and 25), concerning the effects of the first-time adoption of IFRSs, the Group has prepared and presented the following in note 33:

- the accounting principles used and rules applied during initial application of IFRSs;
- detailed statements of reconciliation of consolidated financial position as at 1 January 2009 and 31 December 2009 and the consolidated income statement for the year ended 31 December 2009, clearly indicating the adjustments made to the figures prepared in accordance with Italian GAAP for the purposes of restatement according to IFRSs;
- the effects of the transition on the consolidated statement of cash flows;
- statement of reconciliation of consolidated shareholders' equity and net profit pursuant to Italian GAAP and IFRSs as at the date of transition (1 January 2009), 31 December 2009 and for the year ended 31 December 2009;
- comments on the foregoing statements of reconciliation.

These consolidated financial statements were approved for publication by the Board of Directors on 23 May 2011.

1. Accounting Policies

Basis of presentation

The consolidated financial statements comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and the notes. In the income statement, costs have been classified by nature. All revenue and cost items recognized during a given year are presented in two separate statements, the income statement and statement of comprehensive income. The presentation scheme adopted for the statement of financial position is based on a distinction between current and non-current assets and liabilities. Current assets, which include cash and cash equivalents, are those intended to be realized, disposed of or used in the Group's normal operating cycle or the 12 months after year-end; current liabilities are those expected to be extinguished during the normal operating cycle or the 12 months after year-end. The indirect method has been used to prepare the statement of cash flows.

IFRSs have been applied in accordance with the indications provided in the *Framework for the Preparation and Presentation of Financial Statements* and there were no critical situations requiring the use of departures pursuant to IAS 1, paragraph 19.

The d'Amico Group has access to adequate resources suited to ensuring that it may continue to operate in the near future. The financial statements have therefore been prepared on a going-concern basis, by applying the historical cost method, with the exception of those line items that are measured at fair value in accordance with IFRSs.

The consolidated financial statements are presented in euro, the Parent Company's functional currency. Unless otherwise indicated, amounts are expressed in thousands of euro.

The following is a discussion of accounting policies, applied in a uniform manner to all years presented and to the opening IFRS financial position as at 1 January 2009.

Consolidation principles

Subsidiaries

Subsidiaries are entities for which the Group directly or indirectly holds the power to determine financial and operating policies in order to obtain benefits from their operations. Effectively exercisable or convertible potential voting rights are also considered when assessing the existence of control. The financial statements of subsidiaries are included in the consolidated financial statements effective the date on which control begins until the date on which control ceases. The assets and liabilities of the Parent Company and subsidiaries are fully consolidated on a line-by-line basis, and the carrying amounts of the equity investments held by the parent company and consolidated subsidiaries are eliminated against the corresponding share of shareholders' equity.

Associates

Associates are entities over which the Group has a significant influence. Effectively exercisable or convertible potential voting rights are also considered when assessing the existence of significant influence. Such equity investments are recognized at acquisition cost. The Group’s share of net profit or loss is recognized in the consolidated financial statements from the date on which significant influence is obtained until the date such influence ceases. Associates are entities over which the Group has a significant influence, but not control or joint control, of financial and operating policies, as defined by IAS 28 - *Investments in Associates*. If the Group’s share of an associate’s losses exceeds the carrying amount of the equity investment, the value of that investment is reduced to zero and the share of additional losses is not recognized, except to the extent the Group is liable for those losses.

Joint ventures

Joint ventures are entities over whose activities the Group has joint control, as defined in IAS 31 - *Interests in Joint Ventures*. In the consolidated financial statements, the assets, liabilities, revenue and costs of joint ventures are included on a proportional basis according to the Group's interest.

Intra-group transactions

Intra-group balances and transactions and the resulting profits have been eliminated during the preparation of the consolidated financial statements. Unrealized gains and losses associated with intra-group transactions have also been eliminated. Minority interests and the minority share of net profit or loss are presented separately from the shareholders' equity attributable to the Group on the basis of the percentage of net assets attributable to minorities. The Group’s share of any unrealized gains or losses with associates and joint ventures has been eliminated to the extent of the share attributable to the Group.

Foreign currencies

Transactions in foreign currencies are initially recognized at the spot exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the spot exchange rate on the reporting date. Any resulting exchange differences are recognized through the income statement.

In the consolidated financial statements, the income statement items of subsidiaries that do not report in euro are converted at the average exchange rate for the period, whereas assets and liabilities are converted at the spot exchange rate at the reporting date. Exchange differences arising on the translation of financial statements into Euro are recognized directly through the statement of comprehensive income and included in the translation reserve. When the Group disposes of an investment in a foreign operation, and thus relinquishes control, significant influence or joint control of that operation, the total amount of the translation reserve associated with that operation is reclassified to the income statement at the time of the disposal.

Business combinations

Business combinations are accounted for according to the acquisition method. The cost of an acquisition is determined as the sum of the current fair values at the date of exchange of the assets acquired and liabilities assumed by the acquirer, as well as any financial instruments issued by the Group in exchange for control of the acquiree. Costs directly attributable to the acquisition are recognized in the income statement. The acquiree's assets, liabilities and identifiable potential liabilities are recognized at their fair value, with the exception of a few limited items. The difference between the acquisition cost and the Group' share the fair value of the acquiree's assets, liabilities and identifiable potential liabilities is recognized as goodwill, where positive, or in the income statement, where negative. During first-time adoption of IFRSs, as provided for in the applicable accounting standards, the goodwill generated by acquisitions prior to the date of transition to IFRSs has been maintained at the previous value determined according to Italian GAAP, subject to impairment testing and recognition of any losses.

Revenue recognition

Transport service revenue is recognized on a percentage-of-completion basis, determined according to the discharge-to-discharge approach for all spot voyages and voyages servicing contracts of affreightment (COAs). According to this approach, freight revenue is recognized by reference to the period from a vessel's departure from its original discharge port to its subsequent destination. The date of departure is defined as the date of the most recent discharge, and the voyage ends at the next discharge (hence 'discharge to discharge'). The Group recognizes revenue on voyages in progress at the end of a reporting period on the basis of the state of progress of the voyage at the reporting date with respect to its total estimated duration and intended destination. Revenue from time-charter contracts is recognized in proportion to the charter period as the service is rendered.

Freight contracts include conditions concerning vessel loading and unloading times. According to the contractual terms and conditions agreed upon by the parties to the charter contract, demurrage revenue, recognized when freight service is rendered, represents the estimated compensation for the additional time required to unload a vessel. Demurrage revenue is recognized when the voyage is complete.

The operating subsidiaries of d'Amico International Shipping in the tankers division earn a significant share of their revenue in pools. Total pool revenue is generated by each of the vessels participating in the pools to which the Group is a party. The Group's share of pool revenue depends on the number of days on which the Group's vessels were made available to the pool with respect to the total pool revenue. Pool companies are considered joint ventures. Fully-owned pool legal entities are consolidated line-by-line, but by recognizing the Group's share of revenue net of the share to be attributed to other pool participants. That share of revenue attributable to the other pool partners is concurrently recognized among trade payables.

Revenue on services other than marine transport are recognized according to the fees accrued on the basis of the state of completion of the service.

Voyage costs and other direct operating costs

Voyage costs (port expenses, bunker fuel consumption and commissions) are incurred in connection with the employment of the fleet on the sport market and under COAs. Voyage costs are recognized in the income statement as incurred.

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

General and administrative costs

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

Financial income and charges

Financial income and charges include interest income on short-term investments and interest expenses on borrowings, unrealized and unrealized exchange differences relating to transactions in currencies other than the functional currency and other financial income and charges, such as value adjustments of certain financial instruments not accounted for as hedging instruments. Interest is recognized in the income statement on an accruals basis according to the effective interest method.

Taxation

The taxes owed by the Parent Company, d'Amico Società di Navigazione S.p.A., and its subsidiaries that operate in sectors other than marine transport are calculated according to taxable income for the year using the local tax rates in effect at the reporting date. Tax charges are determined on the basis of the net profit or loss for the year, adjusted to reflect certain non-exempt or non-deductible elements, and are calculated according to the tax rate in effect at the reporting date.

The Group's main companies operating in the marine transport sector are based in Ireland and are subject to the Irish tonnage tax regime. Under the tonnage tax regime, tax liability is not calculated on the basis of income and expenses, as in normal corporate taxation, but rather on the controlled fleet's notional shipping income, which in turn depends on the controlled fleet's total net tonnage. The tonnage tax charge is included within the income tax charge in the consolidated financial statements.

Deferred tax, where applicable, is tax that the Group expects 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 calculating taxable profit. It is accounted for using the financial position liability method. Deferred tax liabilities are recognized for all temporary taxable differences. Deferred tax assets 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 the liability is settled or asset realized. It is charged or credited in the income statement, unless it relates to items charged or credited directly to comprehensive income, in which case the deferred tax is also accounted for in comprehensive income.

Intangible Assets

Goodwill

The goodwill deriving from business combinations is measured at cost, net of any cumulative impairment losses. Accordingly, goodwill is not subject to amortization, but rather tested for impairment. Minority interests in the shareholders' equity of an acquiree are measured at their acquisition date fair value or, alternatively, at their share of the carrying amount of the acquiree's net assets. The choice of measurement method is based on the specific transaction.

Other intangible assets

Other purchased or internally generated intangible assets are recognized at cost, including directly attributable auxiliary costs required to render the assets available for use, provided that it is likely that the use of the assets will yield future economic benefits and the cost of the assets may be determined reliably. Such assets, which have finite useful lives, are measured at purchase or production cost and amortized on a straight-line basis according to their estimated useful lives, which are reviewed on at least an annual basis. Any changes are applied prospectively. Amortization begins when an asset becomes available for use. The estimated useful life of assets in this category is considered to be three years.

Tangible Assets

Vessels

Owned vessels are carried at historical cost, less accumulated depreciation and any impairment losses. Historical cost includes acquisition costs, as well as other costs directly attributable to the acquisition or construction of the vessel, including interest expenses incurred during the period of construction based on the loans obtained for the vessels.

Depreciation is calculated on a straight-line basis to estimated residual value according to the estimated useful lives of the major components of the vessels. New vessels are generally estimated to have useful lives of 20 years, depending on their specifications and intended use. 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. Vessel tank coatings are depreciated over ten years and the dry-dock element is depreciated over the period to the next expected dry dock. Residual useful life is estimated at the date of acquisition or delivery from the shipyard and is periodically reassessed.

Vessels under construction (newbuilds) are carried at cost less any identified impairment losses. The cost of newbuilds includes the instalment payments made through the date of delivery and other vessel costs incurred during the construction period, including capitalized interest. Depreciation commences when a vessel is delivered.

Gains or losses on the disposal of vessels are recognized when the risks and rewards of ownership of the vessel have been transferred to the buyer. Such gains or losses are measured as the sale price net of transaction costs and the residual carrying amount of the vessel.

Dry-docking costs

To comply with industry certification or governmental requirements, vessels are required to undergo major inspections or classification (dry-docking) for major repairs and maintenance that cannot be carried out while the vessels are operating. On average, vessels are dry-docked once every 30 months, depending on the type of work and requirements. Dry-docking costs, which may also include some related costs, are capitalized and depreciated on a straight-line basis over the period until the next dry-docking. If the next dry-docking of a vessel is performed less than 30 months from the previous dry-docking, the residual value of the previously capitalized costs is written off.

The initial dry-docking asset for newbuilds and newly purchased vessels is presented and capitalized separately. The cost of such assets is estimated on the basis of the costs required for the next dry-docking.

Impairment

The values of vessels are periodically reviewed in light of market conditions. The carrying amount of a vessel is tested for impairment whenever circumstances indicate that the carrying amount may not be recovered through the use of the vessel. If there is any indication that this is the case, the recoverable amount of the asset is estimated in order to determine the extent of impairment. Recoverable amount is normally defined as the higher of an asset's fair value less costs to sell and its value in use. An asset's value in use is based on the present value of the estimated future cash flows over the duration of its residual useful life. Write-downs are applied to account for any impairment of vessels. An impairment loss recognized in previous years may subsequently be reversed if the current estimated value in use is higher than at the time the impairment loss was recognized. Management's judgment is critical in assessing whether events have occurred that may impact the carrying amounts of the Company's vessels. Future cash flows are assessed by preparing estimates of future charter rates, operating costs, residual useful life and residual value for each vessel. Such estimates are based on historical trends and future expectations.

Aircraft

Interests in aircraft are recognized at acquisition cost and depreciated on a straight-line basis over five years on the basis of possible use and until the residual realizable value has been exhausted.

Buildings and other tangible assets

Owned buildings and other tangible assets are recognized at acquisition cost or fair value and depreciated on a straight-line basis according to their residual useful lives at the following rates:

	Years
Owned properties	33
Office furniture, fittings and fixtures	3-8
Leasehold improvements	Term of contract

Operating leases (charter contracts) and finance leases

Charter-in and charter-out contracts for vessels, where the risks and rewards of ownership are not transferred to the lessee, are treated as operating leases. Lease payments and income are recognized to the income statement on a straight-line basis over the lease term. Contractual obligations for the remaining lease period of charter-in contracts are disclosed as commitments in the notes to the financial statements.

Assets acquired under finance leases, where substantially all the risks and rewards of ownership are transferred to the Group, are initially recognized as assets by the Group at the lower of their fair values or the present value of the minimum payments due, including any sum to be paid to the lessor to exercise the purchase option. The corresponding liability is recognized among financial liabilities. After initial recognition, such assets are measured according to the accounting principles applicable to the category.

Inventories

Inventories are recognized at the lesser of cost and net realizable value. Cost is determined according to the FIFO method and includes the costs of purchasing, producing and transforming items and the costs incurred to bring inventories into their current location and conditions.

Financial instruments

Financial instruments are contracts that give rise to financial assets and liabilities or equity instruments of another entity, as defined in IAS 32 (Financial Instruments: Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement). Such instruments are measured at their fair values when the Group becomes a party to the contractual provisions of the instrument (the trade date). Liabilities are classified in accordance with the substance of the contractual arrangements from which they arise and the relevant definitions of a financial liability. For contracts negotiated at market price, the fair value of the instrument is equivalent to the purchase cost (nominal value of the transaction).

The external costs and income from transactions directly attributable to negotiation, such as intermediation costs, are included during initial recognition of the instrument, unless measured at fair value. Financial assets are measured at fair value or amortized cost, depending on the characteristics of each instrument. Financial liabilities are measured on the basis of their amortized cost. Only derivative instruments are measured at fair value.

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

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

Equity investments and other financial assets

Equity investments in non-consolidated entities, classified for accounting purposes as available-for-sale financial assets, are carried among non-current assets under the item Equity investments and other financial assets and are measured at fair value, or, if fair value cannot be determined reliably, at cost. Gains and losses arising from changes in fair value are recognized directly in shareholders' equity until the equity investments in question are disposed of or become impaired. When either of the foregoing occurs, the total gains or losses previously recognized in shareholders' equity are credited or expensed to the income statement for the period. The original amount is recovered if the grounds for an impairment loss cease to apply in subsequent years.

Held-for-trading financial assets are measured at fair value. Gains and losses arising from changes in the fair value of financial instruments classified as held for trading are recognized in the income statement for the period.

Financial assets and securities possessed with the intention of holding them to maturity ('held-to-maturity') that do not meet the conditions for inclusion among cash and cash equivalents are recognized and derecognized according to the trade date. Such assets are initially recognized at fair value and subsequently measured according to the amortized cost method, less any impairment losses.

The fair value of a financial instrument is determined according to market price quotations or, where such quotations are not available, estimated according to appropriate valuation techniques that make use of up-to-date financial variables employed by market operators, while also taking account of the prices of recent transactions involving similar financial instruments, where possible.

Trade and other receivables

Trade receivables are initially recognized at their nominal value (which represents the 'fair value' of the transaction) and are subsequently measured at amortized cost, net of impairment losses recognized in the income statement where there is objective evidence that an asset has become impaired. Impairment is calculated as the difference between the carrying amount and present value of estimated future cash flows, discounted at the effective interest rate. In the case of short-term trade receivables in particular, given the brief period of time at issue, measurement at amortized cost is equivalent to nominal value, less impairment losses. Impairment losses are recognized when management consider the full recovery of a receivable to be in doubt. If management consider the amounts non-recoverable, then they are written off in their entirety.

Cash and cash equivalents

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

Banks and other lenders

Interest-bearing bank borrowings relating to the financing of vessels and overdrafts are recognized according to the amounts received, net of transaction costs, and are subsequently measured at amortized cost according to the effective interest rate method. The difference between the loan proceeds and nominal value is 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 is generally equivalent to nominal value, considering the characteristics and maturity of such payables.

Derivative instruments

Derivative instruments are used to hedge exposure to the following types of risks: (a) interest-rate swaps (IRSs) hedge the risk of fluctuations of interest rates on loans; (b) Forward freight agreements (FFAs) hedge charter rates; (c) currency options, forward foreign exchange and futures contracts hedge fluctuations in exchange rates; and (d) bunker swaps hedge fluctuations in the cost of fuel for vessels.

In accordance with IAS 39, all derivative instruments are measured at fair value. They are carried among short-term receivables or other liabilities.

Pursuant to IAS 39, derivative instruments qualify for hedge accounting only when at the inception of the hedge there is a formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which the hedge is designated. When derivative instruments qualify for hedge accounting, the following accounting treatment applies:

Cash flow hedges - These are derivatives to hedge exposure to fluctuations in future cash flows arising in particular from risks relating to changing interest rates on loans or currency risks relating to loans and commitments in foreign currencies. Changes in the fair value of the effective portion of the hedge are recognized in other comprehensive income, whereas the ineffective portion is recognized in the income statement. Hedge effectiveness, i.e. the ability of a hedge to adequately offset fluctuations caused by the hedged risk, is periodically tested, in particular by analyzing the correlation between the fair value of the cash flows from the hedged item and hedging instrument.

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

Changes in the fair value of derivatives that do not qualify for hedge accounting treatment are recognized directly in the income statement.

Shared-based payment plan

In accordance with IFRS 2 - *Share-based Payment*, the additional benefits granted to employees through shared-based payment plans (stock-option plans), where existing, represent a component of the recipients' remuneration. This cost, corresponding to the fair value of the options at the grant date, is recognized in the income statement on a straight-line basis over the period from the grant date to the vesting date, with the offsetting credit recognized directly in shareholders' equity.

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

Pension and post-employment benefit liabilities

Liabilities relating to employee benefits paid in the course of service or thereafter in connection with defined-benefit plans are calculated separately for each plan according to actuarial hypotheses by estimating the amount of the future benefit that has accrued to employees in exchange for services rendered during the current and previous years. That benefit is discounted to determine its present value, while any unrecognized past service costs and the fair value of any plan assets are subtracted from the liabilities. The calculation is performed by an independent actuary using the projected unit credit method. The Group recognizes all actuarial gains and losses deriving from defined-benefit plans directly and immediately in the income statement.

In defined-contribution plans, the entity's obligation, which is limited to the payment of contributions to governmental organizations or a segregated body of assets or legal entity (a 'fund'), is determined according to the contributions owed.

Provisions for Risks and Charges

Provisions for risks and charges are recognized to account for costs and expenses the nature of which is fixed and the existence of which is certain or probable, but the amount or date of occurrence of which is not known at the reporting date. 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, the amount of which can be estimated reliably. Provisions are allocated based on the Directors' best estimate of the costs required to meet the obligation at the reporting date, and are discounted when the effect is significant.

Dividends

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

Critical accounting judgments and key estimates

In preparing the financial statements, the Group's Directors are required to make assessments, estimates and assumptions that influence the application of accounting principles and the amounts of assets, liabilities, costs and revenue. Directors' decisions are based on past experience and expectations of the occurrence of future events and are therefore to be considered reasonable. However, it should be noted that, since they are in fact estimates, actual results may differ from the results presented in these financial statements. The process of preparing estimates involves the various business areas. Such estimates and assumptions are revised regularly. Any effects deriving from the revision of accounting estimates are accounted for in the period in which the revision is conducted and the associated subsequent periods.

It is believed that certain accounting principles are particularly significant to comprehension of the financial statements. In this respect, the following is an account of the areas most extensively affected by such procedures, as well as of the assumptions employed by management in the process of assessing the foregoing line items, in accordance with the above-mentioned international accounting principles. The critical element inherent in such estimates is a result of the use of assumptions and/or professional judgments concerning matters that are uncertain by nature.

Fleet carrying amount and recoverability - The carrying amount of the fleet is tested for impairment periodically or wherever circumstances or events required more frequent testing. If it is believed that the carrying amount of the fleet may have become impaired, that amount is written down to its recoverable amount, which is estimated on the basis of future use and disposal, in accordance with the provisions of the most recent company plans. Estimates of such recoverable amounts are believed to be reasonable. However, possible variations in the factors on which the calculation of the foregoing recoverable amounts is based could result in different assessments. The analysis of the recoverability of carrying amount is unique and requires management to use estimates and assumptions deemed prudent and reasonable in relation to the specific circumstances.

Depreciation period and residual value of the fleet - The fleet is depreciated over its expected useful life of 20 years, considering the residual value determined on the basis of the market price of each vessel per ton. The fleet's residual value and useful life are revised at least at the end of each period. If expectations differ from previous estimates, the change is considered a change of an accounting estimate. Changes in such estimates may have significant effects on depreciation.

Tax liabilities - Tax liabilities are calculated based on the Group's specific tax situation, determined on the basis of the law in force in the countries where the Group operates. Tax liabilities may be affected by changes in the treatment or assessment of freight revenue, withholding tax on charters, tonnage tax and value-added tax.

Defined-benefit plans - The expenses and liabilities associated with such plans are calculated according to estimates prepared by actuarial consultants who use a combination of statistical and actuarial factors, including statistical data concerning previous years and projections of future costs. Estimation components also include mortality and withdrawal indices, assumptions regarding the future discount rate trend, salary growth rates and an analysis of the year-on-year change in healthcare costs. Such estimates may diverge materially from actual results due to the evolution of economic and market conditions, increases/decreases in withdrawal rates and the length of participants' lives and changes in the effective costs of healthcare.

Leases - Lease contracts are classified as operating or financial at the commencement of the contractual period and such classified is not subsequently modified. Classification depends on estimates based on contractual conditions. In such case, the 'substance over form' approach is adopted.

Segment information

In accordance with IFRS 8 (*Operating Segments*), since the Parent Company's shares are not listed on regulated markets and there are no ongoing listing processes, detailed information concerning the sectors in which the Parent Company and its subsidiaries operate (segment information) is not provided in these financial statements. The report on operations contains some figures concerning the individual business areas in which the Group operates, but these do not fall within the scope of IFRS 8.

New accounting principles

Accounting principles adopted from 1 January 2010

Revised version of IAS 1 - Presentation of Financial Statements, which entered into effect for years beginning on or after 1 January 2009. These financial statements reflect the additions and modifications provided for therein. The revision in question aims to allow the users of financial statements to improve their ability to analyze and compare the information presented in financial statements. The amendments applied to the Standard require information to be aggregated in the financial statements according to common characteristics, as well as the addition of a statement of comprehensive income. This allows the readers of the financial statements to conduct a separate analysis of the changes in the Company's shareholders' equity arising from transactions with owners (such as the distribution of dividends and the purchase of own shares) from changes not involving owners (such as transactions with third parties). Comprehensive income includes the net profit or loss for the period, along with the other items that comprise comprehensive income, such as gains or losses on hedges, gains or losses arising from the revaluation of available-for-sale financial assets and changes in the revaluation reserve.

Accounting principles, amendments and interpretations not yet in force and not adopted early by the group

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

IFRS 9 - Financial instruments will apply to accounting periods beginning on or after 1 January 2013. The Standard, issued in November 2009 and eligible for early adoption beginning in October 2010, currently outlines the recognition and measurement of financial assets, financial liabilities and the derecognition criteria for financial assets. Financial assets are to be measured either at amortized cost or fair value through profit or loss, with an irrevocable option on initial recognition to recognize some equity financial assets at fair value through other comprehensive income. A financial asset can only be measured at amortized cost if the Group has a business model to hold the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding. On adoption of the Standard, the Group will also have to re-determine the classification of its financial assets specifically for available-for-sale and held-to-maturity financial assets. Most financial liabilities will continue to be carried at amortized cost, although some financial liabilities (such as derivatives) will be required to be measured at fair value through profit and loss. Changes associated with variations in the issuer's credit risk are to be recognized in other comprehensive income. Since the derecognition principles of IAS 39, *Financial Instruments: Recognition and Measurement*, have been transferred to IFRS 9, it is unlikely that the application of the Standard will have a significant impact on the Group. The Group is assessing the Standards discussed above and evaluating any impact they may have on its financial statements.

Various other IFRSs have been amended by the Annual Improvements issued in 2009 and 2010. Except as previously stated, the Amendments not yet in force are unlikely to have a material impact on the Group's financial statements.

2. Risk Management

The transactions undertaken by the Group in the course of its operations expose it to a variety of financial risks, and risk management is an integral part of the Group's strategy. The marine transport sector is highly sensitive to market fluctuations, which may cause significant variations in freight rates and vessel prices. The overall risk management goal is to reduce the Group's earnings exposure to cyclical fluctuations.

Market risk

The Group companies that operate in the marine transport sector are exposed to market risk principally in respect of vessels trading on the spot market and earning revenue at current market rates. In particular, when chartering vessels, hire rates may be too high to allow for profit margins on the use of those vessels on the market. Conversely, when chartering out vessels to third parties, hire rates may be too low to ensure an adequate return. The following risk management strategies are applied: (i) on the various market segments on which it operates, the Group aims to charter vessels for medium/long periods at fixed rates so that the percentage of its revenue generated by such fixed contracts (known as ‘coverage’) is 40-60%, thus ensuring that exposure to the spot market does not exceed 60%, depending on market conditions, rate trends and expectations; (ii) vessels in the tanker fleet are partly employed in pools. This allows the Group to reduce the impact of specific risks associated with individual vessels; (iii) vessels trade on a worldwide basis to reduce the effect of different market conditions and rates of different routes between the Eastern and Western hemisphere; (iv) for its tankers, the Group directly or via its pools enters into contracts of affreightment (COAs) at fixed rates, which call for the shipment of an agreed number of future cargoes at fixed rates. The Group normally uses derivative instruments to manage its exposure to spot market rates for its dry-cargo vessels.

Technical and operational risks

In the marine transport sector, the Group is exposed to risk deriving from fluctuations in the costs associated with operating its vessels. The key areas of operating risks are crew, bunkering, dry-docking, repairs and insurance. This type of risk is managed through the following strategies: (i) the **crew policy** - is coordinated at the Group level owing to d'Amico's experience in this area (training school and Group companies specialized in training services). This approach allows the Group to achieve synergies and economies of scale between its various business segments, while also assessing whether there are opportunities in the various geographical areas, with the aim of containing costs while also maintaining high crew quality. The Safety & Quality (SQE) Department aims to ensure that vessels and crews operate in full compliance with external requirements such as regulations and certifications; (ii) **bunkering** - the Group enters into swap contracts for petroleum products in connection with its fixed-rate medium/long-term shipping contracts, where deemed appropriate to hedge the risk deriving from future fluctuations in bunker fuel prices; (iii) **dry-dock contracts** - technical management also includes dry-dock work and is coordinated at the Group level, allowing for economies of scale in organizing work and assessing cost/quality levels. The process of managing repair costs is similar. The policy of maintaining a young fleet also contributes to minimizing this risk; (iv) **fleet insurance** - adverse events and incidents of various kinds may occur in the course of vessel operations and may give rise to financial losses, including in light of the international corpus of applicable regulations and treaties. In order to reduce or eliminate the financial risks and/or other types of liability to which the Group may be exposed in such situations, the fleet is insured against various types of risk. The total insurance program provides extensive cover of risk in relation to the operation of vessels and transport of cargoes, including the risks of personal injury, environmental damage and pollution, third-party casualty and liability, hull and engine damage, total loss and war; (v) **piracy risk** - as a result of the increase in the number of armed attacks in the waters off the coast of Somalia, and in the Gulf of Aden in particular, two sets of countermeasures have been implemented with the aim of: (a) minimizing risk during transit in the Aden area and increasing voyage safety; and (b) verifying the suitability of the insurance structure currently in place to ensure that events deriving from particular situations enjoy adequate cover. The Group has identified some precautions to be applied to its vessels and certain suppliers. A detailed analysis of the situation has allowed the d'Amico Group to draw up guidelines that all vessels must follow when travelling through areas of risk. Moreover, in order to obtain as much information as possible and remain up-to-date on the issue, websites devoted to the piracy problem are systematically monitored. On the matter of the related insurance issues, it has been determined that main piracy risks are already covered under the existing policies.

Foreign-exchange risk

The Group operates at an international level and in sectors in which transactions are undertaken in various currencies, and is thus exposed to risk deriving from the fluctuation of exchange rates for transactions denominated in certain currencies (such as U.S. Dollars, euro and Japanese Yen). The exposure to the risk of changes in exchange rates is periodically and systematically assessed, and management of this risk is based on the use of certain derivative instruments in accordance with the Group's policies in this area. In further detail, fair-value and/or cash-flow hedging is primarily undertaken through the use of instruments such as forward contracts and currency options. The purpose of such transactions is to fix the exchange rate at which outstanding and/or projected transactions in foreign currencies are to be recognized. The counterparties to such contracts are a differentiated group of leading financial institutions.

Interest rates

The Group is exposed to interest-rate risk deriving from the fact that interest on its lines of credit and bank deposits accrues at variable rates. Strategies for managing this risk, which aim to achieve a financing structure characterized by a pre-determined, optimal mix of variable and fixed rates, involve the use of derivative instruments such as interest-rate swap (IRS) contracts. Management believe that fixing the interest on a portion of the Group's borrowings will make it easier to predict future interest costs, until a level deemed appropriate to the Group is achieved, thereby allowing it to reduce the risk of significant fluctuations in interest rates. Such transactions are periodically and systematically reviewed and confirmed. Management continuously review the interest rates available on the market to ensure that the Group's credit facilities are competitive.

Liquidity risk

The Group is exposed to liquidity risk deriving from the possible mismatch between cash requirements, principally to purchase vessels and repay credit facilities, and operating cash flow. To minimize that risk, the Group maintains adequate credit facilities and standby credit lines in order to respond to any such situations. Management regularly reviews the Group's credit facilities and cash requirements.

Credit risk

The Group is exposed to credit risk resulting from possible default by its counterparties, primarily clients and agents. The policy for managing this risk is based on the following instruments: (i) the client portfolio is analyzed and systematically assessed and outstanding trade receivables are reviewed in a timely manner; (ii) payments to service providers and fuel suppliers are scheduled in such a way as to minimize credit risk, whereas advances paid to shipyards with which orders have been placed to construct ships are covered by appropriate bank performance guarantees; (iii) the Group's policy is to have dealings only with large banks enjoying strong credit ratings specialized in the Group's sectors of operation; (iv) the Group monitors its overall contractual exposure.

Fraud risk

The Group is exposed to the risk of fraud deriving from the significant volume and value of the transactions undertaken. The following risk-management strategies are adopted to minimize this risk: (i) limits of powers and authority; (ii) controls over bank signing authority; (iii) controls over tendering processes; (iv) the Internal Audit function acts in concert with the Audit Committee; and (v) the Group has implemented Legislative Decree 231 of 8 June 2001, which provides that companies and entities are liable for certain crimes committed by their directors or employees. Decree 231/2001 provides that companies are liable for crimes committed in their interest or to their benefit by persons in a 'top level' role. The Decree provides for the implementation of a compliance program that aims to develop an organic, structured system of procedures, rules and controls to be put into practice both preventively and subsequently in order to reduce and prevent to a material extent the risk of commission of the various types of crimes. The Parent Company has formally adopted such an Organizational Model.

3. Capital disclosure

The objectives pursued by the d'Amico Group in managing its capital are:

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

In addition to equity, the Group's capital structure principally comprises various lines of credit and bank borrowings. The Group's capital structure is periodically reviewed and, where necessary, adjusted to suit the Group's capital requirements, changes in general economic conditions and industry risk characteristics. In this respect, the Group continuously monitors its capital position on the basis of the assets cover ratio for its borrowings in comparison to the market value of its owned vessels subject to mortgages securing credit facilities. As an additional measure of monitoring risk associated with its debt structure, the Group monitors its debt-to-equity ratio. In addition, at 31 December 2010, as at the end of the previous year, the Group had net cash in hand.

4. Revenue

(Thousands of euro)	2010	2009
Marine transport		
• Dry-cargo and container vessels	422,796	294,050
•Tankers	233,922	187,163
Services	131,976	126,639
Total	**788,694**	**607,852**

The Group's revenue derives primarily from the use of vessels in the marine transport sector (83%), whereas the remainder (17%) is earned on the services that the Group renders, chiefly in the maritime sector (principally telecommunications).

5. Operating costs

(Thousands of euro)	2010	2009
Direct voyage costs	167,298	103,940
Time charter hire costs	214,995	138,739
Other operating costs	103,038	101,471
Total	**485,331**	**344,150**

Operating costs include those typical of the maritime sector. In particular, direct voyage costs are operating costs associated with the use (directly or in partnerships) of fleet vessels on voyages undertaken under spot contracts and COAs (contracts of affreightment). Revenue arising from time-charter contracts does not include direct voyage costs. Such costs relate to bunkering and port expenses.
Time charter hire costs represent the cost of medium-/long-term charter-in contracts for vessels in the Group's fleet.

Other direct operating costs include the costs of crews, technical expenses, technical management and quality control and other ship operating costs, such as insurance. The item also includes the operating costs incurred by companies that render maritime services.

Personnel

As at 31 December 2010, the Group employed a workforce of 944 seagoing personnel and 551 onshore personnel. As at the end of 2009, the workforce stood at 859 seagoing personnel and 516 onshore personnel. The cost of onshore personnel is included in general and administrative costs.

6. General and administrative costs

(Thousands of euro)	2010	2009
Personnel costs	45,584	40,382
Other general and administrative costs	87,371	82,917
Total	**132,955**	**123,299**

Personnel costs relate to the onshore personnel of all companies within the scope of consolidation. Other general and administrative costs comprise consultancy, office operating expenses and other costs of an administrative nature. Such costs also include the compensation owed to directors of Group companies, which came to Euro 6.2 million (Euro 6.4 million in 2009), in addition to the compensation owed to members of the boards of statutory auditors (where existing), which amounted to Euro 0.2 million in 2010 (Euro 0.2 million in 2009). Compensation of this nature associated solely with the Parent Company came to Euro 1.2 million for members of the Board of Directors and Euro 0.1 million for the Board of Statutory Auditors in 2010. Impairment and other losses on receivables, also included among other general costs, stood at Euro 3 million.

7. Income / (expenses) on the disposal of fixed assets

(Thousands of euro)	2010	2009
Total	**12,665**	**1,628**

The income earned in 2010 refers almost exclusively to the proceeds of the sale of vessels, and in particular the sale of *M/N Cielo di Vaiano* by d'Amico Dry Limited and *M/N Medi Dubai* by d’Amico Shipping Italia S.p.A.

8. Financial income, financial charges and foreign-exchange gains / (losses)

(Thousands of euro)	2010	2009
Total	**10,113**	**18,017**

The balance of the item is broken down in the following table:

(Thousands of euro)	2010	2009
Financial income		
Bank interest income	780	545
Interest on sundry receivables	90	910
Investment income	7,720	23,789
Dividend income	544	227
Total financial income	**9,134**	**25,471**
Financial charges		
Bank interest expenses	(123)	(257)
Interest on borrowings	(11,820)	(11,092)
Other financial charges	(1,926)	(349)
Total financial charges	**(13,869)**	**(11,698)**
Translation differences		
Gains	8,073	9,569
Losses	(13,451)	(5,325)
Net foreign exchange gains / (losses)	**(5,378)**	**4,244**

Financial income includes not only interest accrued on current accounts and bank deposits, but also income arising from the management of investment portfolios of short-term financial resources, primarily attributable to the sub-holding company d'Amico International S.A., which comprise mutual funds, bonds and shares.

Financial charges refer mainly to interest expenses accrued on bank borrowings contracted to finance the construction of owned vessels. Other financial charges largely pertain to charges associated with the management of the aforementioned short-term investment portfolios.

Foreign-exchange losses include Euro 5.9 million in unrealized losses deriving from the translation at year-end of outstanding borrowings in Japanese yen contracted by certain subsidiaries operating in the tankers sector. Those translation losses were influenced by the depreciation of the U.S. dollar - the subsidiaries' functional currency - against the Japanese yen that characterized 2010. The remainder of foreign-exchange losses and gains consist of translation differences involving other currencies.

9. Income taxes

(Thousands of euro)	2010	2009
Current income taxes	5,596	11,651
Prior-year taxes	(1,628)	31
Deferred taxes	(3,212)	1,759
Total	**756**	**13,441**

The Group companies that operate in the maritime sector, most of which are based in Italy and Ireland, are subject to the tonnage tax regime, meaning that their taxable profits are determined on a lump-sum basis according to the tonnage of their vessels. The total amount of tonnage tax accrued in 2010, included in the item Current income taxes, is Euro 1.0 million. The residual balance of current income taxes refers to those components of income for which ordinary tax rates apply.

The credit balance of prior-year taxes derives from differences between the actual amount of tax accrued and the tax provisions recognized, while the increase in deferred taxes (deferred tax assets) is due to the reversal of deferred tax liabilities previously recognized by the Irish subsidiaries, which have received notice of approval of application of the tonnage tax regime. Those deferred tax liabilities have thus been derecognized as no longer due.

The Parent Company is subject to the Italian tax code and the ordinary tax rate that applies to its taxable profit is 27.50%. Differences between the tax charges recognized in the consolidated income statement and the notional tax charge calculated according to the ordinary corporate income tax (IRES) rate in effect in Italy are essentially due to the circumstance that subsidiaries operating in the marine transport sector are subject to the tonnage tax regime. Accordingly, there is not believed to be a need to prepare a detailed statement of reconciliation of actual recognized income taxes and the income taxes calculated according to the rate theoretically applicable to the Parent Company.

Losses carried forward

d'Amico Società di Navigazione S.p.A. has cumulative losses eligible to be carried forward that would allow it to achieve a tax savings of Euro 0.5 million in the event of future use. In addition to the Parent Company, the subsidiaries (sub-holding companies) d'Amico International S.A. and d'Amico International Shipping S.A. have a total of Euro 67.6 million in losses eligible to be carried forward. The latter two companies are both resident in Luxembourg and the theoretical applicable corporate tax rate is 30%.

10. Intangible assets

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**8,810**	**8,184**	**8,545**

The following is a presentation of changes in intangible assets in 2010, as well as a presentation of changes in the previous year for comparative purposes:

(Thousands of euro)	Goodwill	Consolidation difference	Other assets	Total
As at 1 January 2010	**6,748**	**824**	**612**	**8,184**
Additions		1,431	277	1,708
Disposals			(84)	(84)
Amortization for the year	(243)	(284)	(230)	(757)
Other changes		(327)	(163)	(490)
Exchange differences	218		31	249
As at 31 December 2010	**6,723**	**1,644**	**443**	**8,810**

(Thousands of euro)	Goodwill	Consolidation difference	Other assets	Total
As at 1 January 2009	**6,786**	**951**	**5,409**	**13,146**
IFRS adjustments	-		(4,601)	(4,601)
Net book value	**6,786**	**951**	**808**	**8,545**
Additions	240	48	2,897	3,185
Disposals			(299)	(299)
Amortization for the year	(975)		(4,108)	(5,083)
Other changes	(168)	(175)	(10)	(353)
Impairment				-
Exchange differences	28		4	32
IFRS adjustments	837		1,320	2,157
As at 31 December 2009	**6,748**	**824**	**612**	**8,184**

Along with other insignificant values, goodwill originated primarily from the consolidation of the subsidiary Compagnia Generale Telemar S.p.A., the value of which (Euro 5.8 million) has been tested for impairment. Such testing takes the form of determining fair value, less any costs to sell. In conducting that test, reference was made to the market multiples of competitors operating in the same sector. Those multiples, namely enterprise value (EV)/EBITDA, were used to determine the recoverable amount of the Telemar cash-generating unit. The sector's EV/EBITDA ratio was found to be between 3 and 7. The unit's recoverable amount was estimated on a conservative basis by using the lower limit of 3. That test did not detect any elements that would have required an impairment loss on the carrying amount of goodwill.

The other intangible assets refer primarily to the item Software, which is amortized over a period of three years.

11. Tangible assets

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**779,676**	**669,432**	**689,616**

The following tables present changes in the carrying amounts of tangible assets in 2010 and the previous year for comparative purposes.

(Thousands of euro)	Fleet and vessels under construction	Land and buildings	Other assets	Total
As at 1 January 2010	**631,868**	**32,950**	**4,614**	**669,432**
Additions	150,440	2,544	3,208	156,192
Disposals	(41,985)	(257)	(748)	(42,990)
Depreciation for the year	(43,905)	(1,003)	(1,393)	(46,301)
Other changes		(89)	(535)	(624)
Exchange differences	43,795	280	(108)	43,967
As at 31 December 2010	**740,213**	**34,425**	**5,038**	**779,676**

(Thousands of euro)	Fleet and vessels under construction	Land and buildings	Other assets	Total
As at 1 January 2009	**635,675**	**48,005**	**4,946**	**688,626**
IFRS adjustments	2,706	(1,795)	78	989
	638,381	46,210	5,024	689,615
Additions	93,160	1,692	1,496	96,347
Disposals	(44,978)	(14,669)	(157)	(59,804)
Depreciation for the year	(44,122)	(1,112)	(1,770)	(47,004)
Impairment	9,083			9,083
Other changes		143	12	155
Exchange differences	(18,368)		(26)	(18,394)
IFRS adjustments	(1,288)	686	35	(567)
As at 31 December 2009	**631,868**	**32,950**	**4,614**	**669,432**

Tangible assets comprise:

Fleet and vessels under construction

This item includes the costs of acquiring the 18 owned dry-cargo and container vessels and 18.5 owned tankers. Capitalized costs also include expenses relating to the fleet's dry-dock programs. During 2010, the dry-cargo units *Medi Valencia*, *Medi Lisbon* and *Cielo di Casablanca* and the tankers *Glenda Melanie* and *Glenda Meredith* were added to the fleet. Mortgages have been registered on the Group's owned vessels. For further details of changes in the fleet, please refer to note 11.

The balance also includes the capitalized amounts of payments to shipyards on the basis of the state of completion of construction work on six dry-cargo vessels and three tankers. The values included in the Fleet item correspond to Euro 146.7 million as at 31 December 2010 (Euro 92.80 million as at 31 December 2009).

Impairment test

In light of the current economic scenario, which also has a negative influence on the valuation of vessels, the net carrying amounts of both vessels in operation and under construction have been reviewed in order to determine that the conditions for impairment do not apply. The recoverable amount of a vessel is normally defined as the greater of the asset's fair value less costs to sell and its value in use. An asset's value in use is based on the present value of the estimated future cash flow over the duration of its residual useful life.

In order to conduct impairment tests, management are required to make use of estimates that take account of available market information, including figures concerning sales of similar vessels and future projections. The primary assumptions adopted by the Group for the purposes of the impairment testing of owned vessels are as follows: (i) revenue is estimated on the basis of contracts signed recently and estimates of future charters; (ii) the useful life of a vessel is assumed to be 20 years; (iii) the residual scrapping value at the end of a vessel's useful life is based on current market values; (iv) operating costs are determined according to d'Amico's current structure; and (v) figures are discounted at a rate of 6.0%, representative of the Group's current and projected weighted average cost of capital profile, taking account of the current cost of borrowings and the return on equity.

No impairment losses have been recognized inasmuch as values in use of vessels have been found to be significantly in excess of their net carrying amounts. Management are aware that such calculations are especially sensitive to changes in the main assumptions regarding the estimated values of charters in future years and the discounting rates applied to estimated cash flows. The total market value of the fleet, according to the appraisal conducted by a well regarded naval-sector broker at the end of 2010, is Euro 882 million.

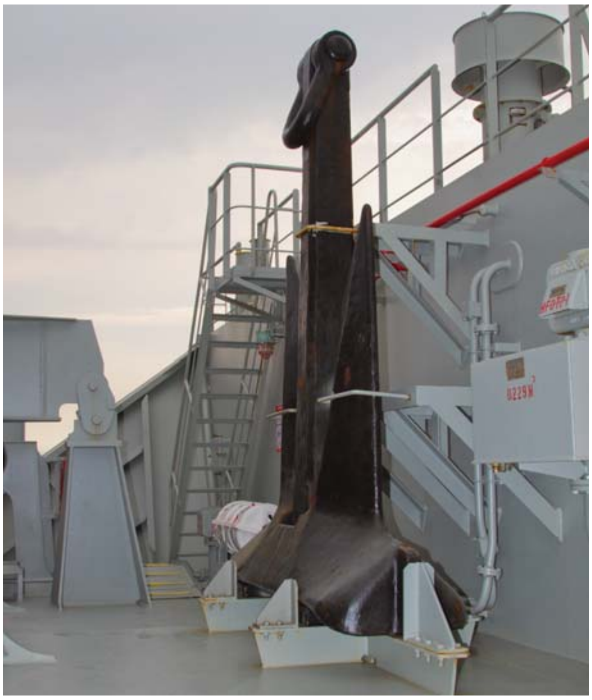
During the reporting period, effective 1 January 2010, the Group revised its estimates of the residual useful lives of the tanker fleet from 17 to 20 years. That change resulted in a decrease in the depreciation charge for the year of Euro 6.2 million.

Land and buildings

This item includes properties used in operations, including those acquired under finance lease.

Other assets

Other assets include various office equipment, and in particular furniture and fixtures, computers and other electronic machines and motor vehicles.



12. Long-term investments

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**60,773**	**23,793**	**20,879**

The carrying amount of the item refers to certain long-term investments in other enterprises held almost exclusively by the Parent Company, as presented in the following table, which also illustrates changes in such investments during the year:

(Thousands of euro) *Company name*	As at 31 December 2009	Changes during the year *Acquisitions / (disposals)*	*Change in fair value*	As at 31 December 2010	% interest
Associates					
ClubTre S.r.l.	-	26,716		26,716	32.5
Venice Shipping & Logistic S.p.A.	-	1,177		1,177	28.26
	-	**27,893**	**-**	**27,893**	
Other companies					
Tamburi investments Partners S.p.A.	13,796	1,599	1,554	16,949	9.26
Datalogic S.p.A.	4,070	1,054	2,049	7,173	2.03
Sator S.p.A.	2,800			2,800	1.09
Sator Private Equity Fund	1,139	852		1,991	-
Banca Profilo S.p.A.	990		(315)	675	0.22
Civita Servizi S.r.l.	-	905		905	11.64
Other	999	1,388		2,387	
	23,794	**5,798**	**3,288**	**32,880**	
Total	**23,794**	**33,691**	**3,288**	**60,773**	

The following is a presentation of the changes in 2009 for comparative purposes.

(Thousands of euro) *Company name*	As at 31 December 2008	Changes during the year *Acquisitions / (disposals)*	*Change in fair value*	As at 31 December 2009
Other companies				
Tamburi investments Partners S.p.A.	12,163	2,669	(1,036)	13,796
ClubTre S.r.l.	-			-
Datalogic S.p.A.	4,730		(660)	4,070
Sator S.p.A.	2,800			2,800
Sator Private Equity Fund	-	1,139		1,139
Banca Profilo S.p.A.	-	300	690	990
Other	1,186	(187)		999
Total	**20,879**	**3,921**	**(1,006)**	**23,794**

Equity investments are part of the Parent Company's financial activity of a strategic nature, developed in recent years with the aim of undertaking qualified investments in enterprises operating primarily in sectors other than shipping. Those investments have been undertaken through the use of cash in hand.

A total of Euro 27.9 million in investments in associates was undertaken in 2010, comprising the incorporation and capitalization of ClubTre S.r.l. and Venice Shipping & Logistic S.p.A. As discussed in the report on operations:

- *ClubTre S.r.l.* is a company whose main shareholder is Tamburi Investment Partners S.p.A. and that holds an interest of over 5% in Prysmian S.p.A., a global leader in cables and high-tech systems for energy transmission and telecommunications; the interest held in the company as at 31 December 2010 was 32.5%;
- *Venice Shipping & Logistic S.p.A.* is an Italian company incorporated in September 2009 with the aim of undertaking investment transactions in the shipping and shipping logistics sectors. The equity interest came to 16.8% as at 31 December 2010.

There was an overall increase of Euro 5.6 million in equity investments in other companies, primarily involving Tamburi Investment Partners S.p.A. (Euro 1.6 million) and Datalogic S.p.A. (Euro 1.0 million):

- T*amburi Investment Partners S.p.A.* is an independent merchant bank listed on the Milan Stock Exchange and focused on medium-sized Italian companies. The equity interest came to 9.3% as at 31 December 2010;
- *Datalogic S.p.A.*, listed on the Milan Stock Exchange, is one of the world's leading producers of bar-code readers, mobile computers for data collection, RFID systems and automatic viewing systems and offers solutions for applications in manufacturing, transport, logistics and retail. The equity interest came to 2.03% as at 31 December 2010.

13. Other non-current financial assets

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**2,093**	**873**	**8,050**

Other non-current financial assets include tax credits from previous years, in addition to the positive fair value of derivatives contracts (Euro 1.2 million in 2010).

14. Inventories

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at January 2009
Total	**32,561**	**22,964**	**15,950**

As at 31 December 2010, inventories included Euro 25.6 million in stocks of intermediate fuel oil (IFO) and marine diesel oil (MDO) as well as stores of Luboil on vessels. The residual balance of Euro 6.9 million refers to the inventories of contract work in progress and raw materials of Telemar and its subsidiaries.

15. Receivables and other current assets

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Trade receivables	150,171	113,617	120,363
Other debtors	3,371	41,237	83,742
Prepayments and accrued income	1,832	7,252	11,390
Total	**155,374**	**162,106**	**215,495**

Trade receivables, the change in which in 2010 was due to the increase in turnover, given the trend in working capital, have been presented net of impairment, the total amount of which was Euro 2.2 million as at 31 December 2010.

16. Current financial assets

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**156,755**	**143,560**	**102,500**

As at 31 December 2010, current financial assets refer solely to short-term investments of liquidity in short-term and/or negotiable securities and instruments. In particular, the carrying amount of the item refers to the measurement at fair value of the various portfolios, comprising mutual funds, bonds, shares and other securities in the amount of Euro 142.2 million. As at 31 December 2009, the carrying amount of such investments stood at Euro 143.0 million.

Lastly, the carrying amount of the item also includes the effects of the measurement at fair value of derivative instruments, which came to Euro 1.8 million in 2010 and Euro 9.5 million in 2009.

Following the favourable outcome of arbitration regarding the termination of contracts for the construction of four tankers with SLS Shipbuilding Co. Ltd., the associated amount of current financial receivables, Euro 42.2 million, was collected in the first half of 2010.

17. Cash and cash equivalents

(Thousands of euro)	As at 31 December 2010	As at December 2009	As at 1 January 2009
Total	**248,302**	**262,442**	**209,955**

The item primarily comprises short-term bank deposits in the amount of Euro 247.9 million. The residual balance pertains to cash in hand. The balance also includes the sum of Euro 1.6 million securing the loan granted by Mizuho to the subsidiary d'Amico Tankers Limited.

18. Shareholders' equity

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Share capital	25,000	25,000	25,000
Retained earnings	687,263	596,501	435,989
Other reserves	(19,128)	(14,556)	25,819
Net profit	127,239	94,058	171,107
Shareholders' equity - Parent	**820,374**	**701,003**	**657,915**
Capital and reserves - Non controlling Interests	98,552	95,248	60,606
Net profit - Non controlling Interests	(2,495)	1,018	43,256
Total shareholders' equity	**916,431**	**797,269**	**761,777**

Share capital

The authorized and paid-in share capital of d'Amico Società di Navigazione S.p.A. amounted to Euro 25.0 million and is divided into one million shares with a par value of Euro 2.5 each.

Retained earnings

The item includes the net profit from 2010 and previous years, less the dividends distributed.

Other reserves

Other reserves include the following items:

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009
Cash-flow hedging reserve	(7,093)	674
Fair-value reserve	(143)	(5,070)
Translation and consolidation reserve	(11,892)	(10,160)
Total	**(19,128)**	**(14,556)**

The cash-flow hedging reserve (fair value of derivatives / cash flow hedges) and the fair-value reserve for available-for-sale financial assets include, respectively, the effects of the measurement of cash-flow hedging contracts, recognized among other financial assets and liabilities (notes 13, 16, 22 and 24) and the effects of the measurement of equity investments at fair value (note 12).

The translation and consolidation reserve refers to differences relating to the translation of financial statements in foreign currencies and differences deriving from the elimination of shareholders' equity against the respective equity interests.

Non controlling Interests

The net profit and shareholders' equity attributable to non controlling Interests relate chiefly to Compagnia Generale Telemar S.p.A. (42%), Mida Limited (49%) and d'Amico International Shipping S.A. (35%).

19. Provisions for risks and charges

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**679**	**670**	**729**

The item refers to allocations to provisions for risks or litigation relating to certain ongoing labour suits or disputes.

20. Provisions for employee benefits

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Provisions for employee benefits	4,974	4,955	4,852

The following table presents the change in actuarial liabilities during the year and a reconciliation of those actuarial liabilities with the carrying amounts of liabilities as at 31 December 2010 and 31 December 2009:

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009
Actuarial liability at the beginning of the year	**4,955**	**4,852**
Normal cost	297	283
Financial charges	48	91
Disbursements	(268)	(447)
Unrecognized actuarial gains / (losses)	(58)	176
Liability at year-end	**4,974**	**4,955**

The following is a presentation of the principal assumptions employed in preparing an actuarial estimate of the employee-benefit liability:

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009
Post-employment benefits		
Discounting rate	Government rate curve	Government rate curve
Inflation rate	2%	2%
Staff turnover rate	5%	5%
Mortality rate	ISTAT 2002	ISTAT 2002
End-of-service benefits		
Inflation rate	0%	0%
Discounting rate	Government rate curve	Government rate curve

21. Banks and other lenders

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Non-current liabilities			
Banks and other lenders	315,121	270,168	283,124
Current liabilities			
Banks and other lenders	26,467	55,655	19,680
Total	**341,588**	**325,823**	**302,804**

The following table shows outstanding loans:

(Thousands of euro)		31 December 2010			31 December 2009		
	Currency	Non-current	Current	Total	Non-current	Current	Total
Banca Intesa	USD	7,110	973	8,083	7,497	902	8,399
Meliorbanca	USD	20,955	1,497	22,452	-	-	-
Calyon	USD	8,988	838	9,826	14,826	1,919	16,745
Scotiabank	USD	-	-	-	9,717	694	10,411
Credit Agricole	USD	111,705	-	111,705	103,172	-	103,172
Mizuho	JPY	20,101	3,540	23,641	19,284	4,971	24,255
Commerzbank	USD	-	-	-	-	23,613	23,613
Commerbank-Credit Suisse	USD	60,565	2,375	62,940	32,312	709	33,021
Mitsubishi	JPY	20,668	2,366	23,034	18,793	1,930	20,723
ABN Ambro Bank	USD	9,278	1,305	10,583	9,815	1,210	11,025
Unicredit	USD	7,334	898	8,232	7,635	833	8,468
Banca Popolare di Lodi	USD	12,023	1,061	13,084	12,136	984	13,120
Banca Popolare di Lodi	USD	10,178	898	11,076	10,273	833	11,106
Commerzbank	USD	-	-	-	-	7,635	7,635
Compagnie Monegasque de Banque	EUR	3,605	220	3,825	3,825	220	4,045
Unicredit	EUR	-	6	6	7	9	16
Unicredit Leasing	EUR	2,045	259	2,304	2,336	243	2,579
MPS Leasing	EUR	2,006	74	2,080	2,221	-	2,221
BNP	JPY	18,537	1,463	20,000	16,319	1,194	17,513
Other minor overdrafts		23	8,694	8,717	-	7,756	7,756
Totals		**315,121**	**26,467**	**341,588**	**270,168**	**55,655**	**325,823**

Bank debt consists largely of medium-/long-term borrowings contracted by companies operating in the shipping industry to purchase fleet vessels. The item includes Euro 170.9 million in floating-rate loans, on which interest is payable with a spread of 45 to 140 basis points over the benchmark, generally the Libor or Euribor. Interest-rate swap (IRS) contracts have been entered into in order to fix the interest rates associated with some of the foregoing loan agreements. The item also includes a total of Euro 143.2 million in fixed-rate loans, which bear interest at rates that range from 4.26% to 5.85%.

The Group's loans are subject to the customary collateral conditions, such as mortgages of vessels, and some legal covenants, particularly as regards the ratio of the vessel's market value to the amount of the loan.

22. Other non-current financial liabilities

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**1,442**	**12,228**	**4,760**

The item primarily refers to payables deriving from the measurement of certain financial instruments contracted by the Group at their negative fair values (Euro 1.2 million in compared to Euro 6.8 million in 2009).

23. Payables and other current liabilities

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Trade payables	139,149	117,095	128,081
Other creditors	10,262	7,592	25,489
Accruals and deferred income	12,511	8,372	15,300
Total	**161,922**	**133,059**	**168,870**

As at 31 December 2010, payables and other current liabilities primarily consisted of trade payables, the performance of which was affected by the rise in the Group's turnover.

24. Other current financial liabilities

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**14,286**	**12,335**	**20,781**

The item refers chiefly to the fair value of hedging derivatives (Euro 13.8 million in 2010 and Euro 12.0 million in 2009). For a summary of the derivatives outstanding as at year-end and the fair values of those derivatives, please refer to note 26.

25. Current tax liabilities

(Thousands of euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**1,664**	**6,860**	**2,033**

The balance essentially consists of current income taxes, including the tonnage tax owed by various Group companies as at year-end.

26. Derivative instruments

The following table presents a breakdown of the derivative instruments carried in 2010 and 2009 by type, in addition to the effect of measurement of such instruments on the income statement.

(Thousands of euro)	As at 31 December 2010		As at 31 December 2009	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value through profit or loss (HFT)				
Forward charter derivatives / FFAs	920			(2,149)
Forward currency transactions		(1,642)	864	
Currency options	887			(539)
Interest rate derivatives		(2,337)		(2,474)
At fair value through equity				
Forward charter derivatives / FFAs		(290)	4,401	
Forward bunker purchase derivatives		(13)		(261)
Interest rate derivatives		(9,663)		(9,200)
	1,807	(13,945)	5,265	(14,623)
Recognized among:				
Other non-current financial assets	1,208		31	
Other non-current financial liabilities		(1,245)		(6,804)
Other current financial assets	1,775		9,500	
Other current financial liabilities		(13,876)		(12,085)
	2,983	(15,121)	9,531	(18,889)

The fair values of derivative contracts are calculated according to the market quotations supplied by leading counterparties or, in the absence of market information, on the basis of appropriate valuation techniques generally adopted in the finance industry.

During the year, there were no substantial changes in the type of derivative instruments used and the volumes of derivatives transactions undertaken.

The changes in the fair value of the effective portion of hedging derivatives classified as cash-flow hedges are recognized in shareholders' equity (Other reserves) and presented in the statement of comprehensive income, whereas the ineffective portion of the hedge is recognized in the income statement. For hedging instruments defined as fair-value hedges, changes in value associated with both the hedged item (in relation to changes determined by the underlying risk) and the hedging instrument are recognized in the income statement. Any difference, representing the partial ineffectiveness of the hedge, therefore corresponds to the net financial effect.

The fair value of non-hedging derivative contracts (HFT) refers to those contracts that do not meet the formal requirements for hedge accounting treatment according to IFRSs and that have not been formally designated as hedges inasmuch as they have been contracted for amounts corresponding to the overall ('net') exposure, primarily exchange-rate and interest-rate risks, and thus are not attributable to specific commercial or financial transactions. Changes in the fair values of such derivative instruments are recognized directly in the income statement.

27. Information on financial risk

As disclosed in note 2, 'Risk management', the d'Amico Group is exposed to some financial risks associated with its operations. This section provides qualitative and quantitative disclosure on the effect that those risks may have on the Group.

Market risk

Market price risk is the risk that the value of financial instruments may fluctuate as a result of changes in market prices. The Group's investment portfolio is therefore susceptible to market price risk deriving from uncertainties regarding future prices.

The Group employs derivative instruments known as 'forward freight agreements' or 'FFAs' (the 'paper market') to hedge market fluctuations (the 'physical market'), as limited to certain voyages by dry-cargo vessels. Management constantly monitor open positions in such instruments. An increase in the prices of FFAs of 5% as at 31 December 2010 would have resulted in an increase in the Group's revenue and assets of Euro 0.9 million, whereas a decrease of 5% would have had an equal and opposite effect.

In some cases, and in particular for contracts of affreightment (COAs), the Group enters into bunker-hedging or fuel-swap contracts to fix the price of fuel with the aim of mitigating the effect of fluctuations in the price of the fuel used by vessels (known as 'bunker fuel'). As at 31 December 2010, an increase in bunker prices of 5% would have resulted in a decrease in operating costs of Euro 0.6 million, whereas a decrease in price of 5% would have caused an increase in operating costs of the same amount.

The Group's investments in current financial assets are exposed to the risk of fluctuations in the market prices of securities. As at 31 December 2010, an increase in market price of 5% would have resulted in an increase in financial income of Euro 3.0 million (Euro 5.0 million in 2009), whereas a decrease of 5% would have had a similar impact in reducing income. An identical fluctuation of 5% in the market price of securities would have caused an effect of Euro 1.7 million on shareholders' equity reserves and comprehensive income (Euro 0.8 million for long-term investments in 2009).

Foreign-exchange risk

The Group is exposed to currency risk in respect of transactions denominated in foreign currencies. The Group monitors its exposure to currency risk on a regular basis. Management does not consider that the Group has significant exposure to foreign-exchange risk from operating activities inasmuch as all of the Group's revenue, and most of its operating costs, are denominated in U.S. Dollars.

Foreign-exchange risk is chiefly associated with cash flows denominated in Japanese yen in connection with bank borrowings and purchase agreements of several dry-cargo vessels entered into directly in that currency. As at 31 December 2010, an appreciation or depreciation of the Japanese yen by 5% against the euro, all other variables being assumed to remain constant, would have resulted in an increase or decrease in net profit and shareholders' equity of Euro 6.2 million.

A significant portion of the Group's operations are in U.S. dollars, with the resulting exposure to the fluctuation of exchange rates. In this respect, an increase in the exchange rate of 5% would have resulted in an effect of Euro 5.0 million on net profit and Euro 16.3 million on shareholders' equity. A decrease of 5% would have had an effect of the same amount, but of opposite sign.

Interest-rate risk

The Group is exposed to interest-rate risk arising from the fact that its interest on its credit facilities and bank deposits accrues at variable rates and interest-rate swap (IRS) contracts are measured according to expected future rates. If all other conditions had remained constant, an increase in interest rates of 100 basis points would have resulted in an increase in net financial charges of Euro 0.7 million (Euro 4.0 million in 2009), whereas a decrease of 100 basis points would have yielded an equivalent positive effect. As at 31 December 2010, if interest rates had been 1% higher or lower and all other variables had remained constant, the measurement of swaps would have resulted in an increase or decrease in shareholders' equity of Euro 2.0 million. Since such derivative instruments are treated as cash-flow hedges for accounting purposes, there would have been no effect on the income statement.

Credit risk

The Group is exposed to credit risk resulting from possible default by its counterparties, primarily clients. The credit risk associated with clients essentially relates to short-term demurrage receivables and some charter expenses relating to tanker operations. Trade receivables are analyzed and written down, as necessary, on an individual basis. The total specific provision came to Euro 2.2 million as at 31 December 2010 (Euro 2.5 million in 2009). The Group holds significant cash deposits with leading, highly rated financial institutions.

Liquidity risk

The Group is exposed to liquidity risk arising from the possible mismatch between cash requirements, principally to purchase vessels, and credit facility repayments and cash flows. Information concerning credit facilities is presented in note 21, while the details of commitments are set out in note 30. Management believes that the currently available funds and major lines of credit, along with the cash provided by operating activities, will allow the Group to satisfy its requirements from investing activities and working capital needs and fulfil its obligations to repay its debts at their natural due dates.

Fair-value risk

Management believe that the fair values of financial assets and liabilities do not diverge significantly from their carrying amounts as at the reporting date. The only item of note in this regard is the fact that measuring the loan provided by Mitsubishi UFJ to the tanker subsidiary DM Shipping Limited, at fair value instead of amortized cost would result in an increase in carrying amount of Euro 1.4 million.

28. Classification of financial instruments

Financial assets and liabilities measured at fair value are classified into the three hierarchical levels described below according to the relevance of the information (inputs) used in determining their fair values. In further detail:

- level 1: this level includes financial assets and liabilities the fair values of which are determined according to unmodified prices quoted on active markets for similar assets or liabilities;
- level 2: this level includes financial assets and liabilities the fair values of which are determined on the basis of inputs other than the quoted prices used in level 1, but that may be observed directly or indirectly on the market for such assets and liabilities;
- level 3: this level includes financial assets and liabilities the fair values of which are determined on the basis of non-observable market data.

The following table provides a summary of the financial assets and liabilities measured at fair value outstanding as at 31 December 2010, broken down by classification according to the fair-value hierarchy described above:

Type of instrument	Level
Interest-rate swaps	1
Interest-rate swaps, currency options, currency forwards, forward freight agreements and bunker swaps	2

29. Related-party transactions

Neither d'Amico Società di Navigazione S.p.A. nor its subsidiaries undertook material transactions with related parties in 2010 or the previous year.

30. Guarantees, commitments and contingencies

Investment commitments

The Group's investment commitments amounted to Euro 199.5 million as at 31 December 2010, of which Euro 61.0 million was associated with payments coming due in the next 12 months.

(Thousands of euro)	As at 31 Dec 2010	As at 31 Dec 2009
Up to one year	61,365	54,911
From one to five years	138,157	112,276
Beyond five years	-	-
Total	**199,522**	**167,187**

The investment commitments presented above relate to contracts for the construction of six dry-cargo shipping vessels (four Handysize and two Minicape) and five tankers (46,000 dwt) that have yet to be delivered, for a total financial commitment of Euro 199.5 million. Five units are scheduled to be delivered in 2011, four in 2012 and two in 2013.

In addition to commitments relating to vessels under construction, the Group's commitments also include Euro 8.0 million in commitments ('on call') associated with subscription for additional units of the Sator private-equity fund by the Parent Company.

Operating leases - chartered-in vessels

As at 31 December 2010, the Group's minimum commitments for operating leases came to Euro 668.7 million, of which Euro 131.7 million was associated with payments in the next 12 months.

(Thousands of euro)	As at 31 Dec 2010	As at 31 Dec 2009
Up to one year	120,044	104,711
From one to five years	329,580	331,923
Beyond five years	155,780	203,900
Total	**605,404**	**640,534**

The amounts presented above also include the values of certain vessels the charter-in agreements for which establish future purchase options for those vessels. The options in question are not eligible for treatment as derivatives. Commitments due 'beyond five years' mature no later than 2021.

Other operating leases

Other operating leases primarily comprise office lease contracts in the amount of Euro 5.0 million (Euro 7.4 million in 2009).

(Thousands of euro)	As at 31 Dec 2010	As at 31 Dec 2009
Up to one year	2,142	2,150
From one to five years	2,711	3,942
Beyond five years	193	1,345
Total	**5,046**	**7,437**

Ongoing disputes

The Group is currently involved in a number of ongoing commercial disputes concerning both owned and chartered vessels. Most current disputes relate to cargo contamination claims. In addition, there are some collision claims and disputes relating to time-charter contracts. Disputes are mostly covered by insurance provided by P&I Club (a mutual shipowners club). The Group therefore believes that its financial exposure will be limited to the value of the appropriate insurance policy deductibles.

Tonnage tax deferred taxation

According to the Irish tonnage tax regime, to which the Group's shipping companies resident in Ireland have been admitted, if vessels are sold and not replaced within the specified time limit or the Company fails to continue to comply with the requirements to remain within the regime, the tax authorities may seek to recover the taxes owed under the ordinary regime. No provision has been made for such circumstances, inasmuch as no liability is reasonably expected to arise in this connection.

31. List of companies belonging to the d’Amico Società di Navigazione S.p.A.

The following table presents the complete list of Group companies, along with the following information for each company: the interest held directly and/or indirectly by d’Amico Società di Navigazione S.p.A, the consolidation method adopted, registered office and share capital.

Name	Type of consolidation	Country	Capital Euro	% interest by Parent Company
d'Amico Shipping Italia S.p.A.	Line-by-line	Italy	15,000,000	100.0000
d'Amico International S.A.	Line-by-line	Luxembourg	3,076,336	99.9998
Cogema S.A.M.	Line-by-line	Monaco	150,000	95.9998
Comarfin S.A.M.	Line-by-line	Monaco	300,000	99.6998
d’Amico Dry Limited	Line-by-line	Ireland	72,407	99.9998
d’Amico Finance Limited	Line-by-line	Ireland	89,059	99.9998
d’Amico Ireland Limited	Line-by-line	Ireland	50,000	99.9998
d’Amico Shipping Singapore Pte Ltd	Line-by-line	Singapore	58,357	99.9998
d’Amico Shipping UK Ltd	Line-by-line	United Kingdom	46,471	99.9998
Hanford Investments Inc.	Line-by-line	Liberia	1,076	94.9998
Saint Andrew Estates Ltd	Line-by-line	Liberia	530	94.9998
Ishima Pte Limited	Line-by-line	Singapore	583,567	99.9998
Global Maritime Supplies Pte.Ltd	Line-by-line	Singapore	58,357	99.9998
Cambiaso e Risso Asia PteLtd	Line-by-line	Singapore	121,318	49.9999
Rudder S.A.M.	Line-by-line	Monaco	150,000	84.9998
Rudder Pte Ltd	Line-by-line	Singapore	116,713	84.9998
Anglo Canadian Shipping Co. Ltd	Line-by-line	Canada	675,649	99.9998
AGCI Shipping Inc.	Line-by-line	Canada	1,156,844	99.9998
AGCI Ptel Ltd	Line-by-line	Singapore	5,836	99.9998
Saemar S.A.	Line-by-line	Spain	72,120	99.8298
Medbulk Maritime Limited	Line-by-line	Ireland	77,831	99.8298
Damighreb Mad	Line-by-line	Morocco	6,552	69.9999
d'Amico International Shipping S.A.	Line-by-line	Luxembourg	112,221,155	63.3999
Glenda International Shipping Ltd	Proportional	Ireland	150	31.6999
d'Amico Tankers Ltd	Line-by-line	Ireland	100,000	63.3999
d'Amico Tankers Monaco S.A.M.	Line-by-line	Monaco	150,000	63.2731
d'Amico Tankers UK Ltd	Line-by-line	United Kingdom	37,420	63.3999
d'Amico Tankers Singapore Pte Ltd	Line-by-line	Singapore	37,420	63.3999
DM Shipping Ltd	Proportional	Ireland	74,839	32.3339
Glenda International Management Ltd	Line-by-line	Ireland	2	63.3999
High Pool Tankers Limited	Line-by-line	Ireland	2	63.3999
VPC Logistic Ltd	Line-by-line	United Kingdom	37,420	63.3999
Sirius Ship Management srl	Line-by-line	Italy	227,897	60.0000
Compagnia Generale Telemar S.p.A.	Line-by-line	Italy	7,000,000	58.0164
Telemar UK Limited	Line-by-line	United Kingdom	290,444	58.0164
Bay Bridge Service	Line-by-line	Hong Kong	963	50.7644
Adci International LLC	Line-by-line	USA	187,472	37.5366
Adci International LLC	Line-by-line	USA	187,472	37.5366

Name	Type of consolidation	Country	Capital Euro	% interest by Parent Company
Telemar Usa LLC	Line-by-line	USA	187,464	33.4349
Telemar AB	Line-by-line	Sweden	658,134	55.1156
Telemar Scandinavia AB	Line-by-line	Sweden	594,278	30.3136
LLC Telemar SPb	Line-by-line	Russia	2,920	30.3136
Navidec OY	Line-by-line	Finland	658,747	55.1156
Telemar Gmbh	Line-by-line	Germany	28,409	51.0544
Telemar China	Line-by-line	China	241,013	46.4131
Telemar Norge	Line-by-line	Norway	179,880	58.0164
Mida Maritime Company Limited	Line-by-line	Ireland	93,765	51.0000

The scope of consolidation was essentially unchanged in 2010 compared to the previous year.

Equity investments in joint ventures

Joint ventures have been consolidated according to the equity method based on the following amounts expressed in thousands of euro:

(Thousands of euro)	Revenue	Net profit or loss	Total assets	Shareholders' equity
Year ended 31 December 2010				
Glenda International Shipping Ltd	7,567	(7,568)	299,169	128,474
DM Shipping Ltd	5,888	(7,189)	94,191	(16,535)
Year ended 31 December 2009				
Glenda International Shipping Ltd	2,707	(2,440)	361,995	171,267
DM Shipping Ltd	3,480	(2,221)	98,522	(2,438)

32. Subsequent events

For the disclosures required by article 2428 of the Italian Civil Code concerning significant events after year-end, please refer to the report on operations.

33. Effects of the transition to International Financial Reporting Standards (IFRSs)

Effects of the transition to IFRSs

Introduction

As stated in the introduction, these are the Group's first financial statements prepared in accordance with IFRSs. The accounting principles described in note 1 have been applied in preparing the statutory financial statements for the year ended 31 December 2010, the comparative figures for the year ended 31 December 2009 and the opening statement of financial position as at the date of transition, 1 January 2009. Accordingly, in preparing the opening statement of financial position, the Group has adopted the values that would have been presented according to Italian accounting principles ('ITA GAAP') by adjusting them to comply with IFRSs. The following is an analysis of the impact of the transition from ITA GAAP to IFRSs on the Group's statement of financial position and income statement.

Statement of financial position (assets)

Reconciliation of shareholders' equity		1 January 2009			31 December 2009		
Figures in euro	Notes	ITA GAAP	Effect of transition to IFRSs	IFRSs	ITA GAAP	Effect of transition to IFRSs	IFRSs
Assets							
Intangible assets	c, e, f, n	13,146,264	(4,601,079)	8,545,185	10,627,624	(2,443,240)	8,184,384
Tangible assets	a, b, c, f, h	688,626,134	989,440	689,615,574	669,009,898	422,575	669,432,473
Long-term investments	g, m	24,943,212	(4,064,236)	20,878,976	28,894,237	(5,100,645)	23,793,592
Other non-current financial assets		8,049,744	-	8,049,744	872,516	-	872,516
Total non-current assets		**734,765,354**	**(7,675,875)**	**727,089,479**	**709,404,275**	**(7,121,310)**	**702,282,965**
Inventories		15,949,701	-	15,949,701	22,963,828	-	22,963,828
Receivables and other current assets	o	185,377,099	30,118,279	215,495,378	172,998,947	(10,892,995)	162,105,952
Other current financial assets	i, o	103,305,305	(805,710)	102,499,595	136,184,877	7,374,981	143,559,858
Cash and cash equivalents		209,955,437	-	209,955,437	261,441,680	-	261,441,680
Total current assets		**514,587,542**	**29,312,569**	**543,900,111**	**593,589,332**	**(3,518,014)**	**590,071,318**
Total assets		**1,249,352,896**	**21,636,694**	**1,270,989,590**	**1,302,993,607**	**(10,639,324)**	**1,292,354,283**

Statement of financial position (shareholders' equity and liabilities)

Reconciliation of shareholders' equity Figures in euro	Notes	1 January 2009			31 December 2009		
		ITA GAAP	Effect of transition to IFRSs	IFRSs	ITA GAAP	Effect of transition to IFRSs	IFRSs
Shareholders' equity							
Share capital		25,000,000	-	25,000,000	25,000,000	-	25,000,000
Retained earnings	a, b, l, h, m	439,163,804	(3,174,465)	435,989,339	599,277,945	(2,776,702)	596,501,243
Other reserves	d, o, i	892,911	24,926,185	25,819,096	(15,894,683)	1,338,387	(14,556,296)
Net profit	a, b, i, m, e, o	174,329,692	(3,222,938)	171,106,754	102,407,893	(8,350,009)	94,057,884
Total shareholders' equity attributable to the Group		**639,386,407**	**18,528,782**	**657,915,189**	**710,791,155**	**(9,788,324)**	**701,002,831**
Capital and reserves attributable to minorities		60,606,341	-	60,606,341	95,247,858	-	95,247,858
Net profit attributable to minorities		43,256,448	-	43,256,448	1,017,970	-	1,017,970
Total shareholders' equity		**743,249,196**	**18,528,782**	**761,777,978**	**807,056,983**	**(9,788,324)**	**797,268,659**
Liabilities							
Provisions for risks and charges		729,757	-	729,757	670,488	-	670,488
Banks and other lenders		283,123,856	-	283,123,856	270,167,555	-	270,167,555
Provisions for employee benefits	l	5,087,755	(236,175)	4,851,580	5,050,067	(95,341)	4,954,726
Other non-current financial liabilities	d	3,044,195	1,715,345	4,759,540	11,166,515	1,061,097	12,227,612
Deferred tax liabilities	h, l, o, p	1,816,256	1,880,791	3,697,047	1,385,143	(207,480)	1,177,663
Total non-current liabilities		**293,801,819**	**3,359,962**	**297,161,781**	**288,439,768**	**758,275**	**289,198,043**
Banks and other lenders	h	19,268,375	97,268	19,365,643	53,433,913	199,606	53,633,519
Payables and other current liabilities		169,870,176	-	169,870,176	133,059,121	-	133,059,121
Other current financial liabilities		20,780,602	-	20,780,602	12,335,383	-	12,335,383
Taxes payable	o	2,382,728	(349,318)	2,033,410	8,668,439	(1,808,882)	6,859,557
Total current liabilities		**212,301,881**	**(252,050)**	**212,049,831**	**207,496,856**	**(1,609,276)**	**205,887,580**
Total shareholders' equity and liabilities		**1,249,352,896**	**21,636,694**	**1,270,989,590**	**1,302,993,607**	**(10,639,324)**	**1,292,354,283**

Income statement

Reconciliation of the income statement Figures in euro	Notes	2009 ITA GAAP	2009 Effect of transition to IFRSs	2009 IFRSs
Revenue	o	627,077,431	(19,225,914)	607,851,517
Operating costs	l	(344,142,682)	(6,900)	(344,149,582)
General and administrative costs	e, i, l	(123,438,525)	140,023	(123,298,502)
Capital gains on the disposal of fixed assets		1,627,918	-	1,627,918
Gross operating profit		**161,124,142**	**(19,092,791)**	**142,031,351**
Depreciation, amortization and impairment	a, b, f, h, n	(52,312,143)	781,266	(51,530,877)
Operating profit		**108,811,999**	**(18,311,525)**	**90,500,474**
Financial income	m, o	17,855,487	7,615,531	25,471,018
Financial charges	h, l	(11,606,021)	(92,003)	(11,698,024)
Net foreign exchange gains / (losses)		4,243,055	-	4,243,055
Profit before taxes		**119,304,520**	**(10,787,997)**	**108,516,523**
Income taxes	h, l, o, p	15,878,657	(2,437,988)	13,440,669
Net profit		**103,425,863**	**(8,350,009)**	**95,075,854**
Attributable to minorities		**1,017,970**	**-**	**1,017,970**
Attributable to the Parent Company		**102,407,893**	**(8,350,009)**	**94,057,884**

Effects on the statement of cash flows

A statement of reconciliation has not been presented for the statement of cash flows inasmuch as the effects of the application of IFRSs were not material.

First-time adoption of IFRSs

The statement of financial position as at 1 January 2009 and 31 December 2009 and the income statement and statement of comprehensive income for 2009 prepared in accordance with IFRSs have been drawn up by applying the adjustments and reclassifications to the final figures according to ITA GAAP required to render those statements compliant with the presentation, recognition and measurement criteria specified by IFRSs.
The effects of the transition to IFRSs derive from changes in accounting principles and, thus, as required by IFRS 1, are reflected in the initial shareholders' equity as at the date of transition (1 January 2009).

The transition to IFRSs involved maintaining the estimates previously formulated according to ITA GAAP, except where the adoption of IFRSs required the formulation of estimates according to different methods.
No departures from the application of IFRSs were made in preparing these financial statements.
As required by IFRS 1, a consolidated statement of financial position as at the date of transition to the new accounting principles (1 January 2009) has been prepared, in which:

- all assets and liabilities eligible for recognition according to the new principles (and only those assets and liabilities) have been recognized;
- the items previously presented according to methods other than those provided for in IFRSs have been reclassified;
- assets and liabilities have been recognized at the values that would have resulted if the new accounting principles had always been applied, except for the exemptions and options allowed by IFRS 1, as specified below;

- all adjustments resulting from the first-time adoption of IFRSs have been recognized through shareholders' equity, taking account of the associated tax effect, where applicable, recognized among deferred tax assets or liabilities.

The adjustment of the initial statement of financial position as at 1 January 2009 and the schedules of the statutory financial statements for the year ended 31 December 2009 required that the Group present its financial statement schedules as follows: the 'current/non-current' presentation and classification scheme has been adopted for the statement of financial position, while the system in which costs are classified by nature has been adopted for the income statement. During the first-time adoption of IFRSs, the Group has chosen to make use of the following optional exemptions allowed under IFRS 1:

- previously recognized equity investments in other companies have been designated as available for sale;
- equity investments in subsidiaries and associates have been recognized at the cost substitute of their carrying amounts according to ITA GAAP;
- the value of property, plant and equipment re-determined according to ITA GAAP at a date prior to the transition of IFRSs has been used as a substitute for cost as at the value re-determination date, inasmuch as such re-determination was, on the whole, comparable to fair value when conducted;
- it was elected not to apply IFRS 3 retroactively to business combinations prior to the date of transition to IFRSs. Accordingly, the same classification applied in the financial statements prepared according to ITA GAAP has been maintained and goodwill has been tested for impairment as at the date of transition;
- the transitional provisions of IFRIC 4 have been applied to determine whether an agreement contains a lease.

Comments on the main IFRS adjustments

a) Effect of determination of residual value of depreciation and amortization

According to IFRSs, the depreciable amount of an asset is equal to the asset's total cost, less its residual value. In the Group's specific case, residual value corresponds to the estimated scrap value of its vessels that the Company could receive when it disposes of its vessels, provided that those vessels are in the expected conditions at the end of their useful lives.

The following is a summary of the effects of this adjustment:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Depreciation, amortization and impairment		161
Net profit / (loss)		**161**
Consolidated statement of financial position		
Tangible assets	1,055	1,216
Shareholders' equity	**1,055**	**1,216**

b) Separation of the dry-dock component

According to IFRSs, each part of an item of property, plant and equipment the cost of which is material in respect of the total cost of the item must be depreciated separately. The costs of dry-docking are recognized as a separate component and depreciated over the dry-dock interval. The IFRS adjustment presented below pertains solely to the separation of the dry-dock component included in a vessel's initial purchase cost.

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Depreciation and impairment		(266)
Net profit / (loss)		**(266)**
Consolidated statement of financial position		
Tangible assets	(2,323)	(2,589)
Shareholders' equity	**(2,323)**	**(2,589)**

c) Classification of maintenance costs (dry dock)

Under ITA GAAP, costs of subsequent maintenance work were recognized among intangible assets. As for the initial costs, those costs have been reclassified to tangible assets.

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Net profit / (loss)		**-**
Consolidated statement of financial position		
Intangible assets	(3,974)	(2,791)
Tangible assets	3,974	2,791
Shareholders' equity	**-**	**-**

d) Recognition of CFH reserve

The Group has acquired hedging instruments from Fortis Bank for the interest-rate risk associated with the loans contracted from that bank. Under those hedging arrangements, the Group collects compensation equal to the absolute value of the difference between the three-month USD Libor rate and the strike rate of 5.20% on a quarterly basis. In accordance with IAS 39, the foregoing derivative instruments have been designated as cash-flow hedges. Accordingly, changes in their fair value are recognized in a specific shareholders' equity reserve. The effects of the adjustment are as follows:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Net profit / (loss)		**-**
Consolidated statement of financial position		
Other non-current financial liabilities	(1,715)	(1,061)
Shareholders' equity	**(1,715)**	**(1,061)**

e) Recognition in the income statement of advisory costs not eligible for capitalization pursuant to IAS 38

The external advisory costs incurred by the Company do not meet the requirements for classification among Intangible assets set forth in IAS 38. Accordingly, those costs have been recognized in the income statement among General and administrative costs. The effect of the adjustment is presented below:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
General and administrative costs		173
Net profit / (loss)		**173**
Consolidated statement of financial position		
Intangible assets	(549)	(376)
Shareholders' equity	**(549)**	**(376)**

f) Spot recalculation of depreciation of leased property and reclassification of leasehold improvements

In accordance with IFRSs, depreciation of an asset commences when that asset becomes available or use, meaning that it is in the place and conditions required for it to function in the manner intended by management. Depreciation charges for properties have thus been recalculated on a spot basis. In addition, under ITA GAAP, the costs of maintenance work were recognized among intangible assets. Such costs, while eligible for capitalization, do not meet the requirements for classification among intangible assets set forth in IAS 38. Accordingly, in the absence of the requirements for consideration as intangible assets, the foregoing costs have been reclassified among Tangible assets pursuant to IAS 36, inasmuch as they refer to construction costs. The following is a presentation of the above effects:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Depreciation and impairment		-
Net profit / (loss)		**-**
Consolidated statement of financial position		
Tangible assets	143	112
Intangible assets	(75)	(44)
Shareholders' equity	**68**	**68**

g) Recognition of available-for-sale financial assets at fair value

As at the date of transition to IFRSs, the Company decided to designate investments in other companies as available for sale, using the exemption provided for in IFRS 1.D1(j). Accordingly, as provided for in IAS 39.46, the Company recognized the investments in listed companies (Tamburi Investment Partners, Datalogic and Banca Profilo S.p.A.) at fair value and other investments in equity instruments at cost, on the grounds that fair value may not be reliably determined as those investments do not have a market price quoted on an active market (Sator, Sator Private Equity Fund, Secontip and other minor consortia interests). The effects of the adjustment are as follows:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Net profit / (loss)		**-**
Consolidated statement of financial position		
Long-term investments	(4,064)	(5,070)
Shareholders' equity	**(4,064)**	**(5,070)**

h) Reassessment of lease contracts

As at the date of transition, certain lease contracts have been reassessed in order to identify finance leases pursuant to IFRIC 4, IAS 17 and IFRS 1.D9. The analysis yielded the following effects:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
General and administrative costs		10
Depreciation and impairment		48
Financial charges		0
Income taxes		(22)
Net profit / (loss)		**36**
Consolidated statement of financial position		
Tangible assets	(1,863)	(1,177)
Banks and other lenders (current)	(97)	(200)
Deferred tax liabilities	610	428
Shareholders' equity	**(1,350)**	**(949)**

i) Recognition of held-to-maturity investments at fair value

Investments in fixed-income government securities (BTP) may be classified as held-to-maturity investments, as defined by IAS 39. The effect is as follows:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Net profit / (loss)		**-**
Consolidated statement of financial position		
Other current financial assets	4	36
Shareholders' equity	**4**	**36**

l) Employee benefits

In the financial statements prepared according to ITA GAAP, post-employment benefit liability was recognized pursuant to the law and company agreements. In accordance with IAS 19 and the instructions provided by the Italian Accounting Association (OIC) in its 'Operating Guide for the Transition to International Accounting Principles', the portion of post-employment benefit liability recognized prior to the entry into force of the social-security reform (Law 296/06) is considered a defined-benefit plan and has thus been re-determined according to an actuarial approach. The accounting model chosen by the Company in accordance with IAS 39, paragraphs 93 and 93A, involves recognizing all actuarial gains and losses net of the associated tax effect directly in the income statement. Accordingly, the effect on the income statement for 2009 corresponds to both the effect of the interest expenses arising from the actuarial calculation and the recognition of the actuarial gains and losses.

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Operating costs		(7)
General and administrative costs		(43)
Financial charges		(91)
Income taxes		24
Net profit / (loss)		**(117)**
Consolidated statement of financial position		
Provisions for employee benefits	236	95
Deferred tax liabilities	(58)	(34)
Shareholders' equity	**178**	**61**

m) Recognition of the equity interest not included within the scope of consolidation at cost

IAS 27 requires that all investments in subsidiaries be consolidated line-by-line (see IAS 27.12). However, the IFRS ('Framework') allows investments to be measured at cost rather than consolidated if they are immaterial. In the financial statements prepared according to ITA GAAP, the Company measured its investment in its subsidiary Sirius Ship Management S.r.l. according to the equity method. Measurement of the investment at cost resulted in the following adjustment:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Financial income		(31)
Net profit / (loss)		**(31)**
Consolidated statement of financial position		
Long-term investments	(0)	(31)
Shareholders' equity	**(0)**	**(31)**

n) Goodwill

In accordance with IFRSs, goodwill must be recognized at cost, net of any impairment losses. In its financial statements according to ITA GAAP, the Company had opted to amortize goodwill over ten years. Application of international accounting principles had the effects presented below:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Amortization and impairment		838
Net profit / (loss)		**838**
Consolidated statement of financial position		
Intangible assets	(0)	838
Shareholders' equity	**(0)**	**838**

o) Recognition of derivative instruments used by international investees at fair value

The derivative contracts used by international investees may be classified as follows:

- forward freight agreements (FFAs) to hedge charter rates;
- currency options, forward foreign exchange and futures contracts aimed at hedging against fluctuations of exchange rates and pursuing speculative objectives;
- interest-rate swaps (IRSs) used as cash-flow hedges for interest rates on loans.

Measurement of the foregoing instruments at fair value had the effects presented below:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Revenue		(19,226)
Financial income		7,646
Income taxes		2,365
Net profit / (loss)		**(9,215)**
Consolidated statement of financial position		
Other current financial assets	(810)	7,339
Receivables and other current assets	30,118	(10,893)
Tax effect	(1,825)	1,809
Shareholders' equity	**27,483**	**(1,745)**

p) Recognition of deferred tax liabilities on foreign-exchange gains

According to ITA GAAP, a deferred tax liability may not be recognized if it is unlikely that the liability will effectively occur. By contrast, in accordance with IAS 12.15, a deferred tax liability must be recognized for all taxable temporary differences, unless the liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that does not represent a business combination and does not have an impact on accounting profit or loss or taxable profit or loss at the transaction date. In adjusting the financial statements to international accounting principles, the Company thus recognized deferred tax liabilities associated with foreign-exchange gains generated on a loan denominated in yen contracted by Mida Maritime.

The following is a presentation of the above effects:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Income taxes		72
Net profit / (loss)		**72**
Consolidated statement of financial position		
Deferred tax liabilities	(258)	(186)
Shareholders' equity	**(258)**	**(186)**

Statement of reconciliation of shareholders' equity and net profit for the year

As required by IFRS 1, the following is the statement of reconciliation of shareholders' equity as at 1 January 2009 and 31 December 2009 and net profit for 2009, with references to the comments on the adjustments applied to balances prepared in accordance with ITA GAAP.

(Thousands of euro)		1 January 2009	31 December 2009	
	Notes	Shareholders' equity	Net profit	Shareholders' equity
ITA GAAP balance		**743,249**	**103.426**	**807.057**
Adjustments:				
Effect of determination of residual valuation of depreciation and amortization	a	1,055	161	1.216
Separation of dry-dock component	b	(2,323)	(266)	(2,589)
Classification of maintenance costs (dry dock)	c	-	-	-
Recognition of CFH reserve	d	(1,715)	-	(1,061)
Recognition in the income statement of advisory costs not eligible for capitalization pursuant to IAS 38	e	(549)	173	(376)
Spot recalculation of depreciation of leased property and reclassification of leasehold improvements	f	68	-	68
Recognition of available-for-sale financial assets at fair value	g	(4,064)	-	(5,070)
Reassessment of lease contracts	h	(1,350)	36	(949)
Recognition of held-to-maturity investments at fair value	i	4	-	36
Employee benefits	l	178	(117)	61
Recognition of the equity interest not included within the scope of consolidation at cost	m	-	(31)	(31)
Goodwill	n	-	838	838
Recognition of derivative instruments used by international investees at fair value	o	27,483	(9,215)	(1,745)
Recognition of deferred tax liabilities on foreign exchange gains	p	(258)	72	(186)
IFRS balance		**761,778**	**95,077**	**797,269**


CIELO DI MILANO

d'Amico Società di Navigazione S.p.A.

Statutory Financial Statements for the Year Ended 31 December 2010

d'Amico Società di Navigazione S.p.A.

Income Statement

(Euro)	Notes	2010	2009
Revenue	4	11,376,032	10,620,476
Operating costs	5	(1,000,420)	(1,374,354)
General and administrative costs	6	(13,849,248)	(11,757,013)
Gross operating profit / (loss)		**(3,473,636)**	**(2,510,891)**
Depreciation and amortization		(487,687)	(858,069)
Operating profit / (loss)		**(3,961,323)**	**(3,368,960)**
Dividends	7	46,930,460	52,065,524
Other financial income	7	2,376,886	321,439
Financial charges	7	(286,045)	(664,557)
Profit before taxes		**45,059,978**	**48,353,446**
Income taxes	8	(473,223)	(109,689)
Net profit		**44,586,755**	**48,243,757**

Statement of Comprehensive Income

(Euro)	2010	2009
Net profit	44,586,755	48,243,757
Cash flow hedges	2,560,026	(1,005,742)
Comprehensive income	**47,146,781**	**47,238,015**

Statement of Financial Position

(Euro)	Notes	As at 31 Dec 2010	As at 31 Dec 2009	As at 1 Jan 2009
ASSETS				
Non-current assets				
Intangible assets	9	28,653	62,264	193,865
Tangible assets	10	8,939,729	9,040,712	9,096,961
Long-term investments	11	152,848,894	116,110,473	113,320,767
Other non-current financial assets	12	5,756,364	4,699,263	4,957,306
Other non-current assets	13	846,860	870,940	869,322
Total non-current assets		**168,420,500**	**130,783,652**	**128,438,221**
Current assets				
Receivables and other current assets	14	1,679,642	1,011,815	2,207,317
Other current financial assets	15	5,083,102	52,606	71,428
Cash and cash equivalents	16	11,008,973	21,172,547	4,933,286
Total current assets		**17,771,717**	**22,236,968**	**7,212,031**
Total assets		**186,192,217**	**153,020,620**	**135,650,252**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		25,000,000	25,000,000	25,000,000
Retained earnings		95,589,595	77,219,439	57,398,100
Other reserves		(2,509,895)	(5,069,921)	(4,064,179)
Net profit		44,586,755	48,243,757	49,821,338
Total shareholders' equity	**17**	**162,666,455**	**145,393,275**	**128,155,259**
Non-current liabilities				
Provisions for risks and charges	18	669,833	669,833	729,757
Banks and other lenders	20	2,044,707	2,342,872	2,656,874
Provisions for employee benefits	19	1,814,277	1,696,659	1,506,639
Deferred-tax liabilities		476,584	186,696	258,208
Total non-current liabilities		**5,005,401**	**4,896,060**	**5,151,478**
Current liabilities				
Banks and other lenders	20	15,264,964	252,616	219,618
Payables and other current liabilities	21	3,255,397	2,478,669	2,123,897
Total current liabilities		**18,520,361**	**2,731,285**	**2,343,515**
Total shareholders' equity and liabilities		**186,192,217**	**153,020,620**	**135,650,252**

The financial statements on pages 84 to 111 were authorised for issue by the board of Directors on its behalf on 23 May 2011

Paolo d'Amico, Chairman

Cesare d'Amico, Chief Executive Officer

Statement of Cash Flows

(Euro)	2010	2009
Net profit for the period	**44,586,755**	**48,243,757**
Depreciation and amortization	487,687	858,069
Current and deferred tax	473,223	109,688
Financial income / (charges)	(47,066,302)	(52,164,079)
Changes in the fair value of financial assets	(247,500)	-
Other non-cash items	(792,898)	106,953
Net cash provided by / (used in) operating activities before changes in working capital	**(2,559,035)**	**(2,845,612)**
Movement in inventories	-	-
Movement in amounts receivable	(699,638)	1,500,847
Movement in amounts payable	821,444	259,674
Taxes paid	(138,821)	(150,000)
Interest collected / (paid)	142,733	117,378
Net cash provided by / (used in) operating activities	**125,718**	**1,727,899**
Acquisition of intangible assets	(23,140)	(42,658)
Acquisition of tangible assets	(372,276)	(458,650)
Acquisition of long-term investments	(33,502,020)	(4,107,388)
Acquisition of other financial assets	(5,511,465)	-
Disposal/derecognition of fixed assets	34,001	181,150
Net cash provided by / (used in) investing activities	**(39,374,900)**	**(4,427,546)**
Movement in other financial payables	15,000,000	
Bank loan repayments	(285,817)	(281,004)
Dividends collected	46,930,460	52,065,524
Dividends paid	(30,000,000)	(30,000,000)
Net cash provided by / (used in) financing activities	**31,644,643**	**21,784,520**
Net cash provided / (used)	**(10,163,574)**	**16,239,261**
Cash and cash equivalents at the beginning of the year	21,172,547	4,933,286
Cash and cash equivalents at the end of the year	**11,008,973**	**21,172,547**

Statement of Changes in Shareholders' Equity

(Euro)	Share capital	Retained earnings	Other reserves Other	Other reserves Available for sale	Net profit	Total
Balance as at 1 January 2009	**25,000,000**	**58,154,189**		**-**	**49,821,338**	**132,975,527**
IFRS adjustments		(756,088)		(4,064,179)		(4,820,267)
Balance as at 1 January 2009	**25,000,000**	**57,398,101**	**-**	**(4,064,179)**	**49,821,338**	**128,155,260**
Dividends					(30,000,000)	(30,000,000)
Other changes		19,821,338			(19,821,338)	-
Comprehensive income				(1,005,742)	48,243,757	47,238,015
Balance as at 31 December 2009	**25,000,000**	**77,219,439**	**-**	**(5,069,921)**	**48,243,757**	**145,393,275**

(Euro)	Share capital	Retained earnings	Other reserves Other	Other reserves Available for sale	Net profit	Total
Balance as at 31 December 2009	**25,000,000**	**77,219,439**	**-**	**(5,069,921)**	**48,243,757**	**145,393,275**
Dividends					(30,000,000)	(30,000,000)
Other changes		18,370,156			(18,243,757)	126,399
Comprehensive income				2,560,026	44,586,755	47,146,781
Balance as at 31 December 2010	**25,000,000**	**95,589,595**	**-**	**(2,509,895)**	**44,586,755**	**162,666,455**

Notes

Introduction

d'Amico Società di Navigazione S.p.A. (the 'Company') is an Italian joint-stock company with registered office in Palermo, Italy and head office in Rome, Italy. The Company holds equity investments in companies responsible for the business sectors in which the d'Amico Group operates both directly and indirectly through sub-holding companies.

These statutory financial statements were approved for publication by the Board of Directors on 23 May 2011.

These financial statements have been prepared in accordance with international accounting principles (hereinafter International Accounting Standards - IASs and/or International Financial Reporting Standards - IFRSs) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) endorsed by the European Commission (also referred to collectively hereinafter as 'IFRSs'). As permitted by applicable legislation, the Company has prepared these financial statements for the year ended 31 December 2010 in accordance with IFRSs on a voluntary basis. These are the first financial statements prepared in accordance with IFRSs. These financial statements therefore fall within the scope of IFRS 1 - *First-time Adoption of International Financial Reporting Standards* inasmuch as they are the first financial statements prepared in accordance with IFRSs. During the initial application of such principles, it was thus necessary for comparative purposes to re-determine and restate the figures from the 2009 financial statements to reflect the changes resulting from the adoption of IFRSs. Reconciliations and descriptions of the effects of the transition from Italian GAAP to IFRSs are presented in section 26 of these notes. In consideration of the foregoing, d'Amico Società di Navigazione Italia S.p.A. has chosen 1 January 2009 as the date of transition to IFRSs and the financial statements for the year ended 31 December 2010 as the first prepared in accordance with IFRSs.

To present the effects of the transition to IFRSs, and to meet the requirements of IFRS 1, paragraphs 24 a) and b) and 25), concerning the effects of the first-time adoption of IFRSs, the Company has prepared and presented the following in note 26:

- the accounting principles used and rules applied during initial application of IFRSs;
- detailed statements of reconciliation of financial position as at 1 January 2009 and 31 December 2009 and the income statement for the year ended 31 December 2009, clearly indicating the adjustments made to the figures prepared in accordance with Italian GAAP for the purposes of restatement according to IFRSs;
- the effects of the transition on the statement of cash flows;
- the statement of reconciliation of shareholders' equity and net profit pursuant to Italian GAAP and IFRSs as at the date of transition (1 January 2009), 31 December 2009 and for the year ended 31 December 2009;
- notes and comments on the foregoing statements of reconciliation.

1. Accounting policies

Basis of presentation

The financial statements comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in shareholders' equity, statement of cash flows and the notes. In the income statement, costs have been classified by nature. All revenue and cost items recognized during a given year are presented in two separate statements, the income statement and statement of comprehensive income. The presentation scheme adopted for the statement of financial position is based on a distinction between current and non-current assets and liabilities. Current assets, which include cash and cash equivalents, are those intended to be realized, disposed of or used in the Company's normal operating cycle or the 12 months after year-end; current liabilities are those expected to be extinguished during the normal operating cycle or the 12 months after year-end. The indirect method has been used to prepare the statement of cash flows.

IFRSs have been applied in accordance with the indications provided in the *Framework for the Preparation and Presentation of Financial Statements* and there were no critical situations requiring the use of departures pursuant to IAS 1, paragraph 19.

The Company has access to adequate resources suited to ensuring that it may continue to operate in the near future. The financial statements have therefore been prepared on a going-concern basis, by applying the

historical cost method, with the exception of those line items that are measured at fair value in accordance with IFRSs.
The financial statements have been presented in euro, the Company's functional currency. The income statement, statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in shareholders' equity have been presented in euro, whereas the figures presented in the notes are in thousands of euro, unless otherwise indicated.

The following is a discussion of accounting policies, applied in a uniform manner to all years presented and to the opening IFRS financial position as at 1 January 2009.

Foreign currencies

Transactions in foreign currencies are initially recognized at the spot exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the spot exchange rate on the reporting date. Any resulting exchange differences are recognized through the income statement. Non-monetary items measured at their historical cost in a foreign currency are converted using the exchange rate in force on the date of initial recognition of the transaction. Non-monetary items measured at their fair values in foreign currencies are converted using the exchange rate on the date said values are calculated.

Dividends and other income from equity investments

Dividends collected from investees are recognized in the income statement when entitlement to collect them arises. Dividends payable are reported as a movement in shareholders' equity in the period in which they are approved by the general meeting of the shareholders.

Revenue recognition

Service revenue is recognized in reference to the contractually accrued consideration.

Operating costs and general and administrative costs

Operating costs and general and administrative costs are recognized in the income statement as incurred.

Financial income and charges

Financial income and charges include interest income on investments and interest expenses on borrowings, realized and unrealized exchange differences associated with transactions undertaken in currencies other than the functional currency and other financial income and charges. Interest is recognized in the income statement on an accruals basis according to the effective interest method.

Taxation

Taxes are calculated according to the taxable profit for the year by applying the tax rates in force when the financial statements are prepared. Tax charges are determined on the basis of the net profit or loss for the year, adjusted to reflect certain non-exempt or non-deductible elements, and are calculated according to the tax rate in effect when the financial statements are prepared.

Deferred tax, where applicable, is tax that the Group expects to pay or recover on differences between taxes receivable and payable carried in the consolidated financial statements and the corresponding tax bases used in calculating taxable profit. It is accounted for using the financial position liability method. Deferred tax liabilities are recognized for all temporary taxable differences. Deferred tax assets 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 the liability is settled or asset realized. It is charged or credited in the income statement, unless it relates to items charged or credited directly to comprehensive income, in which case the deferred tax is also accounted for in comprehensive income.

Intangible assets

Other purchased or internally generated intangible assets are recognized at cost, including directly attributable auxiliary costs required to render the assets available for use, provided that it is likely that the use of the assets will yield future economic benefits and the cost of the assets may be determined reliably. Such assets are measured at purchase or production cost and amortized on a straight-line basis according to their estimated useful lives, which are reviewed on at least an annual basis. Any changes are applied prospectively.
Amortization begins when an asset becomes available for use. The estimated useful lives for this category of assets, which consists almost exclusively of software, are three years.

Tangible assets

Buildings and other tangible assets

Owned buildings and other tangible assets are recognized at acquisition cost or fair value and depreciated on a straight-line basis according to their residual useful lives at the following rates:

	Years
Owned buildings	33
Furniture and fittings	8.5
Electronic machines	4
Motor vehicles	5
Leasehold improvements	Term of contract (maximum of 5 years)

Leases

Assets acquired under finance leases, where substantially all the risks and rewards of ownership are transferred to the Company, are initially recognized as assets by the Company at the lower of their fair values or the present value of the minimum payments due, including any sum to be paid to the lessor to exercise the purchase option. The corresponding liability is recognized among financial liabilities. After initial recognition, such assets are measured according to the applicable accounting principles.
Operating leases are not recognized in the Company's statement of financial position.

Financial instruments

Financial instruments are contracts that give rise to financial assets and liabilities or equity instruments of another entity, as defined in IAS 32 (*Financial Instruments: Presentation*) and IAS 39 (*Financial Instruments: Recognition and Measurement*). Such instruments are measured at their fair values when the Company becomes a party to the contractual provisions of the instrument (the trade date). Liabilities are classified in accordance with the substance of the contractual arrangements from which they arise and the relevant definitions of a financial liability. For contracts negotiated at market price, the fair value of the instrument is equivalent to the purchase cost (nominal value of the transaction).

The external costs and income from transactions directly attributable to negotiation, such as intermediation costs, are included during initial recognition of the instrument, unless measured at fair value. Financial assets are measured at fair value or amortized cost, depending on the characteristics of each instrument. Financial liabilities are measured on the basis of their amortized cost. Only derivative instruments are measured at fair value.

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

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

Equity investments and other financial assets

Equity investment in subsidiaries and associates companies are initially recognized at cost and adjusted for impairment. If the Company's share of an investee's losses exceeds the carrying amount of its equity investment in that investee and the Company is required or willing to accept liability for such losses, the equity investment is written down to zero and the share of additional losses is set aside to a provision on the liabilities side. If the grounds for the impairment loss cease to apply, the carrying amount of the equity investment is recovered, up to the original cost. That recovery is recognized in the income statement.

Equity investments in other companies are recognized among non-current assets under Equity investments and other financial assets and are measured at fair value or, alternatively, cost, if fair value cannot be determined reliably. Gains and losses arising from changes in fair value are recognized directly in shareholders' equity until the equity investments in question are disposed of or become impaired. When either of the foregoing occurs, the total gains or losses previously recognized in shareholders' equity are credited or expensed to the income statement for the period. The original amount is recovered if the grounds for an impairment loss cease to apply in subsequent years.

Held-for-trading financial assets are measured at fair value. Gains and losses arising from changes in the fair value of financial instruments classified as held for trading are recognized in the income statement for the period.

Financial assets and securities possessed with the intention of holding them to maturity ('held-to-maturity') that do not meet the conditions for inclusion among cash and cash equivalents are recognized and derecognized according to the trade date. Such assets are initially recognized at fair value and subsequently measured according to the amortized cost method, less any impairment losses.

The fair value of a financial instrument is determined according to market price quotations or, where such quotations are not available, estimated according to appropriate valuation techniques that make use of up-to-date financial variables employed by market operators, while also taking account of the prices of recent transactions involving similar financial instruments, where possible.

Trade and other receivables

Trade receivables are initially recognized at their nominal value (which represents the 'fair value' of the transaction) and are subsequently measured at amortized cost, net of impairment losses recognized in the income statement where there is objective evidence that an asset has become impaired. Impairment is calculated as the difference between the carrying amount and present value of estimated future cash flows, discounted at the effective interest rate. In the case of short-term trade receivables in particular, given the brief period of time at issue, measurement at amortized cost is equivalent to nominal value, less impairment losses. Impairment losses are recognized when management consider the full recovery of a receivable to be in doubt. If management consider the amounts non-recoverable, then they are written off in their entirety.

Cash and cash equivalents

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

Banks and other lenders

Interest-bearing bank borrowings relating to the financing of vessels and overdrafts are recognized according to the amounts received, net of transaction costs, and are subsequently measured at amortized cost according to the effective interest rate method. The difference between the loan proceeds and nominal value is 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 is generally equivalent to nominal value, considering the characteristics and maturity of such payables.

Derivative instruments

The Company does not make use of derivative instruments.

Pension and post-employment benefit liabilities

Liabilities relating to employee benefits paid in the course of service or thereafter in connection with defined-benefit plans are calculated separately for each plan according to actuarial hypotheses by estimating the amount of the future benefit that has accrued to employees in exchange for services rendered during the current and previous years. That benefit is discounted to determine its present value, while any unrecognized past service costs and the fair value of any plan assets are subtracted from the liabilities. The calculation is performed by an independent actuary using the projected unit credit method. The Company recognizes all actuarial gains and losses deriving from defined-benefit plans directly and immediately in the income statement.

In defined-contribution plans, the entity's obligation, which is limited to the payment of contributions to governmental organizations or a segregated body of assets or legal entity (a 'fund'), is determined according to the contributions owed.

Provisions for risks and charges

Provisions for risks and charges are recognized to account for costs and expenses the nature of which is fixed and the existence of which is certain or probable, but the amount or date of occurrence of which is not known at the reporting date. Provisions for risks and charges are recognized 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, the amount of which can be estimated reliably. Provisions are allocated based on the Directors' best estimate of the costs required to meet the obligation at the reporting date, and are discounted when the effect is significant.

Dividends

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

Critical accounting judgments and key estimates

In preparing the financial statements, d'Amico's Directors are required to make assessments, estimates and assumptions that influence the application of accounting principles and the amounts of assets, liabilities, costs and revenue. Directors' decisions are based on past experience and expectations of the occurrence of future events and are therefore to be considered reasonable. However, it should be noted that, since they are in fact estimates, actual results may differ from the results presented in these financial statements. The process of preparing estimates involves the various business areas. Such estimates and assumptions are revised regularly. Any effects deriving from the revision of accounting estimates are accounted for in the period in which the revision is conducted and the associated subsequent periods.

It is believed that certain accounting principles are particularly significant to comprehension of the financial statements. In this respect, the following is an account of the areas most extensively affected by such procedures, as well as of the assumptions employed by management in the process of assessing the foregoing line items, in accordance with the above-mentioned international accounting principles. The critical element inherent in such estimates is a result of the use of assumptions and/or professional judgments concerning matters that are uncertain by nature.

Tax liabilities - Tax liabilities are calculated based on the Company's specific tax situation, determined on the basis of the law in force in the countries where the Company operates.

Defined-benefit plans - The expenses and liabilities associated with such plans are calculated according to estimates prepared by actuarial consultants who use a combination of statistical and actuarial factors, including statistical data concerning previous years and projections of future costs. Estimation components also include mortality and withdrawal rates, assumptions regarding the future discount rate trend, salary growth rates and an analysis of the year-on-year change in healthcare costs. Such estimates may diverge materially from actual results due to the evolution of economic and market conditions, increases/decreases in withdrawal rates and the length of participants' lives and changes in the effective costs of healthcare.

Leases - Lease contracts are classified as operating or financial at the commencement of the contractual period and such classified is not subsequently modified. Classification depends on estimates based on contractual conditions. In such case, the 'substance over form' approach is adopted.

New accounting principles

Accounting principles adopted from 1 January 2010

Revised version of IAS 1 - Presentation of Financial Statements, which entered into effect for years beginning on or after 1 January 2009. These financial statements reflect the additions and modifications provided for therein. The revision in question aims to allow the users of financial statements to improve their ability to analyze and compare the information presented in the financial statements. The amendments applied to the Standard require information to be aggregated in the financial statements according to common characteristics, as well as the addition of a statement of comprehensive income. This allows the readers of the financial statements to conduct a separate analysis of the changes in the Company's shareholders' equity arising from transactions with owners (such as the distribution of dividends and the purchase of own shares) from changes not involving owners (such as transactions with third parties). Comprehensive income includes the net profit or loss for the period, along with the other items that comprise comprehensive income, such as gains or losses on hedges, gains or losses arising from the revaluation of available-for-sale financial assets and changes in the revaluation reserve.

Accounting principles, amendments and interpretations not yet in force and not adopted early by the Company

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

IFRS 9 - Financial instruments will apply to accounting periods beginning on or after 1 January 2013. The Standard, issued in November 2009 and eligible for early adoption beginning in October 2010, currently outlines the recognition and measurement of financial assets, financial liabilities and the derecognition criteria for financial assets. Financial assets are to be measured either at amortized cost or fair value through profit or loss, with an irrevocable option on initial recognition to recognize some equity financial assets at fair value through other comprehensive income. A financial asset can only be measured at amortized cost if the Company's business model calls for holding the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding. On adoption of the Standard, the Company will also have to re-determine the classification of its financial assets specifically for available-for-sale and held-to-maturity financial assets. Most financial liabilities will continue to be carried at amortized cost, although some financial liabilities (such as derivatives) will be required to be measured a fair value through profit and loss. Changes associated with variations in the issuer's credit risk are to be recognized in other comprehensive income. Since the derecognition principles of IAS 39, *Financial Instruments: Recognition and Measurement*, have been transferred to IFRS 9, it is unlikely that the application of the Standard will have a significant impact on the Company. d'Amico is assessing the Standards discussed above and assessing any impact they may have on its financial statements.

Various other IFRSs have been amended by the Annual Improvements issued in 2009 and 2010. Except as previously stated, the Amendments not yet in force are unlikely to have a material impact on the Company's financial statements.

2. Risk management

In its capacity as Parent Company, d'Amico Società di Navigazione S.p.A. is subject to the same type of risks as Group companies, whether directly or indirectly through its subsidiaries. Accordingly, the reader is referred to note 21 below, as well as to the notes to the consolidated financial statements.

3. Capital disclosure

The objectives pursued by d'Amico Società di Navigazione in managing its capital are:

- to safeguard the Company's ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders;

- to provide an adequate return for shareholders by operating on the spot/time-charter market, balancing its level of commercial risk.

In addition to equity, the Company's capital structure principally comprises various lines of credit and bank borrowings. The Company's capital structure is periodically reviewed and, where necessary, adjusted to suit the Company's capital requirements, changes in general economic conditions and industry risk characteristics. In this respect, the Company monitors its capital situation continually. As an additional measure of monitoring risk associated with its debt structure, the Company also monitors its debt-to-equity ratio. The Company had net cash in hand as at 31 December 2010, as was also the case as at 31 December 2009.

4. Revenue

(Euro)	2010	2009
Total	**11,376,032**	**10,620,476**

The revenue presented in the financial statements derive from the services rendered, primarily to Group companies, in the areas of ship management, SQE, legal affairs, information technology and administration.

5. Operating costs

(Euro)	2010	2009
Total	**1,000,420**	**1,374,354**

Operating costs refer to services commissioned and directly associated with the generation of revenue, such as crewing or ship management operations, which are partly outsourced to other Group companies.

6. General and administrative costs

(Euro)	2010	2009
Personnel costs	8,217,295	7,009,114
Other general and administrative costs	5,676,953	4,747,899
Total	**13,849,248**	**11,757,013**

Personnel costs refer to salaries, including pension costs and accruals of end-of-service benefits for personnel in service at year-end. The Company employed a staff of 66 as at 31 December 2010 compared to 61 in the previous year.

Other costs include the Euro 1,216,000 in compensation paid to the Company's Directors (Euro 824,033 in 2009), along with the compensation paid to members of the Board of Statutory Auditors, which came to Euro 77,268 in 2010 (Euro 76,938 in 2009). The remainder is associated with consulting fees, office management expenses and other costs of an administrative nature.

7. Dividends, other financial income and financial charges

(Euro)	2010	2009
Dividends	**46,930,460**	**52,065,524**
Other financial income		
Bank interest income	85,916	89,495
Interest on sundry receivables	133,776	123,752
Fair-value accounting	247,500	-
Exchange gains	1,909,694	108,188
Total	**2,376,886**	**321,435**
Financial charges		
Interest on borrowings	(83,646)	(111,987)
Bank interest expenses	(205)	(2,705)
Other financial charges	(92,332)	(34,261)
Exchange losses	(109,862)	(515,604)
Total	**(286,045)**	**(664,557)**

The following table presents dividends collected on equity investments in 2010:

(Euro)	2010	2009
Subsidiaries		
d'Amico Shipping Italia S.p.A.	29,715,296	20,000,000
d'Amico International S.A.	14,999,976	29,999,951
C.G.Telemar S.p.A.	1,908,739	2,030,574
	46,624,011	**52,030,525**
Other companies		
Tamburi Investments Partners S.p.A.	282,449	
Sator S.p.A.	24,000	
Datalogic S.p.A.		34,999
	306,449	**34,999**
Total	**46,930,460**	**52,065,524**

The effect of fair-value accounting presented under Other financial income is associated with warrants in the Company's portfolio at year-end, whereas exchange gains, which relate to differences registered during the year and the translation of items of the statement of financial position in foreign currencies at the exchange rates in force as at 31 December 2010, include in particular the amount of Euro 1.0 million associated with the adjustment of the financial receivable from the subsidiary MIDA expressed in Japanese yen.

The interest expenses presented among Financial charges refer mainly to interest on borrowings arising from finance lease contracts referring to the head office in Rome.

8. Taxation

(Euro)	2010	2009
Current income taxes		
of which, IRES (corporate income tax)	-	-
of which, IRAP (regional production tax)	204,200	181,200
Adjustment of prior-year taxes	(20,865)	-
Deferred taxes	289,888	(71,511)
Total	**473,223**	**109,689**

d'Amico Società di Navigazione S.p.A. is subject to the Italian tax code and the ordinary tax rate that applies to its taxable profit is 27.50%.

The following is a statement of reconciliation between charges for taxes recognized in the income statement and the theoretical tax charge calculated on the basis of the ordinary corporate income tax (IRES) rate in force in Italy:

Profit before tax	**45,059,978**
Tax adjustments for:	
Taxation of dividends at 5%	(44,583,900)
Partial deductibility of costs	610,300
Exchange difference due to translation of items in foreign currencies	(1,054,500)
Taxable profit	31,878
Use of prior-year losses	(31,878)
Tax charges set aside	-

In regards to the foregoing table, it should be noted that the theoretical tax (IRES) applicable to 2010 taxable profit would amount to approximately Euro 9 thousand and that the Company's unused prior-year losses (present beginning with 2008 taxable profit) came to Euro 510 thousand. In the event of future use, such residual prior-year losses would result in a tax savings of Euro 140 thousand.
Deferred tax liabilities arose from the recognition of unrealized positive differences deriving from the translation of accounts receivable in foreign currencies, presented among financial income, which will be taxed only when actually realized.


SAFETY FIRST
SAFETY FIRST
ELECTRIC DUCT

9. Intangible assets

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**28,653**	**62,264**	**193,865**

The amounts of the intangible assets presented in the financial statements refer to software costs, which are amortized over a period of three years.

10. Tangible assets

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**8,939,729**	**9,040,712**	**9,096,961**

The following table presents movements in tangible assets during the reporting year and previous year:

	Land and buildings	Other assets	Total
As at 1 January 2010	**7,791,867**	**1,248,844**	**9,040,711**
Additions	87,154	285,122	372,276
Disposals	-	(42,322)	(42,322)
Depreciation for the year	(179,802)	(251,134)	(430,936)
As at 31 December 2010	**7,699,219**	**1,240,510**	**8,939,729**

	Land and buildings	Other assets	Total
As at 1 January 2009	**7,619,934**	**1,333,603**	**8,953,537**
IFRS adjustments	67,961	75,464	143,425
	7,687,895	1,409,067	9,096,962
Additions	281,159	185,390	466,549
Disposals	-	(65,810)	(65,810)
Depreciation for the year	(177,187)	(248,253)	(425,440)
IFRS adjustments	-	(31,550)	(31,550)
As at 31 December 2009	**7,791,867**	**1,248,844**	**9,040,711**

Land and buildings include the registered office in Palermo, head office in Rome, warehouse in Genoa and several residential and office units in Rome. Other assets include furniture and fittings, electronic machines, motor vehicles and office equipment.

Pursuant to article 10 of Law 72/1983, it is hereby specified that tangible assets include the revalued amount of buildings, in the residual amount of Euro 115,995, as a result of the revaluation applied in 1994 following the merger of Segesta Soc. Mob. Fin. S.p.A.

11. Long-term investments

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**152,848,894**	**116,110,473**	**113,320,767**

The following table presents long-term investments, broken down by investment type, with the percent interest held as at 31 December 2010 and a comparison with the figures from the previous year.

(Thousands of euro) Company name	As at 31 Dec 2009	Movements Acquisitions/(disposals)	 Measurement at FV	As at 31 Dec 2010	% interest
Subsidiaries					
d'Amico Shipping Italia S.p.A.	44,976,428			44,976,428	100.00%
d'Amico International S.A.	26,954,779			26,954,779	99.99%
Compagnia Generale Telemar S.p.A.	21,183,807			21,183,807	58.02%
Sirius Ship Management S.r.l.	59,578			59,578	60.00%
Mida Maritime Limited	36,706			36,706	51.00%
Other	79,597	(52,094)		27,503	
	93,290,895	**(52,094)**	**-**	**93,238,801**	
Associates					
Club 3 S.r.l.	-	26,716,250		26,716,250	32.50%
Venice Shipping & Logistic S.p.A.	-	1,177,200		1,177,200	28.26%
Other	22,000			22,000	
	22,000	**27,893,450**	**-**	**27,915,450**	
Other companies					
Tamburi investments Partners S.p.A.	13,795,742	1,599,140	1,553,768	16,948,650	9.26%
Datalogic S.p.A.	4,070,000	1,054,275	2,049,192	7,173,467	2.03%
Sator S.p.A.	2,800,000			2,800,000	1.09%
Sator Private Equity Fund	1,139,254	851,471		1,990,725	-
Banca Profilo S.p.A.	990,000		(315,000)	675,000	0.22%
Civita Servizi S.r.l.	-	904,800		904,800	11.64%
Other	2,582	1,198,884	535	1,202,001	
	22,797,578	**5,608,570**	**3,288,495**	**31,694,643**	
Total	**116,110,473**	**33,449,926**	**3,288,495**	**152,848,894**	

Subsidiaries

Equity investments in other subsidiaries refer to companies in liquidation or non-operational companies. The decrease compared to the previous year is due to the impairment losses recognized.

Associates

During the year, the Company undertook transactions involving associates for a total investment of Euro 27.9 million, relating to the incorporation and subsequent capitalization of ClubTre S.r.l. and Venice Shipping & Logistics S.p.A.

Other companies

During the year the Company undertook investments in other companies, primarily Tamburi Investment Partners S.p.A. (Euro 1.6 million) and Datalogic S.p.A. (Euro 1.0 million) for a total amount of Euro 5.6 million, while the remainder (Euro 3.3 million) refers to measurement at fair value.

The measurement of such equity investments at fair value during the preparation of the financial statements resulted in a total negative effect of Euro 2.5 million, most of which (Euro 2.4 million) was related to the measurement of Tamburi Investments Partners S.p.A. The effect of measurement at fair value has been recognized among shareholders' equity reserve (available-for-sale fair value reserve) and presented in the statement of comprehensive income. It should also be noted that the carrying amount of Tamburi Investment Partners S.p.A. in 2009 included the equity investment in Secontip (Euro 2.8 million), incorporated by the former in early 2010.

12. Other non-current financial assets

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**5,756,364**	**4,699,263**	**4,957,306**

The line item includes the receivable of Euro 5,7 million from the subsidiary MIDA Limited denominated in Japanese yen. In this respect, it should be noted that a change in the JPY/EUR exchange rate of 5% at the end of 2010 would have resulted in a change in the account receivable, and thus in the exchange differences recognized in the income statement, of approximately Euro 300 thousand.

13. Other non-current assets

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**846,860**	**870,940**	**869,322**

The item refers solely to direct taxes receivable.

14. Receivables and other non-current assets

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**1,679,642**	**1,011,815**	**2,207,317**

The foregoing receivables derive from the invoicing of revenue according to the contracts in force and are all to be considered due in 2011.

15. Other current financial assets

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**5,083,102**	**52,606**	**71,428**

Other current financial assets pertain to certain short-term investments. The increase in 2010 included Euro 5.5 million related to the purchase of bonds issued by Banco Popolare Società Cooperativa a r.l. The balance of the item also includes the effects of the measurement of financial assets at fair value. In 2010, measurement at fair value resulted in a negative adjustment of Euro 728 thousand, recognized in the specific shareholders' equity reserve, inasmuch as the assets are available for sale.

16. Cash and cash equivalents

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Bank deposits	11,006,134	21,166,970	4,930,880
Cash	2,839	5,577	2,406
Total	**11,008,973**	**21,172,547**	**4,933,286**

The item is primarily represented by short-term deposits and the change was due to corporate activity and the cash used to undertake investments.

17. Shareholders' equity

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Share capital	25,000,000	25,000,000	25,000,000
Retained earnings	95,589,595	77,219,439	57,398,100
Other reserves	(2,509,895)	(5,069,921)	(4,064,179)
Net profit	44,586,755	48,243,757	49,821,338
Total shareholders' equity	**162,666,455**	**145,393,275**	**128,155,259**

Share capital

The authorized and paid-in share capital of d'Amico Società di Navigazione came to Euro 25.0 million and was divided into 10 million shares with a par value of Euro 2.50 each.

Retained earnings

Retained earnings comprise profits retained through the end of the previous year, net of dividends distributed. It should be noted that as at 31 December 2010 the amount of Euro 1,314,118 was to be considered not available for distribution inasmuch as it derived from revaluations through shareholders' equity and unrealized exchange adjustments applied in previous years.

Other reserves

Other reserves include the aforementioned adjustments of short- and long-term financial investments undertaken by the Company to their fair value. As indicated in movements of shareholders' equity, a dividend of Euro 30.0 million, or Euro 0.12 per share, was distributed to shareholders in 2010.

18. Provisions for risks and charges

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**669,833**	**669,833**	**729,757**

The item refers to allocations to provisions for risks or litigation relating to certain ongoing labour suits or disputes. No allocations or draw-downs were undertaken in 2010.

19. Provisions for employee benefits

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**1,814,277**	**1,696,659**	**1,506,639**

The provision represents the discounted amount set aside to account for the liability to employees pursuant to law and labour contracts in force, less the benefits accrued after 1 January 2007, which have been allocated to complementary pension schemes in accordance with Legislative Decree 252 of 5 December 2005 (or transferred to the INPS treasury fund). The cited amount also includes the provision set aside for the end-of-service benefits of members of the Board of Directors established in 2006, also discounted as required by international accounting principles. The following table presents the change in actuarial liabilities during the year and a reconciliation of those actuarial liabilities with the carrying amounts of liabilities as at 31 December 2010 and 31 December 2009:

(Euro)	As at 31 December 2010	As at 31 December 2009
Actuarial liability at the beginning of the year	**1,696,659**	**1,506,639**
Normal cost	199,982	192,719
Financial charges	18,037	34,259
Disbursements	(82,054)	(75,620)
Unrecognized actuarial (gains)/losses during the period	(18,346)	38,662
Recognized liability as at year-end	**1,814,278**	**1,696,659**

The main assumptions used in preparing an actuarial estimate of employee-benefit liabilities are as follows:

	As at 31 December 2010	As at 31 December 2009
Post-employment benefits		
Discount rate	Government rate curve	Government rate curve
Inflation rate	2,00%	2,00%
Staff turnover rate	5%	5%
Mortality rate	ISTAT 2002	ISTAT 2002
End-of-service benefits		
Inflation rate	0%	0%
Discount rate	Government rate curve	Government rate curve

20. Banks and other lenders

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Non-current liabilities to financial institutions	2,044,707	2,342,872	2,656,874
Current liabilities to financial institutions	264,964	252,616	219,618
Other lenders (current)	15,000,000		
Total	**17,309,671**	**2,595,488**	**2,876,492**

Liabilities to financial institutions are limited to those associated with the finance lease agreement contracted from Unicredit Leasing S.p.A., which refers to the property located at Corso d'Italia 35 b (Company's head office), and the final, immaterial instalment of the loan from Unicredit relating to another property located in Rome. The item Other lenders refers to an interest-bearing loan contracted by d'Amico International S.A. and set to be discharged in the first half of 2011. All of the liabilities in question are denominated in euro.

21. Payables and other current liabilities

(Euro)	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
Total	**3,255,397**	**2,478,669**	**2,123,897**

As at 31 December 2010, payables and other current liabilities primarily consist of trade payables, in addition to the social-security and tax payables deriving from the Company's role as withholding agent, settled in January 2011.

22. Information on financial risk

As disclosed in note 2, Risk management, the Company exposed to some financial risks associated with its operations. This section provides qualitative and quantitative disclosure on the effect that those risks may have on the Company.

Market risk

Given its role of holding company, the Company is not exposed to market risk bearing directly on its operations.

Foreign-exchange risk

As at 31 December 2010, the Company, with the exception of the loan in Japanese yen contracted by the subsidiary Mida (JPY 622.2 million), is not exposed to significant positions payable or receivable in foreign currencies and does not make use of derivative instruments exposed to foreign-exchange risk.

Interest-rate risk

The Company is not exposed to interest-rate risk to a significant extent.

Credit risk

The receivables outstanding as at year-end are essentially claimed from Group companies. There were no past-due items of material amount.

Liquidity risk

The Company is exposed to liquidity risk arising from the possible mismatch between cash requirements and credit facility repayments and cash flows. Information concerning credit facilities is presented in note 19, while the details of commitments are set out in note 23. Management believes that the currently available funds and major lines of credit, along with the cash provided by operating activities, will allow the Company to satisfy its requirements from investing activities and working capital needs and fulfil its obligations to repay its debts at their natural due dates.

Fair-value risk

Management believe that the fair values of financial assets and liabilities do not diverge significantly from their carrying amounts as at the reporting date.

23. Related-party transactions

In 2010, as in the previous year, d'Amico Società di Navigazione S.p.A. had dealings with related parties relating essentially to service contracts in force with subsidiaries. Such contracts were entered into at normal arm's-length conditions equivalent to those agreed to with independent third parties. The following is a presentation of transactions affecting the income statement undertaken in 2010.

(Thousands of euro)	d'Amico Shipping Italia	Cogema	d'Amico International	d'Amico Finance	d'Amico International Shipping	d'Amico Tankers	Ishima	d'Amico Dry	Mida Maritime
Revenue	-	-	-	-	-	-	-	-	-
Assistance	4,599	28	100	10	60	3,552	58	2,555	
Financial	-	-	-	-	-	-	-	-	126

For dividend revenue, please refer to the illustrative table presented in note 7.

(Thousands of euro)	Cogema	d'Amico International	Ishima	d'Amico Ireland	Sirius Shipmanagement
Costs	-	-	-	-	-
Operating/administrative	850		256	25	600
Financial	-	12		-	-

The amounts relating to services rendered in 2010 do not diverge significantly from those reported in the previous year. This circumstance is a consequence of the nature of those amounts, which arose from long-term contracts. Dividends collected in 2009 were as follows: Euro 20.0 million from d'Amico Shipping Italia, Euro 30.0 million from d'Amico International S.A. and Euro 2.0 million from Compagnia Generale Telemar S.p.A.

The following table presents the balances of the statement of financial position as at 31 December 2010:

(Thousands of euro)	d'Amico Shipping Italia	Cogema	d'Amico International	d'Amico International Shipping	d'Amico Tankers	Ishima	d'Amico Dry	Mida Maritime	Damighreb	d'Amico Tankers UK	d'Amico Tankers Monaco	Sirius Shipmanagem.
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Trade receivables	5.0	0.7		21.5	244.9	179.3	44.2		34.3	5.1	0.1	9.0
Financial	-	-	-	-	-	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-	-	-	-
Financial	-	-	15,011.0	-	-	-	-	-	-	-	-	-

24. Guarantees, commitments and contingencies

Guarantees given

With the exception of several comfort letters issued on behalf of the indirect subsidiary d’Amico Dry Limited, there were no guarantees given to third parties as at 31 December 2010.

Commitments

In regards to the finance lease contract recognized among liabilities to banks and other lenders, the amounts to be paid through the expiry of the lease (2015) came to Euro 2,6 million as at 31 December 2010, of which Euro 311 thousand was represented by interest.

Ongoing disputes

The Company is currently a party to ongoing legal disputes relating to commercial and labour matters for which allocations have been made to provisions for risks and charges. There are no other disputes that may give rise to potential liabilities.

25. Subsequent events

During the first few months of 2011, the Company undertook additional investments in minority interests in the total amount of Euro 5.1 million. Especially worthy of note among the investments undertaken the Euro 1.5 million invested in Tamburi Investment Partners S.p.A., which increased the share held by d’Amico Società di Navigazione S.p.A. to 10.03%.

26. Effects of the transition to International Financial Reporting Standards (IFRSs)

Introduction

As stated in the introduction, these are the first financial statements of d'Amico Società di Navigazione S.p.A. prepared in accordance with IFRSs.

The accounting principles described in note 1 have been applied in preparing the statutory financial statements for the year ended 31 December 2010, the comparative figures for the year ended 31 December 2009 and the opening statement of financial position as at the date of transition, 1 January 2009. Accordingly, in preparing the opening statement of financial position, d’Amico Società di Navigazione S.p.A. has adopted the values that would have been presented according to Italian accounting principles (‘ITA GAAP’) by adjusting them to comply with IFRSs. The following is an analysis of the impact of the transition from ITA GAAP to IFRSs on the Company's statement of financial position and income statement.

Statement of financial position (assets)

Reconciliation of shareholders' equity Figures in euro	Notes	1 January 2009			31 December 2009		
		ITA GAAP	Effect of transition to IFRSs	IFRSs	ITA GAAP	Effect of transition to IFRSs	IFRSs
Assets							
Intangible assets	a,b	817,844	(623,979)	193,865	482,093	(419,829)	62,264
Tangible assets	a,b	8,953,536	143,425	9,096,961	8,928,837	111,875	9,040,712
Long-term investments	c	117,384,946	(4,064,179)	113,320,767	121,180,394	(5,069,921)	116,110,473
Other non-current financial assets		4,957,306	-	4,957,306	4,699,263	-	4,699,263
Other non-current assets		869,322	-	869,322	870,940	-	870,940
Total non-current assets		**132,982,954**	**(4,544,733)**	**128,438,221**	**136,161,527**	**(5,377,875)**	**130,783,652**
Receivables and other current assets		2,207,317	-	2,207,317	1,011,815	-	1,011,815
Other current financial assets		71,428	-	71,428	52,606	-	52,606
Cash and cash equivalents		4,933,286	-	4,933,286	21,172,547	-	21,172,547
Total current assets		**7,212,031**	**-**	**7,212,031**	**22,236,968**	**-**	**22,236,968**
Total assets		**140,194,985**	**(4,544,733)**	**135,650,252**	**158,398,495**	**(5,377,875)**	**153,020,620**

Statement of financial position (shareholders' equity and liabilities)

Reconciliation of shareholders' equity Figures in euro	Notes	1 January 2009 ITA GAAP	Effect of transition to IFRSs	IFRSs	31 December 2009 ITA GAAP	Effect of transition to IFRSs	IFRSs
Shareholders' equity							
Share capital		25,000,000	-	25,000,000	25,000,000	-	25,000,000
Retained earnings	a,b,d,e	58,154,189	(756,089)	57,398,100	77,975,527	(756,088)	77,219,439
Other reserves	c	-	(4,064,179)	(4,064,179)	-	(5,069,921)	(5,069,921)
Net profit	a,d	49,821,338	-	49,821,338	48,037,806	205,951	48,243,757
Total shareholders' equity		**132,975,527**	**(4,820,268)**	**128,155,259**	**151,013,333**	**(5,620,058)**	**145,393,275**
Liabilities							
Provisions for risks and charges		729,757	-	729,757	669,833	-	669,833
Banks and other lenders		2,656,874	-	2,656,874	2,342,872	-	2,342,872
Provisions for employee benefits	d	1,489,312	17,327	1,506,639	1,641,172	55,487	1,696,659
Deferred tax liabilities	e	-	258,208	258,208	-	186,696	186,696
Total non-current liabilities		**4,875,943**	**275,535**	**5,151,478**	**4,653,877**	**242,183**	**4,896,060**
Banks and other lenders		219,618	-	219,618	252,616	-	252,616
Payables and other current liabilities		2,123,897	-	2,123,897	2,478,669	-	2,478,669
Total current liabilities		**2,343,515**	**-**	**2,343,515**	**2,731,285**	**-**	**2,731,285**
Total shareholders' equity and liabilities		**140,194,985**	**(4,544,733)**	**135,650,252**	**158,398,495**	**(5,377,875)**	**153,020,620**

Income statement

Reconciliation of the income statement Figures in euro	Notes	2009 ITA GAAP	Effect of transition to IFRSs	IFRSs
Revenue		10,620,476	-	10,620,476
Operating costs		(1,374,354)	-	(1,374,354)
General and administrative costs	a,d	(11,925,712)	168,699	(11,757,013)
Gross operating profit / (loss)		**(2,679,590)**	**168,699**	**(2,510,891)**
Depreciation and amortization		(858,069)	-	(858,069)
Operating profit / (loss)		**(3,537,659)**	**168,699**	**(3,368,960)**
Dividends		52,065,524	-	52,065,524
Other financial income		321,439	-	321,439
Financial charges	d	(630,298)	(34,259)	(664,557)
Profit before taxes		**48,219,006**	**134,440**	**48,353,446**
Income taxes	e	181,200	(71,511)	109,689
Net profit		**48,037,806**	**205,951**	**48,243,757**

Effects on the statement of cash flows

A statement of reconciliation has not been presented for the statement of cash flows inasmuch as the effects of the application of IFRSs were not material.

First-time adoption of IFRSs

The statement of financial position as at 1 January 2009 and 31 December 2009 and the income statement and statement of comprehensive income for 2009 prepared in accordance with IFRSs have been drawn up by applying the adjustments and reclassifications to the final figures according to ITA GAAP required to render those statements compliant with the presentation, recognition and measurement criteria specified by IFRSs.

The effects of the transition to IFRSs derive from changes in accounting principles and, thus, as required by IFRS 1, are reflected in the initial shareholders' equity as at the date of transition (1 January 2009). The transition to IFRSs involved maintaining the estimates previously formulated according to ITA GAAP, except where the adoption of IFRSs required the formulation of estimates according to different methods. No departures from the application of IFRSs were made in preparing these financial statements. As required by IFRS 1, a consolidated statement of financial position as at the date of transition to the new accounting principles (1 January 2009) has been prepared, in which:

- all assets and liabilities eligible for recognition according to the new principles (and only those assets and liabilities) have been recognized;
- the items previously presented according to methods other than those provided for in IFRSs have been reclassified;
- assets and liabilities have been recognized at the values that would have resulted if the new accounting principles had always been applied, except for the exemptions and options allowed by IFRS 1, as specified below;
- all adjustments resulting from the first-time application of IFRSs have been recognized through shareholders' equity.

The adjustment of the initial statement of financial position as at 1 January 2009 and the schedules of the statutory financial statements for the year ended 31 December 2009 required that d'Amico Società di

Navigazione S.p.A. present its financial statement schedules as follows: the 'current/non-current' presentation and classification scheme has been adopted for the statement of financial position, while the system in which costs are classified by nature has been adopted for the income statement.
During the first-time adoption of IFRSs, the Company has chosen to make use of the following optional exemptions allowed under IFRS 1:

- previously recognized equity investments in other companies have been designated as available for sale;
- equity investments in subsidiaries and associates have been recognized at the cost substitute of their carrying amounts according to ITA GAAP.

Comments on the main IFRS adjustments

a) Recognition in the income statement of advisory costs not eligible for capitalization pursuant to IAS 38

The external advisory costs incurred by the Company do not meet the requirements for classification among Intangible assets set forth in IAS 38. Accordingly, those costs have been recognized in the income statement among General and administrative costs. The effect is summarized below:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
General and administrative costs		173
Net profit / (loss)		**173**
Statement of financial position		
Intangible assets	(549)	(376)
Shareholders' equity	**(549)**	**(376)**

b) Spot recalculation of depreciation of leased property and reclassification of leasehold improvements

In accordance with IFRSs, depreciation of an asset commences when that asset becomes available or use, meaning that it is in the place and conditions required for it to function in the manner intended by management. Depreciation charges for properties have thus been recalculated on a spot basis. In addition, under ITA GAAP, the costs of maintenance work were recognized among intangible assets. Such costs, while eligible for capitalization, do not meet the requirements for classification among intangible assets set forth in IAS 38. Accordingly, in the absence of the requirements for consideration as intangible assets, the foregoing costs have been reclassified among Tangible assets pursuant to IAS 16, inasmuch as they refer to construction costs.
The following is a presentation of the above effects:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Depreciation		-
Net profit / (loss)		**-**
Statement of financial position		
Tangible assets	143	112
Intangible assets	(75)	(44)
Shareholders' equity	**68**	**68**

c) Recognition of available-for-sale financial assets at fair value

As at the date of transition to IFRSs, the Company decided to designate investments in other companies as available for sale, using the exemption provided for in IFRS 1.D1(j). Accordingly, as provided for in IAS 39.46, the Company recognized the investments in listed companies (Tamburi Investment Partners, Datalogic and Banca Profilo S.p.A.) at fair value and other investments in equity instruments at cost, on the grounds that fair value may not be reliably determined as those investments do not have a market price quoted on an active market (Sator, Sator Private Equity Fund, Secontip and other minor consortia interests). The effects of the adjustment are as follows:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Net profit / (loss)		**-**
Statement of financial position		
Long-term investments	(4.064)	(5.070)
Shareholders' equity	**(4.064)**	**(5.070)**

d) Employee benefits

In the financial statements prepared according to ITA GAAP, post-employment benefit and end-of-service liability was recognized pursuant to the law and company agreements. In accordance with IAS 19 and the instructions provided by the Italian Accounting Association (OIC) in its *Operating Guide for the Transition to International Accounting Principles*, the portion of post-employment benefit liability recognized prior to the entry into force of the social-security reform (Law 296/06) is considered a defined-benefit plan and has thus been re-determined according to an actuarial approach. The accounting model chosen by the Company in accordance with IAS 19, paragraphs 93 and 93A, involves recognizing all actuarial gains and losses in the income statement. Accordingly, the effect on the income statement for 2009 corresponds to both the effect of the interest expenses arising from the actuarial calculation and the recognition of the actuarial gains and losses.

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
General and administrative costs		(4)
Financial charges		(34)
Net profit (loss) for the period		**(38)**
Statement of financial position		
Post-employment benefits	(17)	(55)
Shareholders' equity	**(17)**	**(55)**

e) Recognition of deferred tax liabilities on foreign-exchange gains

According to ITA GAAP, a deferred tax liability may not be recognized if it is unlikely that the liability will effectively occur. By contrast, in accordance with IAS 12.15, a deferred tax liability must be recognized for all taxable temporary differences, unless the liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that does not represent a business combination and does not have an impact on accounting profit or loss or taxable profit or loss at the transaction date. In adjusting the financial statements to international accounting principles, the Company thus recognized deferred tax liabilities associated with foreign-exchange gains generated on a loan denominated in yen contracted by Mida Maritime. The following is a presentation of the above effects:

(Thousands of euro)	1 Jan 2009	31 Dec 2009
Income statement		
Income taxes		72
Net profit / (loss)		**72**
Statement of financial position		
Deferred tax liabilities	(258)	(186)
Shareholders' equity	**(258)**	**(186)**

Statement of reconciliation of shareholders' equity and net profit for the year

As required by IFRS 1, the following is the statement of reconciliation of shareholders' equity as at 1 January 2009 and 31 December 2009 and net profit for 2009, with references to the comments on the adjustments applied to balances prepared in accordance with ITA GAAP.

(Thousands of euro)	Notes	1 January 2009 Shareholders' equity	31 december 2009 Net profit	31 december 2009 Shareholders' equity
ITA GAAP balance		**132,975**	**48,038**	**151,013**
Adjustments:				
Recognition in the income statement of advisory costs not eligible for capitalization pursuant to IAS 38	a	(549)	173	(376)
Spot recalculation of depreciation of leased property and reclassification of leasehold improvements	b	68	-	68
Recognition of available-for-sale financial assets at fair value	c	(4,064)	-	(5,070)
Employee benefits	d	(17)	(38)	(55)
Recognition of deferred tax liabilities on foreign exchange gains	e	(258)	72	(187)
IFRS balance		**128,155**	**48,244**	**145,393**

Annexes

Annexes

List of Fleet Vessels

Dry cargo

Name of vessel	Vessel type	Dwt	Year	Company
Owned				
Medi Hong Kong	Panamax	83,000	2006	d'Amico Shipping Italia S.p.A.
Medi Lausanne	Panamax	83,002	2006	d'Amico Dry Limited
Medi Baltimore	Panamax	76,290	2005	d'Amico Shipping Italia S.p.A.
Medi Venezia	Panamax	76,600	2005	d'Amico Shipping Italia S.p.A.
Medi Cagliari	Panamax	75,500	2004	d'Amico Shipping Italia S.p.A.
Medi Tokio	Panamax	74,356	1999	d'Amico Shipping Italia S.p.A.
Medi Sentosa [1]	Panamax	83,690	2008	Mida Maritime Ltd
Medi Valencia	Handymax	56,000	2008	d'Amico Shipping Italia S.p.A.
Medi Bangkok	Handymax	53,466	2006	d'Amico Dry Limited
Medi Lisbon	Handymax	58,700	2006	d'Amico Dry Limited
Medi Chennai	Handymax	55,500	2005	d'Amico Dry Limited
Medi Shanghai	Handymax	56,000	2005	d'Amico Dry Limited
Medi Cork	Handymax	53,500	2004	d'Amico Dry Limited
Medi Nagasaki	Handymax	53,098	2002	d'Amico Dry Limited
Cielo di Livorno	OHBS	37,277	2008	d'Amico Dry Limited
Cielo di Genova	OHBS	32,353	2005	d'Amico Dry Limited
Cielo di Monfalcone [1]	OHBS	37,420	2002	d'Amico Shipping Italia S.p.A.
Cielo di Vancouver [1]	OHBS	37,420	2002	d'Amico Shipping Italia S.p.A.
Cielo di Casablanca [2]	Containers carrier	9,950	1998	d'Amico Dry Limited
Chartered				
Medi Salerno	Panamax	81,000	2008	d'Amico Dry Limited
Medi Antwerp	Panamax	76,600	2007	d'Amico Dry Limited
Medi Singapore	Panamax	75,397	2006	d'Amico Dry Limited
Medi Genova	Panamax	75,600	2004	d'Amico Dry Limited
Medi Vitoria	Panamax	76,616	2004	d'Amico Dry Limited
Medi Kobe	Panamax	75,924	2001	d'Amico Dry Limited
Medi Paestum	Handymax	55,500	2009	d'Amico Dry Limited
Medi Segesta	Handymax	58,000	2009	d'Amico Dry Limited
Medi Firenze	Handymax	58,000	2008	d'Amico Dry Limited
Medi Imabari	Handymax	56,047	2008	d'Amico Dry Limited

[1] Chartered to d'Amico Dry Limited

[2] Chartered to Damighreb

Name of vessel	Vessel type	Dwt	Year	Company
Chartered				
Cielo di Pisa	OHBS	32,248	2008	d'Amico Dry Limited
Cielo di Savona	OHBS	33,225	2008	d'Amico Dry Limited
Cielo di Tokyo	OHBS	37,296	2008	d'Amico Dry Limited
Cielo di Venezia	OHBS	37,313	2008	d'Amico Dry Limited
Cielo di Amalfi	IOHBS	37,322	2007	d'Amico Dry Limited
Tetuan [2]	Containers carrier	8,562	2003	d'Amico Shipping Italia S.p.A.

Product tankers

Name of vessel	Vessel type	Dwt	Year	Company
Owned				
GLENDA Melanie [3]	MR	47,162	2010	GLENDA International Shipping Limited
GLENDA Meredith [3]	MR	46,147	2010	GLENDA International Shipping Limited
High Strength [4]	MR	46,800	2009	DM Shipping Limited
GLENDA Megan [3]	MR	47,147	2009	GLENDA International Shipping Limited
High Efficiency [4]	MR	46,547	2009	DM Shipping Limited
High Venture	MR	51,087	2006	d'Amico Tankers Limited
High Presence	MR	48,700	2005	d'Amico Tankers Limited
High Priority	MR	46,847	2005	d'Amico Tankers Limited
High Progress	MR	51,303	2005	d'Amico Tankers Limited
High Performance	MR	51,303	2005	d'Amico Tankers Limited
High Valor	MR	46,975	2005	d'Amico Tankers Limited
High Courage	MR	46,975	2005	d'Amico Tankers Limited
High Endurance	MR	46,992	2004	d'Amico Tankers Limited
High Endeavour	MR	46,992	2004	d'Amico Tankers Limited
High Challenge	MR	46,475	1999	d'Amico Tankers Limited
High Spirit	MR	46,473	1999	d'Amico Tankers Limited
High Wind	MR	46,471	1999	d'Amico Tankers Limited
Cielo di Salerno	Handysize	36,032	2002	d'Amico Tankers Limited
Cielo di Parigi	Handysize	36,032	2001	d'Amico Tankers Limited
Cielo di Londra	Handysize	35,985	2001	d'Amico Tankers Limited

[2] Chartered to Damighreb

[3] d'Amico International Shipping S.A. owns 50% of GLENDA International Shipping Limited

[4] d'Amico Tankers Limited owns 51% of DM Shipping Limited. Vessels are chartered to d'Amico Tankers Limited.

Name of vessel	Vessel type	Dwt	Year	Company
Chartered				
High Enterprise	MR	45,800	2009	d'Amico Tankers Limited
High Force	MR	53,603	2009	d'Amico Tankers Limited
High Pearl	MR	48,023	2009	d'Amico Tankers Limited
High Saturn	MR	51,149	2008	d'Amico Tankers Limited
High Mars	MR	51,149	2008	d'Amico Tankers Limited
High Mercury	MR	51,149	2008	d'Amico Tankers Limited
High Jupiter	MR	51,149	2008	d'Amico Tankers Limited
Uzava	MR	52,622	2008	d'Amico Tankers Limited
High Glory	MR	45,700	2006	d'Amico Tankers Limited
High Glow	MR	46,846	2006	d'Amico Tankers Limited
High Prosperity	MR	48,711	2006	d'Amico Tankers Limited
High Century	MR	48,676	2006	d'Amico Tankers Limited
High Energy	MR	46,874	2004	d'Amico Tankers Limited
High Power	MR	46,874	2004	d'Amico Tankers Limited
High Nefeli	MR	45,976	2003	d'Amico Tankers Limited
Malbec	Handysize	38,499	2008	d'Amico Tankers Limited
Marvel	Handysize	38,603	2008	d'Amico Tankers Limited
Cielo di Guangzhou [5]	Handysize	38,877	2006	d'Amico Tankers Limited
Handytanker Liberty [6]	Handysize	34,620	2006	d'Amico Tankers Limited
Cielo di Milano [5]	Handysize	40,096	2003	d'Amico Shipping Italia S.p.A.
Cielo di Roma [5]	Handysize	40,081	2003	d'Amico Shipping Italia S.p.A.
Cielo di Napoli [7]	Handysize	40,083	2002	d'Amico Shipping Italia S.p.A.

[5] Bare boat contract

[6] Vessel chartered through Handytankers pool

[7] Bare boat contract. Vessel chartered to d'Amico Tankers Limited


CIELO DI SAN FRANCISCO
MONROVIA

Financial Statements of the Main Subsidiaries

d'Amico Shipping Italia S.p.A. - Financial statements for the year ended 31 December 2010

Income statement

(Euro)	2010	2009
Revenue	97,525,609	81,742,669
Voyage costs	(6,312,679)	(10,377,572)
Time charter equivalent earnings	**91,212,930**	**71,365,097**
Time charter hire costs	(12,222,545)	(10,032,893)
Other direct operating costs	(22,103,620)	(25,935,765)
General and administrative costs	(3,738,185)	(4,305,085)
Other operating income	145,466	1,796,119
Capital gains on sale of vessels	6,123,299	4,069,178
Gross operating profit	**59,417,345**	**36,956,651**
Depreciation and amortization	(8,299,470)	(9,605,236)
Operating profit	**51,117,875**	**27,351,415**
Financial income	6,705,690	8,172,333
Financial charges	(7,452,740)	(5,929,885)
Profit before taxes	**50,370,825**	**29,593,863**
Income taxes	(603,100)	-
Net profit	**49,767,725**	**29,593,863**

Statement of comprehensive income

(Euro)	2010	2009
Net profit	**49,767,725**	**29,593,863**
Cash flow hedges	195,185	654,248
Comprehensive income	**49,962,910**	**30,248,111**

Statement of financial position

(Euro)	As at 31 Dec 2010	As at 31 Dec 2009	As at 1 Jan 2009
ASSETS			
Non-current assets			
Tangible assets	118,839,461	116,912,330	105,496,147
Long-term investments	383,639	3,950	3,950
Total non-current assets	**119,223,100**	**116,916,280**	**105,500,097**
Current assets			
Inventories	2,091,451	1,392,258	1,297,665
Receivables and other current assets	10,822,302	6,043,685	5,223,354
Other current financial assets	-	-	-
Cash and cash equivalents	72,756,189	64,467,168	48,524,930
Total current assets	**85,669,942**	**71,903,111**	**55,045,949**
Total assets	**204,893,042**	**188,915,391**	**160,546,046**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	15,000,000	15,000,000	15,000,000
Reserves	84,049,339	83,975,586	41,869,412
Net profit for the year	49,767,725	29,593,863	61,451,929
Total shareholders' equity	**148,817,064**	**128,569,449**	**118,321,341**
Non-current liabilities			
Banks and other lenders	38,813,633	39,860,510	28,083,603
Post-employment benefits	336,359	333,163	421,754
Other non-current financial liabilities	1,245,601	1,061,097	1,715,345
Total non-current liabilities	**40,395,593**	**41,254,770**	**30,220,702**
Current liabilities			
Banks and other lenders	4,161,778	11,495,835	2,835,115
Payables and other current liabilities	10,323,485	7,084,092	8,875,189
Other current financial liabilities	409,176	250,449	140,943
Taxes payable	785,946	164,796	152,756
Total current liabilities	**15,680,385**	**18,995,172**	**12,004,003**
Total shareholders' equity and liabilities	**204,893,042**	**188,915,391**	**160,546,046**

d'Amico International S.A. - Financial statements for the year ended 31 December 2010

Consolidated income statement

USD	2010	2009
Revenue	806,434,874	645,401,286
Direct costs	(214,577,929)	(144,413,659)
Net operating revenue	**591,856,945**	**500,987,626**
Hire costs	(312,851,988)	(246,988,064)
Other direct operating costs	(81,876,159)	(73,578,088)
General and administrative costs	(55,039,420)	(49,781,666)
Capital gains on the sale of vessels	8,663,497	-
Gross operating profit	**150,752,875**	**130,639,808**
Depreciation and amortization	(47,639,053)	(53,854,761)
Impairment	-	12,620,261
Operating profit	**103,113,822**	**89,405,308**
Net financial income / (charges)	(14,460,668)	17,747,296
Capital gains on the sale of equity investments	-	3,728,769
Profit before taxes	**88,653,154**	**110,381,373**
Income taxes	4,150,061	(15,054,626)
Net profit	**92,803,215**	**95,326,748**
Attributable to:		
Parent Company	100,760,233	99,856,402
Minorities	(7,957,021)	(4,529,654)
Net profit	**92,803,215**	**95,326,748**

Consolidated statement of comprehensive income

USD	2010	2009
Net profit	**92,803,215**	**95,326,748**
Cash flow hedges	(6,207,921)	(10,740,764)
Translation differences on foreign operations	(18,873,793)	2,500,400
Comprehensive income	**67,721,501**	**87,086,384**
Attributable to the Parent Company	75,530,458	91,592,010
Attributable to minorities	(7,808,957)	(4,505,626)
Comprehensive income	**67,721,501**	**87,086,384**

Consolidated statement of financial position

USD	As at 31 Dec 2010	As at 31 Dec 2009
ASSETS		
Non-current assets		
Tangible assets	819,160,058	733,019,752
Intangible assets	982,027	1,121,017
Non-current financial assets	2,218,336	1,048,114
Total non-current assets	**822,360,421**	**735,188,883**
Current assets		
Inventories	31,244,808	23,100,473
Receivables and other current assets	177,379,798	185,980,671
Taxes receivable	126,789	89,344
Other current financial assets	199,411,928	191,810,792
Derivative instruments	2,372,066	13,685,765
Cash and cash equivalents	196,210,047	227,087,113
Total current assets	**606,745,436**	**641,754,158**
Total assets	**1,429,105,857**	**1,376,943,041**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	4,110,600	3,261,521
Retained earnings	774,827,931	712,827,291
Other reserves	(7,873,759)	(1,517,774)
	771,064,772	**714,571,038**
Capital and reserves attributable to minorities	108,853,423	119,419,666
Total shareholders' equity	**879,918,195**	**833,990,704**
Non-current liabilities		
Banks and other lenders	338,984,934	302,084,842
Derivative instruments	-	8,740,431
Deferred tax liabilities	134,944	5,072,162
Other non-current financial liabilities	-	10,783,268
Total non-current liabilities	**339,119,878**	**326,680,703**
Current liabilities		
Banks and other lenders	15,779,049	49,765,357
Payables and other current liabilities	175,003,209	146,206,617
Derivative instruments	18,541,709	17,409,556
Taxes payable	743,817	2,890,104
Total current liabilities	**210,067,784**	**216,271,634**
Total shareholders' equity and liabilities	**1,429,105,857**	**1,376,943,041**

d'Amico International Shipping S.A. - Consolidated financial statements for the year ended 31 December 2010

Consolidated income statement

Thousands of USD	2010	2009
Revenue	305,592	260,039
Voyage costs	(106,249)	(74,488)
Time charter equivalent earnings	**199,343**	**185,551**
Time charter hire costs	(102,314)	(91,336)
Other direct operating costs	(53,367)	(45,901)
General and administrative costs	(18,778)	(21,386)
Other operating income	5,557	3,860
Gross operating profit	**30,441**	**30,788**
Depreciation and amortization	(32,467)	(37,163)
Operating profit / (loss)	**(2,026)**	**(6,375)**
Net financial income / (charges)	(19,018)	(5,283)
Profit / (loss) before taxes	**(21,044)**	**(11,658)**
Income taxes	513	(1,751)
Net profit / (loss)	**(20,531)**	**(13,409)**
Earnings / (Loss) per share	**(0.137)**	**(0.089)**

Consolidated statement of comprehensive income

Thousands of USD	2010	2009
Net profit / (loss)	**(20,531)**	**(13,409)**
Cash flow hedges	437	4,355
Comprehensive income / (loss)	**(20,094)**	**(9,054)**

Comprehensive income is entirely attributable to the Parent Company.

Consolidated statement of financial position

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

Compagnia Generale Telemar S.p.A. - Consolidated financial statements (IFRS-compliant) for the year ended 31 December 2010

Consolidated income statement

Euro	2010	2009
Revenue	113,102,481	96,719,009
Direct operating costs	(444,901)	(20,344,688)
General and administrative costs	(104,353,624)	(69,526,357)
Other operating income	3,050,963	2,435,370
Gross operating profit	**11,354,919**	**9,283,334**
Depreciation	(1,247,829)	(995,328)
Operating profit	**10,107,090**	**8,288,006**
Financial income	136,951	316,613
Financial charges	(449,683)	(486,852)
Profit before taxes	**9,794,358**	**8,117,766**
Income taxes	(2,828,125)	(2,497,408)
Net profit	**6,966,233**	**5,620,359**
Attributable to:		
Parent Company	6,115,510	5,167,831
Minorities	850,723	452,528
Net profit	**6,966,233**	**5,620,359**

Consolidated statement of financial position

Euro	As at 31 December 2010	As at 31 December 2009
ASSETS		
Non-current assets		
Intangible assets	2,182,886	1,185,978
Tangible assets	10,047,572	9,857,784
Long-term investments	209,835	208,225
Other non-current financial assets	0	12,108
Other non-current assets	38,861	24,391
Total non-current assets	**12,479,154**	**11,288,486**
Current assets		
Inventories	6,946,662	5,404,008
Receivables and other current assets	28,648,942	25,785,158
Other current financial assets	714,621	759,805
Cash and cash equivalents	14,797,677	16,083,456
	260,481	472,113
Total current assets	**51,368,383**	**48,504,540**
Total assets	**63,847,537**	**59,793,026**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	6,630,655	6,984,365
Reserves	19,802,081	18,086,180
Net profit	6,115,509	5,167,831
	32,548,245	**30,238,376**
Capital and reserves attributable to minorities	664,553	922,342
Total shareholders' equity	**33,212,798**	**31,160,718**
Non-current liabilities		
	947	655
Banks and other lenders	2,029,758	0
Post-employment benefits	2,822,881	2,924,903
Other non-current financial liabilities	122,766	63,604
	881,638	562,410
Total non-current liabilities	**5,857,990**	**3,551,573**
Current liabilities		
Banks and other lenders	483,076	2,368,420
Payables and other current liabilities	23,972,493	22,273,213
Taxes payable	321,180	439,102
Total current liabilities	**24,776,749**	**25,080,735**
Total shareholders' equity and liabilities	**63,847,537**	**59,793,026**

MOORE STEPHENS
CONCORDE

REVISORI LEGALI
Sede Legale e Uffici
Via Cosimo del Fante 16
20122 Milano - Italy
Tel. +39 02 8339 0440
Tel. +39 02 5831 0284
Fax +39 02 5831 0285

concorde@moorestephens.it
www.barranco.it
Uffici in Roma

CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31ST, 2010

Auditors' Report
art. 14 of D.Lgs n° 39 of January 27th, 2010

To the shareholders of
d'Amico Società di Navigazione S.p.A.

1. We have audited the consolidated financial statement of d'Amico Società di Navigazione S.p.A. and its subsidiaries for the year ended December 31st , 2010 with consolidated equity of € 916.431.556 and consolidated net profit of € 124.744.506. These consolidated financial statements, prepared in accordance with the International Financial Reporting Standards adopted by the European Union and by the Company the first time, are the responsibility of the Company's Management of d'Amico Società di Navigazione S.p.A.. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the established auditing standards issued by the National Council of Dottori Commercialisti and Esperti Contabili. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements and are reliable taken as whole. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements as well as assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The responsibility for the audit of financial statements consolidated with d'Amico Società di Navigazione S.p.A. belongs respectively to other auditors for about 16% of consolidated revenue and about 2% of consolidated net assets, to us for about 9% and about 27%, to other auditors of the Moore Stephens Network for about 75% and about 71%.

The audited comparative figures of previous year make reference to the notes and the explications prepared by the Company's Management reporting about the IFRS conversion which we have examined to express our opinion on the Financial Statements for the period then ended.

3. In our opinion, the consolidated financial statements of d'Amico Società di Navigazione S.p.A. as of December 31st, 2010 comply with the standards which regulate their reporting and accordingly give a true and fair view of the financial position of the Group and the results of its operation for the year then ended.

Milan, 23 May 2011
1310 / 932

Moore Stephens
Concorde
Legal Aditors

Giuseppe A. Barranco
Partner

MOORE STEPHENS CONCORDE

Società a Responsabilità Limitata - Capitale Sociale Euro 50.000
R.I. n. 123608 Trib. Milano
C.F. e P.IVA 00730070158
R. E. A. MI-669647
Autorizzata ad esercitare l'attività di revisione e organizzazione contabile ai sensi della Legge 21.11.1939 n. 1996 e del R.D. 22.04.1940 n. 531
Registro dei Revisori Legali n. 15455

*An independent member firm of Moore Stephens International Limited
Members in principal cities throughout the world*

Gruppo Professionale Barranco

(English translation from the Italian original report issued in accordance with the Italian practice)


HIGH ENDEAVOUR
HIGH ENDEAVOUR

MOORE STEPHENS
CONCORDE

REVISORI LEGALI
Sede Legale e Uffici
Via Cosimo del Fante 16
20122 Milano - Italy
Tel. +39 02 8339 0440
Tel. +39 02 5831 0284
Fax +39 02 5831 0285

concorde@moorestephens.it
www.barranco.it
Uffici in Roma

FINANCIAL STATEMENT AS OF DECEMBER 31ST, 2010

Auditors' Report
art. 14 of D.Lgs 27th January 2010 n° 39

To the shareholders of
d'Amico Società di Navigazione S.p.A.

1. We have audited the financial statement of d'Amico Società di Navigazione S.p.A. for the year ended December 31st , 2010 with equity of € 162.666.455 and net profit of € 44.586.755. This financial statement, prepared in accordance with the International Financial Reporting Standards adopted by the European Union and by the Company the first time, are the responsibility of the Company's Management. Our responsibility is to express an opinion on this financial statement based on our audit.

2. We conducted our audit in accordance with the established auditing standards by the National Council of Dottori Commercialisti and Esperti Contabili. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements and are reliable taken as a whole. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements as well as assessing the accounting principles used and significant estimates made by the Company's Management. We believe that our audit provides a reasonable basis for our opinion.

As required by the law, the financial statements make reference to the audited comparative figures of previous year for which we refer to our report issued on 24th May 2010 and to the Company's Management notes reporting about the IFRS conversion which we have examined to express our opinion on the financial statements for the period then ended.

3. In our opinion, the financial statements of d'Amico Società di Navigazione S.p.A. as of December 31st, 2010 comply with the International Financial Reporting Standards adopted by the European Union and accordingly give a true and fair view of the financial position of the Company and the results of its operation for the year then ended.

4. Responsible for the management report, in accordance with the rules of the law, is the Company's Management. Our responsibility is to express an opinion on the consistency of the management report with the financial statements as required by the law. To this we have performed the procedure specified by the PR 001 accounting standard issued by the National Council of Dottori Commercialisti and Esperti Contabili and recommended by the National Commission for the Company and the Stock Exchage (Consob).
In our opinion the management report is consistent with the financial statements of d'Amico Società di Navigazione S.p.A. ended December 31st, 2010.

5. For a better understanding of the financial statements we draw attention to the following:

5.1 The Company has investments in subsidiaries and, in compliance with the legal requirements, has prepared the consolidated financial statement of the Group, which represents an integration of the financial statement in order to give a better information on the financial position and the results of operation of the Company and the Group. The consolidated financial statement has also been examined by us and, together with our audit report, presented to the shareholders meeting for approval.

Milano, 23 May 2011
1309 / 932

Moore Stephens
Concorde
Legal Auditors

Giuseppe A. Barranco
Partner

MOORE STEPHENS CONCORDE

(English translation from the Italian original report issued in accordance with the Italian practice)

d’Amico Società di Navigazione S.p.A. - Consolidated Financial Statements for the Year Ended 31 December 2010 Board of Auditors' Report

Shareholders,

The Group's consolidated financial statements for the year ended 31 December 2010 were delivered to us during the meeting of the Board of Directors held on 23 May 2011.

The Company holds controlling equity interests and has thus prepared consolidated financial statements as required by law. The consolidated financial statements represent a supplement to the statutory financial statements for the purposes of furnishing adequate disclosure concerning the Company's earnings and financial position.

We have examined the consolidated financial statements, which along with the associated report, are presented together with the statutory financial statements.

The following is a presentation of key figures from those financial statements compared with the previous year.

(thousands of euro)	As at 31 December 2010	As at 31 December 2009
ASSETS		
Non-current assets	851,352,135	702,282,965
Current assets	592,991,991	590,071,318
Total assets	**1,444,344,126**	**1,292,354,283**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	916,431,556	797,268,659
Non-current liabilities	323,573,311	289,198,044
Current liabilities	204,339,259	205,887,580
Total shareholders' equity and liabilities	**1,444,344,126**	**1,292,354,283**

The Group's earnings results may be summarized as follows:

(thousands of euro)	2010	2009
Revenue	788,694,070	607,851,517
Gross operating profit / EBITDA	183,073,077	142,031,351
Operating profit / EBIT	135,612,863	90,500,474
Profit before taxes	125,500,493	108,516,523
Net profit	**124,744,506**	**95,075,854**

As you are aware, international accounting standards have been applied in preparing the consolidated financial statements, which required an adjustment of the Company's process of reviewing and producing information.

The Board of Auditors believes that the accounting system is capable of properly representing operating events, due in part to the working group formed with the aim of studying the differences between the previously applied accounting principles and IASs/IFRSs.

The project included work on the Company's administrative processes and information systems to allow financial statements to be prepared according to international accounting standards.

The documentation examined and the report from the Board of Directors permit us to state that the consolidated financial statements are suited to providing a true and fair presentation of the Group's earnings and financial position.

Since we do not have any negative information and have not received any remarks from the Independent Auditors, we believe that you may examine the consolidated financial statements without prejudice and reach your decision on the matter.

The Board of Statutory Auditors

d’Amico Società di Navigazione S.p.A.
Board of Statutory Auditors’ Report

Shareholders,

During the year ended 31 December 2010, our work was inspired, as always, by the rules for the conduct of boards of auditors recommended by the Italy's National Accounting Councils.

Our work was aimed at checking that the Company's operations and the Board of Directors' conduct were compliant with the law and Articles of Association, inasmuch as independent auditing has been entrusted to Moore Stephen Concorde.

Since we were not charged with a detailed examination of the financial statements, we supervised the general arrangement employed and general compliance with the law in terms of formation and structure. We have no particular remarks to submit in this area.

During the year, the Company completed its project to implement IASs (International Accounting Standards) and IFRSs (International Financial Reporting Standards) after having formed a working group that studied the differences with respect to the previously applied national accounting principles and thus allowed these financial statements (both consolidated and statutory) for the year ended 31 December 2010 to be prepared in accordance with the above international accounting principles on a voluntary basis.

In order to render financial year 2010 comparable with the previous year (2009), the Company chose 1 January 2009 as the date of transition to IASs/IFRSs. Accordingly, 2010 is the first year for which the financial statements have been prepared in compliance with IASs/IFRSs.

The Board of Auditors believes that the accounting system is capable of properly representing operating events. As part of the project to implement the aforementioned international accounting principles, the Company performed work on its administrative processes and information systems in order to allow the annual and interim financial statements to be prepared according to the terms and conditions set forth in applicable legislation.

It is our opinion that the financial statements for the year ended 31 December 2010, key figures from which are presented below, have been prepared in a clear fashion and furnish a true and fair representation of the Company's earnings and financial position.

Statement of Financial Position

(Euro)	As at 31 December 2010	As at 31 December 2009
Non-current assets	168,420,500	130,783,652
Current assets	17,771,717	22,236,968
Total assets	**186,192,217**	**153,020,620**
Shareholders’ equity	162,666,455	145,393,275
Non-current liabilities	5,005,401	4,896,060
Current liabilities	18,520,361	2,731,285
Total shareholders' equity and liabilities	**186,192,217**	**153,020,620**

The earnings reported in 2010, as compared with 2009, are also presented below.

Income statement

(Euro)	2010	2009
Revenue	11,376,032	10,620,476
Total costs	(15,337,355)	(13,989,436)
Operating profit / (loss)	**(3,961,323)**	**(3,368,960)**
Net financial income / (charges)	49,021,301	51,722,406
Profit before taxes	**45,059,978**	**48,353,446**
Income taxes	(473,223)	(109,689)
Net profit	**44,586,755**	**48,243,757**

We participated regularly in company meetings, all of which were held in accordance with provisions of the Bylaws, laws and regulations applicable to the conduct of such meetings. We may therefore state with reasonable certainty that the actions decided upon in such meetings were compliant with the law and the Articles of Association and were not patently imprudent, injudicious, in potential conflict of interest or capable of compromising the integrity of the Company's assets.

No complaints pursuant to article 2408 of the Italian Civil Code or petitions of any other nature were filed during the year.

During the year, the Board of Auditors did not issue opinions, except as requested from time to time by the Board of Directors or general meeting of shareholders, where pertinent and necessary.

Lastly, we confirm that the Board of Directors always complied with the provisions of article 2423-ter of the Italian Civil Code and that the notes to the financial statements have been prepared in accordance with the law.

On the basis of the foregoing, the Board of Statutory Auditors, having acknowledged the Independent Auditors' report, hereby expresses a favourable opinion of the approval of the financial statements for the year ended 31 December 2010 in their current form, as well as of the Board of Directors' proposal concerning the allocation of net profit for the year.

Rome, 24 May 2011

The Board of Statutory Auditors

Photo by Federico Soffici of d'Amico Group, page 2, 8, 11, 13, 16, 26, 36-37, 47, 59, 61, 73, 82-83, 96, 103, 110, 112-113.

This document is printed on environmentally-friendly Cocoon Silk paper (150 gsm for internal pages and 300 gsm for cover): an extra-white coated paper made from 100% recycled pulp and FSC and Eco-label certified.

Palermo

d'Amico Società di Navigazione S.p.A.
Ph: +39 091 625 9822
Fax: +39 091 625 9822

d'Amico Shipping Italia S.p.A.
Ph: +39 091 625 9822
Fax: +39 091 625 9822

REGISTERED OFFICE
Via Siracusa, 27
90141 - Palermo
Italy

Rome

d'Amico Società di Navigazione S.p.A.
Ph: +39 06 845 611
Fax: +39 06 855 3943
e-mail: sedeamm@damicoship.com

d'Amico Shipping Italia S.p.A.
Ph: +39 06 845 611
Fax: +39 06 855 3943
e-mail: sedeamm@damicoship.com

HEADQUARTERS
Corso d'Italia, 35/B
00198 - Rome
Italy

Genoa

d'Amico Società di Navigazione S.p.A.
Ph: +39 010 449 5901
Fax: +39 010 449 5398
e-mail: damico.ge@damicoship.com

d'Amico Shipping Italia S.p.A.
Ph: +39 010 449 5901
Fax: +39 010 449 5398
e-mail: damico.ge@damicoship.com

OPERATIONS
Via De Marini, 1 - W.T.C.
16149 - Genoa
Italy

Sirius Ship Management S.r.l
Ph: +39 010 648 941
Fax: +39 010 648 9442
e-mail: info@siriusship.com

OPERATIONS
Via Renata Bianchi, 38 - 6th Floor
16152 - Genoa
Italy

Luxembourg

d'Amico International S.A.
Ph: +352 26 63 24
Fax: +352 26 26 25 49
e-mail: damico.lu@damicoint.com

d'Amico International Shipping S.A.
Ph: +352 26 26 29 29
Fax: +352 26 26 24 54
e-mail: dtllu@damicointernationalshipping.com

25/C, Boulevard Royal - 11th Floor
L-2449 - Luxembourg
Grand Duchy of Luxembourg

Monte-Carlo

d'Amico Tankers Monaco S.A.M.
Ph: +377 9310 5656
Fax: +377 9310 5607
e-mail: secretary.mc@damicotankers.com

Cogema S.A.M.
Ph: +377 9310 5270
Fax: +377 9325 4162
e-mail: secretary.mc@damicoint.com

20, Boulevard de Suisse
MC 98000 - Monte Carlo
Principality of Monaco

Stamford

d'Amico Shipping USA Limited
Ph: +1 203 274 8484

One Stamford Plaza
263 Tresser Boulevard - 9th Floor
06901 Stamford - Connecticut
USA

Dublin

d'Amico Tankers Limited
Ph: +353 1 676 1840
Fax: +353 1 677 0231 (Commerciale)
Fax: +353 1 677 0232 (Accounts)
e-mail: dtlie@damicotankers.com

d'Amico Dry Limited
Ph: +353 1 674 0100
Fax: +353 1 677 0212
e-mail: dry.ie@damicoint.com

d'Amico Finance Limited
Ph: +353 1 674 0100
Fax: +353 1 677 0212
e-mail: finance.ie@damicoint.com

The Anchorage
17 - 19, Sir John Rogerson's Quay
Dublin 2
Ireland

Singapore

d'Amico Shipping Singapore Pte Ltd.
Ph: +65 6854 7360
Fax: +65 6854 7369
e-mail: damico.sg@damicoint.com

d'Amico Tankers Singapore Pte Ltd.
Ph: +65 6586 0860
Fax: +65 6586 0879
e-mail: dtlsg@damicotankers.com

6, Battery Road #14-07
049909 - Singapore
Singapore

Ishima Pte Ltd.
Ph: +65 6586 0880
Fax: +65 6586 0899

6, Battery Road #14-05
049909 - Singapore
Singapore

London

d'Amico Tankers UK Limited
Ph: +44 20 7340 2000
Fax: +44 20 7340 2001
e-mail: dtluk@damicotankers.com

d'Amico Shipping UK Limited
Ph: +44 20 7340 2000
Fax: +44 20 7340 2001
e-mail: sandp.ldn@damicoint.com

2, Queen Anne's Gate Buildings
Dartmouth Street
SW 1H 9BP - London
United Kingdom

Mumbai

d'Amico Ship Ishima India Pvt. Ltd.
Ph: +91 22 4037 2222
Fax: +91 22 2823 4987
e-mail: mumbai@damicoishima.com

202/203 City Point
J.B. Nagar, Andheri Kurla Road
400 059 - Andheri (E)
State of Maharashtra - Mumbai
India

Vancouver

ACGI Shipping Inc.
Ph: +1 604 891 7447
Fax: +1 604 891 7377
e-mail: vancouver@acgishipping.com

HEADQUARTERS
710-900, West Hastings Street - V6C 1E5
British Colombia - Vancouver
Canada

Casablanca

Damighreb S.à.r.l.
Ph: +212 522 467 900
Fax: +212 522 467 997
e-mail: info@damighreb.com

Navighreb S.à.r.l.
Ph: +212 522 200 730
Fax: +212 522 200 713
e-mail: info@navighreb.com

43, Boulevard d'Anfa - 4th Floor
20070 Casablanca
Morocco