d’Amico Società di Navigazione S.p.A.

2013 ANNUAL REPORT

d’Amico

2013 Annual Report

Consolidated and Statutory Financial Statements for the year ended 31 December 2013

d’Amico Società di Navigazione S.p.A.

Sede legale in Palermo – Via Siracusa, 27
Sede Amministrativa e Direzione Generale in Roma - Corso d’Italia, 35/B
Capitale Sociale Euro 25.000.000=i.v.
C.F. , P.Iva e Numero di iscrizione
al Registro Imprese di Palermo 00768720823

d’Amico Società di Navigazione S.p.A


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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

Director
Alfonso Scannapieco

Board of Statutory Auditors

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

Substitute Auditors
Paolo Taddeo
Renzo Marini

Independent Auditors

PricewaterhouseCoopers SpA

[1] Members of the Executive Committee


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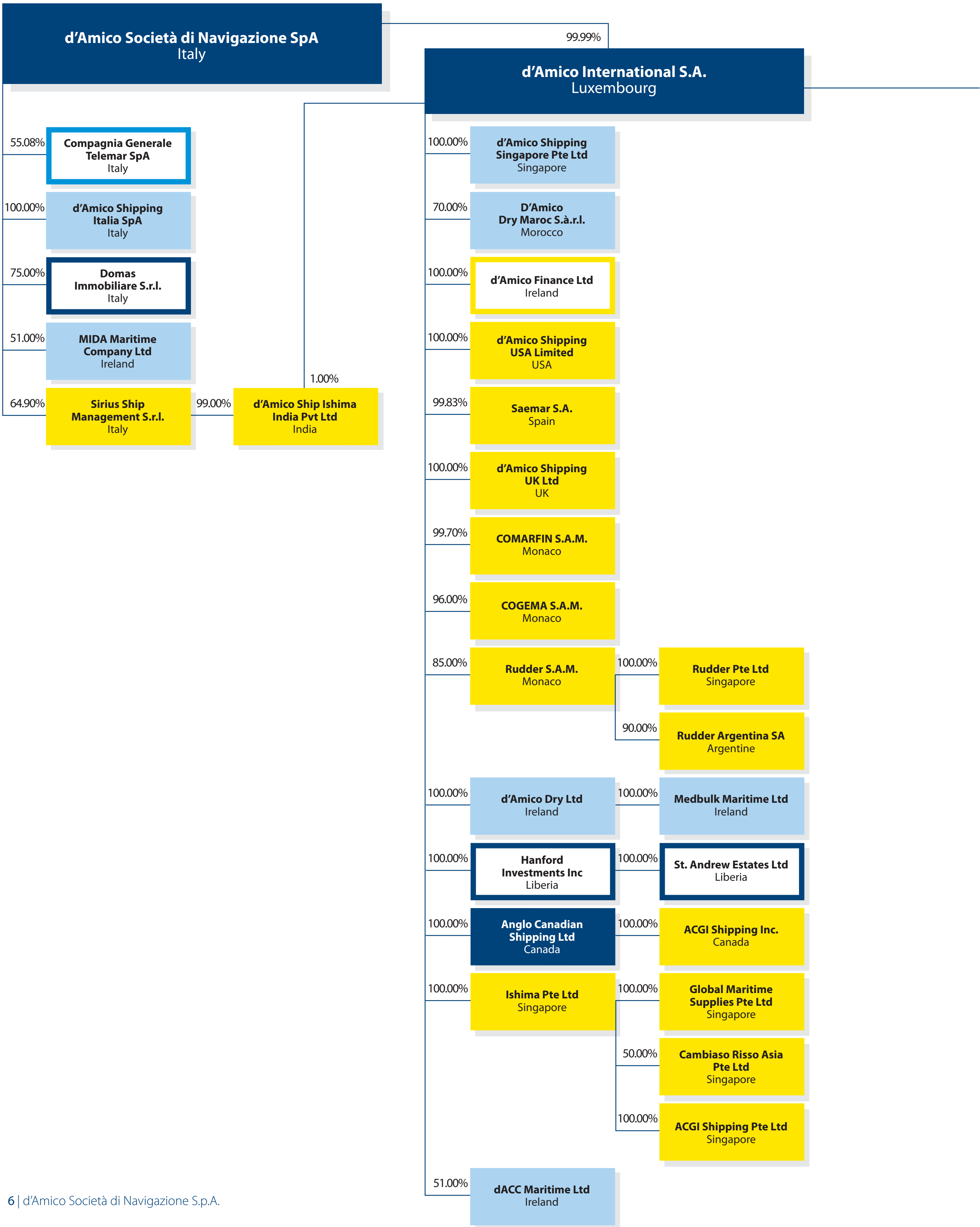
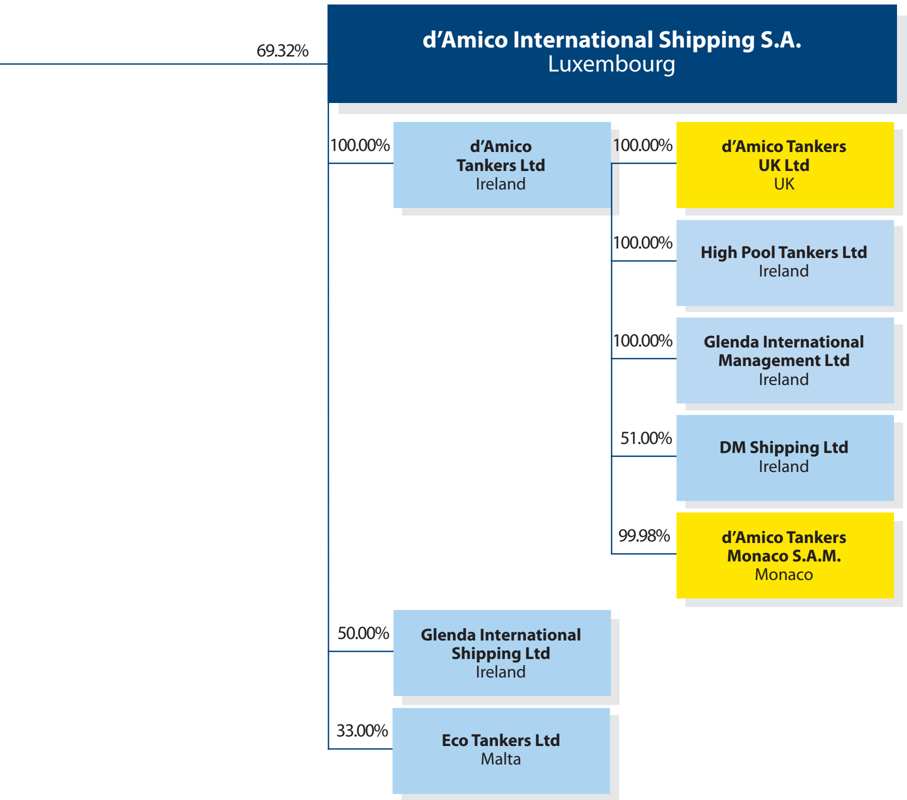
Report on Operations

Group structure




69.32%
d'Amico International Shipping S.A.
Luxembourg
100.00%
d'Amico Tankers Ltd
Ireland
100.00%
d'Amico Tankers UK Ltd
UK
100.00%
High Pool Tankers Ltd
Ireland
100.00%
Glenda International Management Ltd
Ireland
51.00%
DM Shipping Ltd
Ireland
99.98%
d'Amico Tankers Monaco S.A.M.
Monaco
50.00%
Glenda International Shipping Ltd
Ireland
33.00%
Eco Tankers Ltd
Malta


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

d’Amico Società di Navigazione Group

d’Amico Società di Navigazione S.p.A. (“DSN” or “Holding” or “Company”) is the holding company for a leading global shipping Group with operations in dry cargo ships, tankers and auxiliary maritime services. The D'Amico Group (the "Group") boasts a long and storied tradition as a family business founded in 1936 and has developed a worldwide presence over the years with offices in the most important operating and financial maritime mercantile centres. Its indirect subsidiary **d’Amico International Shipping S.A.** (“DIS”), a Sub-holding company with global shipping operations, specialized in the tanker sector, is listed on the terminal based market organized and managed by 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, are 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**, **d'Amico Shipping Italia S.p.A. d'Amico Shipping Singapore Pte e Mida Maritime Ltd**. 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. 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 2013:

	As at 31 December 2013			
Dry cargo	Handysize	Supramax	Panamax	Total
Owned	8.0	5.0	7.5	**20.5**
Chartered	5.0	5.0	4.5	**14.5**
TOTAL	**13.0**	**10.0**	**12.0**	**35.0**

During 2013, d'Amico Dry Limited operated an average of approximately 43.2 vessels (43.52% of which were on short-term charter), while d'Amico Shipping Italia S.p.A. operated an average of approximately nine vessels (the equivalent of approximately one of which was on short-term charter) and Mida operated the *Medi Sentosa*, its sole vessel.

In addition to the coal sector, in which the Group has longstanding and extensive experience, the Group operates globally bulk cargoes, such as iron ore and forest products, with its clients 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 a regular service from West Coast Canada to various ports on the Mediterranean route under both long-term contracts and voyage-based contracts that allow the Group to seize the short-term opportunities presented by the market.

A significant portion of the vessels in the d'Amico fleet are employed under "time-charter" (medium-/long-term) contracts, while the residual vessels are on a "per-voyage" basis ("spot" market).

Tankers

The Group's tanker business is under the control of **d'Amico International Shipping SA – ("DIS")** which operates a fleet with an average age of approximately 6.2 years, primarily through its subsidiary **d'Amico Tankers Limited**, based in Ireland. The fleet consists of double-hull vessels with capacities of between 35,000 and 51,000 DWT (Handysize and Medium Range product tankers), primarily employed in shipping refined petroleum products and vegetable oils, and it provides maritime shipping services on a global scale to the major oil companies and trading firms. 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 2013, 60% of the vessels in the DIS group fleet were IMO-classed, allowing the Group to transport a wide range of products.

D'Amico Shipping Italia also operates in the tanker sector, employing its two Handysize vessels (40,000 DWT) acquired in 2011.

At year-end, the Group's fleet of tankers included 39.5 vessels, as shown in the following table:

Tankers	As at 31 December 2013		
	MR	Handysize	Total
Owned	16.0	4.0	**20.0**
Chartered	17.5	2.0	**19.5**
TOTAL	**33.5**	**6.0**	**39.5**

A complete list of the tanker, dry cargo and container fleet fleet, as at 31 December 2013, is annexed to this document.

Use of the fleet and partnerships

As at 31 December 2013, d'Amico International Shipping had employed 46.9% of its fleet of 37.5 vessels under fixed-term contracts, with the remaining 53.1% on the spot market. Part of the Group vessels were employed under partnership agreements, although to a lesser extent than in previous periods.

High Pool Tankers Limited – a pool formed with JX Shipping Co. Limited, Japan (created through the merger of Nissho Shipping Co. Limited and Yuyo Steamship Co. Limited) and Mitsubishi Corporation. As at 31 December 2013, the pool operated 12 MR tankers (Medium Range). Through its subsidiary d'Amico Tankers Limited, d'Amico International Shipping is solely responsible for its commercial management, and in particular chartering, naval operations and the associated administrative matters.

GLENDA International Management Limited – a commercial agreement entered into with ST Shipping (Glencore Group) to operate vessels under a single commercial brand, GLENDA. At the end of December 2013, GLENDA International Management Limited operated nine MR tankers, six of which were owned by GLENDA International Shipping Limited, a 50-50% joint venture with the Glencore Group. This latter company owns six MR vessels, delivered between August 2009 and February 2011.

DIS also has another joint venture, DM Shipping Limited, with Mitsubishi Group, which deploys two MR vessels delivered in 2009.

In 2013, the Group employed to additional owned units (Handysize vessels) through the subsidiary d'Amico Shipping Italia S.p.A. under various spot contracts.

Ship value/impairment

Consistent with prior years practise, the carrying amounts of the vessels in the Company's fleet have been compared with their estimated market values/recoverable values by performing an "impairment test" on the various business areas. Given the fleet's market situation at the end of 2012, the Group recognized a significant impairment loss on the income statement in the amount of Euro 89.5 million (USD 115 million). In 2013, with a rebound in the market values, no additional impairment losses were necessary. Previous writtendown values have not been adjusted for these improved values in keeping with IFRS.

Maritime services

This segment comprises the provision of auxiliary services for shipping operations. The services rendered benefit not only the Group fleet, but also international clients, and comprise in particular (i) **ship management**, (ii) **maritime telecommunications services**, (iii) **insurance brokerage** and (iv) 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, in part through other subsidiaries, and **Ishima Pte Limited** ("**ISHIMA**") in particular, renders 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 information technology systems;
- management of legal and insurance issues.

Maritime telecommunications services are entrusted to **Compagnia Generale Telemar S.p.A.** ("Telemar"), a global leader in the sector in which the Group holds a 55% interest. 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** ("**Rudder**") and bunkering services are rendered to both Group companies and 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.

Crew management operations are carried out by **Sirius Ship Management** ("Sirius"), directly and through its foreign subsidiaries. Sirius is responsible for recruiting and training seagoing personnel and provides its services to both Group companies and third parties.

Financial and real-estate investments

The d'Amico Group, through its Parent Company, d'Amico Società di Navigazione S.p.A., and the sub-holding company d'Amico International SA (Luxembourg), has significant investments in the financial markets. This line of business, in addition to the management of financial resources, includes the acquisition of qualified equity investments of a strategic nature in financial and industrial companies with a view towards diversification and with a long-term perspective. Such activities include, inter alia, the investments in:

- *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 interestamounted to 10.38% as at 31 December 2013;
- *ClubTre S.p.A.* – a company the owners of which include 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 2013, d'Amico Società di Navigazione S.p.A. had invested a total of approximately Euro 39.0 million (net of the partial redemption of interests during the year). On this subject, it will be appropriate to note that in 2013 d'Amico received a partial refund of the capital contributions, for a total of Euro 6.0 million. ClubTre S.r.l. holds an interest of more than 6% in Prysmian S.p.A., a global leader in cabling and high-tech systems for energy transmission and telecommunications;
- *Venice Shipping and Logistic S.p.A.* – a company whose main shareholders as at 31 December 2013 were Palladio Finanziaria S.p.A. (56.99%), d'Amico Società di Navigazione S.p.A. (28.44%) and Vega Finanziaria S.p.A. (14.26%). The company was incorporated in September 2009 and primarily engages in investment transactions in the shipping and shipping logistics sectors. In December 2013, the company extended its subscription commitments, which had been set to expire on 31 December 2013, through 31 December 2014.
- *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. Following the Company's disclosure to the market of the decrease of its investment below that threshold as a result of a transaction undertaken in November 2013, the equity interest held as at 31 December 2013 amounted to less than 2%.

Following the purchase in June 2011 of a property of 6,000 m^2 located in central Rome (Via Paisiello), renovation work on the building began in 2012 and continued into 2013. The cost of the investment increased to a total of Euro 58.6 million, with Euro 35 million financed by long-term bank loan (set to mature in 2026).

Organization and Human Resources

As at 31 December 2013, the d’Amico Group employed a total staff of 1,535, of whom 973 were seagoing personnel and 562 onshore personnel.

The business environment creates significant opportunities for the Group, while also posing considerable challenges. In facing these challenges, human resource management is a key factor in ensuring that the Group enjoys a distinctive competitive edge.

In this regard, company decisions are constantly aimed at developing and consolidating modern HR management policies and procedures (recruiting, training, performance analysis and reward system) in order to create a motivational workplace that has a positive impact on the organizational environment and thus on company results.

Crewing is 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. Achievement of these objectives is founded upon three pillars: a meticulous selection process, thorough training and a permanent monitoring and assessment system.

Access to highly qualified shipbound personnel also requires an effective recruitment and retention program. In order to meet these needs fully, a personnel selection strategy has been adopted, resulting in recent years in the implementation of specific initiatives, such as the consolidation of a base of operations in Mumbai. The Indian market has an established track record as a source of quality crews. The representation office in Manila also ensures the presence of the Group in an important market, namely the Philippines. Specific programs for officer cadets of Indian and Philippine nationality have been in place for several years and draw on the manning facilities of d'Amico in India and the Philippines, directly associated with the company Sirius Ship Management.

Accordingly, the d’Amico Group nurtures employees in order to create exclusive drivers of success and adopts human resourse management tools with a view towards honing professional skills, retaining employees and developing talent and resources with skill profiles with the greatest impact on core processes. The Group boasts strong officer retention: indeed, a significant number of captains have complete their entire careers with d'Amico, starting out as officer cadets and rising, in some cases, to fill shoreside management positions.
To this end, with respect to ground staff in particular, the Group has implemented reward systems that target individual performance and compensation policies aimed at fostering an effective pay-for-performance system.

The Group continues to attach great importance to its commitment to training and establishing professional growth and development processes for both onshore and seagoing personnel. Crew growth and development is one of the most important objectives that the Group sets for itself, and various initiatives are in place, with the aim of maximizing the experience and expertise of the Group's seagoing personnel, while expanding their professional profiles with respect to related managerial capabilities and laying the foundation for a process of development culminating in onshore positions.

An adequate training program ensures that crews meet the necessary professional standards required by the industry. A rigorous ground and sea training program has been organized, starting with the pre-embarkation period and extending throughout each officer's entire career. Training capitalizes on the knowledge developed within the company, utilizing specialized trainers and senior staff with seagoing experience.

In addition, the Group has established a policy of collaboration with various naval education institutions with the aim of increasing awareness of safety and environmental issues, which are key priorities for d'Amico Group.

As part of initiatives aimed at supporting educational institutions, the Group, along with other important Italian institutional partners, has continued and expanded its commitment to ITS Fondazione G. Caboto, which provides training for specialized technical staff through two-year post-secondary training courses intended for people interested in embarking upon an international career in the naval sector. Courses, which combine theoretical study and hands-on training, aim to provide an excellent technical background, granting knowledge of

d'Amico Group organizational structure, policies, expertise and vision, thus facilitating the placement of pupils in positions with the Group.
The Company also continues to focus on sustaining employment levels in the sector by providing incentives and direct support based on merit to the younger population who would consider the maritime profession for a career.

Ship Management

Compliance with international standards

All vessels in the d'Amico fleet are subject 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. Specifically, each year 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 ; and
- vetting inspections by major oil and energy companies such as ExxonMobil, Shell, Total, Glencore, Petrobras, Enel 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, the d'Amico Group has developed and adopted a strict system of environmental analysis that involves identifies risks related to vessel activities with an impact on the environment (water, air and other elements) and then adopting practises to mitigate these risks. The IMO (Inter-Governmental Maritime Organization) is a specialized agency of the United Nations founded in the United Kingdom in 1958 with a specific mandate: 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 fleet is entrusted to d'Amico Società di Navigazione S.p.A. and, to a lesser extent, Ishima Pte Limited. DSN 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 DSN 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 system applied without exception aboard 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 Standardization, and was certified by the international classification society RINA S.p.A. (Registro Italiano Navale) in 2003.

This ship management system has been integrated with the management of Occupational Health and Safety in accordance with standard BSOHSAS 18001:2007, initially applied only to offices and ships flying the Italian flag and then extended to the entire fleet under management in 2011. The policies and procedures implemented aboard its vessels allow the Group to maintain a high standard of operation with a continued focus 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, the system calls for systematic periodic review. The d'Amico Group'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.

Project MAXIMS (Making Alignment and Extension of Integrated Management Systems), launched in April 2012 provided an assessment of the existing SQE System and a snapshot of the state of the pertinent documentation in order to identify, propose and implement extensions of its application both within DSN and to other Group entities to bring the management system into line with the substantial organizational changes of recent years, has essentially been completed.
The Group has identified and described all processes related to direct performance or ancillary support for shipping activity, integral to the entire management system. With the direct participation of all offices involved, a number of procedures were modified and expanded with the aim of enhancing the ship management system and subsequently allowing constant improvement. The integrated system, thus expanded and updated, is then implemented throughout the Group.

The management system 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 the d'Amico Group to rank in the upper segment of TMSA, launched in 2004 by OCIMF. 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 the Programme'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 establishing specific training processes, encouraging staff to participate in changes, providing motivation, identifying and disseminating best operating practices and assessing risks in order to create a shared body of practical, cultural knowledge with a high standard of quality and safety. In this area, the Group has 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. 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 polluting emissions. In further detail, a specific energy efficiency plan for each vessel, the Ship Energy Efficiency Management Plan (SEEMP), has been prepared and implemented. Such plans aim to apply technical solutions and operating procedures to reduce consumption and thus limit emissions. In the light of these implementations, the system was further developed with the aim of obtaining ISO 50001 energy efficiency certification. The certification process is nearing completion and is set to finish within the first half of 2014.

Pursuant to standard ISO 14001, and in order to demonstrate the compliance of its vessels and its dedication to respecting the environment, the d'Amico Group has developed and adopted a rigorous approach to environmental analysis based on identifying interactions between vessel activities and the environment (water, air and other elements) and then analyzing which of those interactions might have a significant impact on the environment. The environmental system is constantly analyzed, monitored and updated in order to ensure legal compliance and a focus on improvement.

Each year, DSN's SQE team conducts an internal audit (both aboard and ashore) aimed at identifying and analyzing all factors (for example, bunkering and shipping operations, clean-up of oil/chemical products and the loading, transport and unloading of products), products or services that have or may have a significant environmental impact, thereby minimizing risk and seeking 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. The Group also considers indirect environmental aspects related to the activities of third parties such as the disposal of solid waste in dumps and dry-dock work.

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 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 Ship Management Plan provides a system of procedures and measures to be adopted both by each company and aboard each specific vessel and deals with the following fundamental issues with the primary aim of reducing CO_2 emissions:

- *the Program for Measuring and Monitoring Ship Efficiency*;
- *the Voyage Optimization Program*, which includes optimizing the speed, route planning and trim;
- *the Propulsion Resistance Management Program*, which refers to hull and propeller resistance;
- t*he Machinery Optimization Program*, 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); and
- *the Energy Conservation Awareness Plan*, which calls for seagoing 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.

As mentioned above, the ISO 50001 energy efficiency certification is in progress and should be completed in the first half of 2014.

In 2008 the Parent Company adopted a formal Code of Ethics. The Code embodies the principles that inspire the Company in its internal and external dealings and operations. In 2014 the Code, revised and updated, will be adoptedby the entire Group.

Corporate Governance

Board of Directors

In accordance with the Company's Articles of Association, as at the date of this Report the Board of Directors consisted of five (5) directors - three executive directors and two non-executive directors - appointed by the General Shareholders' Meeting of 12 June 2012 for the three-year period 2012-2014 and thus set to end their term of office upon the approval of the financial statements for the year ending 31 December 2014. The three (3) executive directors are Paolo d'Amico (Chairman), Cesare d'Amico and Roberto Michetti, while the two (2) non-executive directors are Giovanni Battista Nunziante and Alfonso Scannapieco.

In addition, DSN's Board of Directors, at its session of 12 June 2012, delegated powers and the associated representation to individual directors, resolving to grant Chairman of the Board of Directors Paolo d'Amico and Cesare d'Amico (the latter was re-appointed the Company's Chief Executive Officer) all powers of ordinary and extraordinary administration, along with the representation, to be exercised separately between them and with single signing authority, along with the authority to sub-delegate such powers to third parties, separately between them, by issuing special powers of attorney, in addition to granting Roberto Michetti certain powers for the Group with respect to financial transactions of an extraordinary nature, investment policies and financial reporting policies. That same session of the Board of Directors of 12 June 2012, in addition to re-appointing Maurizio Andrea Bergamaschi to the office of secretary for the three-year period corresponding to company financial years 2012-2014 pursuant to Art. 20 of the Articles of Association, also formed an Executive Committee for the same three-year period pursuant to the Articles of Association and Article 2 of the Regulation for the Establishment and Operation of the Executive Committee approved in 2009, appointing Paolo d'Amico and Cesare d'Amico 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 d'Amico Società di Navigazione S.p.A. and/or its subsidiaries;
- the strategic, industrial and financial plans of d'Amico Società di Navigazione S.p.A., along with the pertinent separate and consolidated budgets, as well as updates and/or revisions thereof;
- 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 d'Amico Società di Navigazione S.p.A. within consortia, associations or other entities; and
- the conferral of voting instructions for the participation of representatives of d'Amico Società di Navigazione S.p.A. in the general meetings of investees.

Lastly, on 23 October 2012 the Company's Board of Directors appointed Giovanni Barberis Head of Administration, Finance and Control, granting him all powers of ordinary administration, with the representation required to perform such function.

Internal control system

Compliance with Legislative Decree No. 231 of 8 June 2001

Legislative Decree No. 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 conducted both in advance and after the fact in order to reduce and prevent the risk of commission of the various types of crimes to a material extent, in particular by identifying and drafting 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"); and
- 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 Board") endowed with

autonomous powers of initiative, control and spending authority.

In voluntary application of Decree 231, d'Amico Società di Navigazione S.p.A. 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 DSN 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 d'Amico Società di Navigazione S.p.A., while also coordinating with the other corporate functions in order to implement better monitoring of activities at risk;
- periodically reviewing 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; and
- 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.

DSN's Supervisory Board 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 initiative, independence, professionalism, continuity of action, absence of conflicts of interest and integrity. All current members, appointed by the Board of Directors on 23 May 2011, will remain in office until the approval of the financial statements for the year ending 31 December 2013. In addition, on 29 January 2009 d'Amico Società di Navigazione S.p.A., by proposal of the Supervisory Board, approved the associated Internal Regulations, which govern the Board's functioning, operating methods of action, rights and duties. On the basis of the periodic reports by the Supervisory Board concerning the implementation, functioning, adequacy and efficacy of the Model, the Board of Directors, after appropriate evaluation, has deemed the Supervisory Board adequate in terms of organizational structure and the powers conferred upon it.

Board of Statutory Auditors

On 12 June 2012, the annual general meeting of the shareholders re-elected for the three-year period 2012-2014 all regular and substitute members of the Board of Statutory Auditors appointed in accordance with the applicable provisions of the Italian Civil Code. Accordingly, their terms of office are set to expire with the approval of the financial statements for the year ending on 31 December 2014.

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 functioning in practice."

Independent Auditors

The Annual General Meeting held on 13 June 2013 resolved, on the basis of a justified opinion from the Board of Statutory Auditors provided pursuant to Art. 13 of Legislative Decree 39/100, to confer the engagement for legal auditing of the separate and consolidated financial statements - in the functions described in further detail in the new legislation, entered into effect on 7 April 2010, along with the pertinent implementing regulations - for the three-year period 2013-2015 to the auditing firm PriceWaterhouseCoopers S.p.A. of Milan, Via Monte Rosa 91, registered at no. 119644 in the Register of Auditors instituted pursuant to Article 2 of Legislative Decree 39/2010, with the term of their engagement thus set to expire upon the date of the general meeting to be convened to approve the financial statements for the third year of the engagement, i.e. those for the year ending 31 December 2015.

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

D'Amico Società di Navigazione S.p.A. has chosen to maintain operational readiness of and update the Personal Data Processing Security Plan, although the obligation to draft and update the Plan ceased to apply following the entry into force of Legislative Decree 5/2012, converted into Law 35/2012. In further detail, the Company, 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 Security Plan as necessary and updating the Register of Data Processors pursuant to Legislative Decree 196/2003 and the associated Technical Specifications. The voluntary update to the Security Plan for 2013 was thus completed in the first quarter of the current year, 2014.

Organization, Management and Control Model (pursuant to Legislative Decree 231/01)

During 2013, the update to the Risk Plan (the "risk assessment") was conducted pursuant to Legislative Decree 231/2001, approved by the Board of Directors on 13 May 2013 upon the initiative of the Company's Supervisory Board. The activity went according to plan. The steps consisting of a review of the company processes and areas at risk, as well as the identification of possible new activities in the context of which adverse events may occur, within the meaning of Legislative Decree 231 of 2001 ("sensitive activities"), and of an analysis of the effectiveness and efficacy of the control mechanisms already implemented in the context of those activities, are in the process of being finalized. In early 2014, this is to lead to the subsequent phase of the drafting of the new Risk Analysis Document, which is to form the basis for an appropriate update to the Organization, Management and Control Model adopted by d'Amico Società di Navigazione S.p.A. in 2008. At the Supervisory Board's initiative, as a consequence of the work leading up to the update to the above Risk Plan (as well as in consideration of the implementation of the integrated management system (undertaken with the aforementioned MAXIMS project), in 2013 it was determined that there was need for a revision of the Code of Ethics of d'Amico Società di Navigazione S.p.A., the approval and adoption of which by the Board of Directors dated back to 29 May 2008, so that the Code might incorporate and gather together the guidelines and ethical principles that are to be valid for all Group Companies. The Company, as parent company, will then recommend the adoption of the Code in 2014 by all subsidiaries, through the approval of their own codes of ethics by the respective boards of directors.

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. It is currently responsible for 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.

ICT Strategy

In order to optimize company communications in terms of efficacy and efficiency, projects aimed at unifying standards and integrating internal systems have been implemented: from e-mail to audio and video conferencing, multiple workstations and virtual rooms, from both the office and virtual devices, displaying online presence regardless of physical location, unified document management through the Darwin company portal and an integrated website.
Broadband communication was implemented for the entire fleet at a flat rate and controlled costs, thus fostering interest in communicating and meeting crew-welfare needs. Vessel information technology systems are monitored from the office, without interaction with the crew, yielding benefits in terms of compliance with the Group's standards and procedures.

In order to satisfy ICT governance needs, IT system components are identified, provided and monitored by ICT services from a best practices standpoint. The company network is constantly monitored according to a proactive approach that safeguards the safety and continuity of the business, while guaranteeing constant, pervasive connectivity for all offices.
Company applications are integrated and important supporting projects are constantly implemented.

Significant Events during the Year

Dry-cargo and container vessels

d'Amico Dry Limited

The company operated an average of 30.1, of which 13.1 owned vessels and the remainder on term contracts, belonging to the following three main categories: Handysize vessels of 30-39,000 DWT, Handymax ships, fitted with cranes, of 52-58,000 DWT, and Panamax vessels (including Kamsarmax ships) of 72-83,000 DWT.

In the Handysize sector, the Company operated an average of 14 vessels, all open-hatch box-shaped ships, of which six were owned, 7.1 on long-term charter and 0.9 on short-term charter as at year-end. The vessels were employed in global transportation and shipping of forestry products and various goods between the Canadian North Pacific and the Mediterranean, with approximately one or more departures a month from Vancouver.

In the Handymax sector, the Company operated an average of 16.08 vessels, four of which were owned and remained on charter contracts, of which 0.6 on long-term and 6.8 on short-term charter.

In the Panamax size, the Company operated on average 12.4 vessels, two of which were owned, five on long-term and 5.4 on short-term charter.

The company also operated two owned container ships, the *Cielo di Casablanca* and the *Cielo di Agadir*, both on charter until June and August 2013, respectively.

The main clients of d'Amico Dry Limited are: NYK, Enel, Banpu, Cargill, Cosco, MOL, KKK, Glencore, Oldendorf, JPower, Libra and Vale.

d'Amico Shipping Italia S.p.A. – In 2013 the company continued to operate the ten owned vessels and various ships sourced on the market under time charters. The fleet was employed on spot contracts or time charters.

Tankers

In 2013 the d'Amico International Shipping Group's business was affected by the following major events:

D'Amico Tankers Ltd

- **New shipbuilding program:** In 2013, d'Amico International Shipping increased its new-order book, with 12.3 eco-design tankers (1 vessel in JV with VSL shipping fund), equivalent to a total investment plan of approximately USD 384 million. All of the aforementioned vessel orders, designed in accordance with the most recent IMO II MR standards, permit maximum efficiency in terms of fuel savings of 6-7 fewer tonnes per day than the average for the fleet of the same type. In further detail:

  d'Amico International Shipping S.A. announced that its operating subsidiary d'Amico Tankers Limited (Ireland) and the South Korean shipyard Hyundai Mipo Dockyard Co. Ltd. had entered into contracts for the construction:

  - In March 2013, for two new product/chemical tankers (hulls S408 and S409, 50,000-DWT medium-range vessels), delivery of which is scheduled for the end of the first half of 2014, at the purchase price of USD 29 million each;

  - In May 2013, for two additional tankers (hulls S410 and S411, 50,000-DWT medium-range vessels) by exercising the relevant options, delivery of which is scheduled for the second half of 2015, at a purchase price of USD 30 million each.

  - In October 2013, for four additional 39,000-DWT Handysize tankers for USD 31.2 million each. Delivery of the new vessels is scheduled for November 2015 and April, July and October 2016. The contract provides for an option to render the vessels compliant with Ice Class IB standards for an additional cost of USD 963,000 per ship. In November 2013, d'Amico Tankers decided to render the first two vessels (hulls S420 and S421) compliant with Ice Class IB standards.

- **Sale of ships:** In May 2013, d'Amico Tankers Limited authorized (i) the sale of the Handysize tanker *M/T Cielo di Londra*, built in 2001 by the South Korean shipyard STX, for USD 12.3 million; and (ii) the sale of the MR tankers *M/T High Spirit* and *M/T High Challenge*, built in 1999 by the above shipyard, for USD 12.2 million each. The above sales reduced the average age of DIS' fleet and yielded a net capital gain of USD 13.9 million in the second quarter of 2013.

  In July 2013, d'Amico Tankers Limited agreed to sell the Handysize tanker *M/T Cielo di Parigi,* built in 2001 by the South Korean shipyard Daedong

Shipbuilding, for USD 12.65 million. However, in November 2013 d'Amico Tankers Limited cancelled the sales agreement for the above vessel (the "Memorandum of Understanding") due to failure to observe the terms of acceptance of delivery of the vessel by the purchaser. In accordance with the Memorandum of Understanding, as amended, d'Amico Tankers Limited retained the 10% deposit (USD 1.265 million) paid by the purchaser, and it is also entitled to demand payment of an additional USD 286,000 by way of lump-sum compensation for damages. The vessel *M/T Cielo di Parigi* is in the possession of d'Amico Tankers, which remains its lawful owner, and the sale in question was completed with another purchaser in the first quarter of 2014.

- **Charter fleet:** in March 2013, d'Amico Tankers Limited extended three charter contracts with an important oil company, which had been set to expire in 2013, for an additional two years. These contracts will allow DIS further to consolidate its historical relationships with the major global oil companies and have been extended at rates that will allow positive operating cash flows to be generated.

  In May 2013, a vessel owned by Glenda International Shipping Limited and chartered by d'Amico Tankers Limited was chartered out for a period of one year, under remunerative conditions and with the option for renewal for an additional year, to an important commodities trader.

  In June 2013, two vessels owned by d'Amico Tankers Limited were chartered out for a period of one year, under established remunerative conditions, one to a well-known commodities trader and the other to an important oil company.

  In July 2013, a vessel owned by Glenda International Shipping Limited and chartered to d'Amico Tankers Limited was chartered out for a period of one year to an important oil company under established remunerative conditions, with an option for renewal for an additional six months.

  In July 2013, d'Amico Tankers Limited (Ireland) entered into a new charter agreement for one of its new vessels (hull 2407), built by the South Korean shipyard Hyundai Mipo Dockyard Co. Ltd. and delivered in January 2014. The contract was signed with an important oil company for a period of five years, at an average daily rate of USD 16,485.

  Also in July 2013, d'Amico Tankers Limited (Ireland) entered into a new charter contract for one of its new vessels (hull 2388), under construction at the South Korean shipyard Hyundai Mipo Dockyard Co. Ltd., delivery of which is scheduled for the fourth quarter of 2014/early 2015. The contract was signed with an important oil company for a period of five years, at an average daily rate of USD 16,327.

  In September 2013, two vessels chartered to d'Amico Tankers Limited were chartered out for a period of one year, under established remunerative conditions, to two important commodities traders.

  In November 2013, d'Amico Tankers Limited entered into a new charter agreement for one of its new vessels (hull 2408), under construction at the South Korean shipyard Hyundai Mipo Dockyard Co. Ltd., delivery of which is scheduled for the end of February 2014. The contract was signed with an important oil company for a period of three years, at a daily rate of approximately USD 17,000, for a total of over USD 18 million. The conclusion of this transaction is a clear sign of the sharp improvement in the tanker market, which supports the belief that rates and ship values will increase in the short and medium term.

  In December 2013, d'Amico Tankers Limited entered into a new charter agreement for one of its new vessels (hull 2387) under construction with the South Korean shipyard Hyundai Mipo Dockyard Co. Ltd., delivery of which is scheduled for October 2014. Like the contract announced at the press conference of 25 November, this contract was also signed with an important oil company, for a period of three years, at a daily charter rate of approximately USD 17,000, for a total of over USD 18 million. Following this new charter agreement, 50% of the 12.3 eco-design vessels in DIS' new-building program were chartered to important oil companies for periods of more than three years.

  Also in December 2013, a vessel owned by Glenda International Shipping Limited chartered to d'Amico Tankers Limited was chartered out for a period of one year, under established remunerative conditions and with an option for renewal for an additional year, to an important commodities trader.

In that same month, the contract governing a vessel owned by d'Amico Tankers Limited chartered out in May 2012 to an important oil company was renewed for an additional year with that same company under remunerative conditions.

- **Charter-in fleet:** in January 2013, the *M/T High Nefeli*, a medium range ("MR") vessel built in 2013 and chartered to d'Amico Tankers Limited since then, was returned to its owners.

  Also in January 2013, the contract for the *M/T Freja Hafnia*, an MR vessel built in 2006 and delivered to d'Amico Tankers Limited in January 2012 for a charter period of one year, was extended through January 2015.

  In February 2013, the *M/T Torm Hellerup*, an MR vessel built in 2008 and delivered to d'Amico Tankers Limited in May 2012 for a charter period of one year, with an option to renew for an additional year, changed its name to the *M/T Hallinden* following a change of ownership. In June 2013, d'Amico Tankers Limited returned the *M/T Hallinden* to its owners.

  Also in February 2013, the contract for the *M/T Eastern Force*, an MR vessel built in 2009 and delivered to d'Amico Tankers Limited in April 2012 for a charter period of one year, was extended through April 2014, with an option to renew for an additional year.

  In April 2013, the *M/T Citrus Express*, an MR vessel built in 2006, was delivered to d'Amico Tankers Limited for a charter period of one year.

  Also in April 2013 the *M/T Carina*, an MR vessel built in 2010, was delivered to d'Amico Tankers Limited for a charter period of three years.

  In June 2013, the *M/T High Energy*, an MR vessel built in 2004 and since then on charter to d'Amico Tankers Limited, was returned to its owners.

  In August 2013, the *M/T Orient Star*, an MR vessel built in 2010, was delivered to d'Amico Tankers Limited for a charter period of one year.

  In November 2013, the *M/T Malbec,* a Handysize vessel built in 2008 and on charter to d'Amico Tankers Limited since 2010, was returned to its owners.

  In December 2013, the *M/T Ocean Leo*, an MR vessel built in 2010, was delivered to d'Amico Tankers Limited for a charter period of three to nine months.

Glenda International Shipping Limited:

- **Charter-out fleet:** In the first half of 2013, Glenda International Shipping Limited, a 50% joint venture with Glencore Group, withdrew from the pool all of the owned vessels managed by Glenda International Management Limited, chartering three vessels to d'Amico Tankers Limited and three vessels to ST Shipping Ltd (Glencore Group).

Maritime services

Ishima Pte Limited – During 2013, the company continued to render ship management services to third parties as well as Group companies, reaching a total of 40 vessels under management while the new building supervision program reached 120 orders. It also consolidates various activities undertaken by its subsidiaries in maritime procurement, insurance brokerage and port services.

Financial and real-estate investments

d'Amico Società di Navigazione S.p.A. During the year, DSN continued its policy of investing in other equity interests, thereby diversifying its efforts to business sectors other than shipping. In 2013 such investments saw the reduction of the Datalogic S.p.A. participation, with the disposal of shares for a total value of Euro 4.6 million and an additional investment in the private-equity fund Sator Private Equity Fund for Euro 4.4 million.

During 2013, **d'Amico International SA** - in order to increase the free float of d'Amico international Shipping SA ("DIS") reduced its equity interest in the listed company from 74.89% at the end of 2012 to 69.32% at the end of 2013. The decrease was primarily due to the sale in June 2013 of a 4.9% participation interest to the Tufton Oceanic group funds.

As mentioned in another section of this report, following the significant real-estate investment undertaken in 2011, effective 2012 DSN also began to carry out considerable renovation work that continued into 2013.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Financial Performance Analysis – The Group

Summary of results in 2013

After years of continuous difficult markets internationally, 2013 finally saw several important signs of a recovery in the economic indicators. Consumption began to rise, and charter prices thus also pulled out of the decline witnessed in recent years.

The tanker sector in particular showed constant increases in volumes and daily charter prices. The average spot charter price increased by more than 17% compared to the average for 2012 to come to USD 13,746 per day in 2013, compared to USD 11,686 in 2012. In light of that increase, coverage of medium-term charters, in contrast to spot charters, was prudentially increased from an average of 36.3% in 2012 to 46.9% in 2013.

The 2013 consolidated net profit reported by d'Amico International Shipping of USD 18.9 million, compared to the loss of USD 106 million in 2012, was achieved due to both the aforementioned rise in charter prices and the capital gains realized on the sale of three older vessels. Those capital gains were the result of the massive conservative impairment write-offs of USD 85 million recognized in 2012 in light of the market prices at that time. Obviously, the positive market performance had an equally positive impact on market valuations of the fleet, allowing us to achieve this result.

The dry-cargo market continued to experience difficulty in the first half of 2013, but then underwent a sharp recovery in the second half of the year. The Baltic Index decreased to approximately 700 points in February, driven by constantly rising cargo demand nonetheless insufficient to change the balance in a weak global economy and oversupply of vessels.
The second half of the year - and the fourth quarter in particular - saw signs of a recovery, buoyed by robust demand for raw materials from Asian nations, primarily China and Japan, with the Baltic Index rebounding above 2,000 points.

The 2013 consolidated net profit reached Euro 36 million, of which Euro 29 million was attributable to the Parent Company, compared to the loss of Euro 76.0 million (of which Euro 51.2 million was attributable to the Parent Company) presented in the 2012 financial statements.

The operating cash flow generated during the year came to Euro 66 million and confirms the Group's excellent operating and financial performance. Net investments in fixed assets, which continued during the year, absorbed a part of this cash (Euro 54 million). Cash used in financing activities came to Euro 59 million, primarily relating to repayments. As a result, the net change in cash in 2013 was a decrease of Euro 47 million, with net indebtedness of Euro 122 million.

Operating performance

(Thousands of euro)	2013	2012
Revenue	625,047	832,121
Gross operating profit or loss / EBITDA	55,891	46,722
Operating profit or loss / EBIT	1,115	(107,871)
Profit / (Loss) before taxes	49,509	(66,373)
NET PROFIT OR LOSS	**36,112**	**(75,985)**

The market performance and decline in charters in 2013 were reflected in revenue figures, which were down by approximately 25% to Euro 625 million, compared to Euro 832 million in 2012. Operating costs were also contained to a significant degree, and, with the contribution of the gain on the disposal of fixed assets - Euro 19 million compared to Euro 1.6 in 2012 - **gross operating profit (EBITDA)** increased to nearly Euro 56 million.
This improvement was even clearer at the level of **operating profit/EBIT**, inasmuch as impairment losses of more than Euro 80 million had been recognized on Group vessels in 2012.
Financial items also increased compared to the previous year (Euro 48.4 million compared to Euro 41.5 million in 2012), resulting in an improved **profit before taxes** of Euro 49.5 million and a **net profit** of Euro 36 million.

Statement of financial position

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
ASSETS		
Non-current assets	960,070	965,467
Current assets	464,917	506,857
TOTAL ASSETS	**1,424,987**	**1,472,324**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	854,230	830,548
Non-current liabilities	331,170	410,351
Current liabilities	239,587	231,425
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,424,987**	**1,472,324**

Non-current assets were essentially stable compared to the previous year, owing to the near balance of net increases in investments and depreciation and amortization charges. Of the total, owned vessels accounted for Euro 752 million, real estate approximately Euro 89 million and financial investments Euro 93.6 million. As at 31 December 2012, the total amount included Euro 771.6 million attributable to owned vessels, Euro 88 million to real-estate investments and Euro 84.6 to equity interests in non-consolidated enterprises.

Components of working capital, such as trade receivables and inventories, which came to a total of Euro 170 million, are included among **current assets**. This item also includes cash and equivalents of Euro 112.6 million and other financial assets (relating to investments) of Euro 182 million.

Non-current liabilities, which fell from Euro 410 million in 2012 to Euro 331 million in the reporting year, primarily referring to the long-term portion of loans. The remainder consists of provisions (for risks, employees and deferred taxes) and other sundry liabilities. **Current liabilities** include the short-term portion of outstanding loans (also down compared to 2012), trade payables, taxes payable and other current financial liabilities.

Shareholders' equity increased compared to 2012, coming to Euro 854 million (of which, Euro 765 million attributable to the Group), from Euro 830.5 million (of which, Euro 763 million attributable to the Group) in the previous year.

Net Financial Position

(Thousands of euro)	31 December 2013	31 December 2012
Cash and cash equivalents	112,599	156,945
Current financial assets	182,146	181,763
TOTAL CURRENT FINANCIAL ASSETS	**294,745**	**338,708**
Bank loans – current	(79,442)	87,095
Other current financial liabilities	(30,720)	(27,975)
TOTAL FINANCIAL LIABILITIES	**(110,162)**	**(115,070)**
NET CURRENT LIQUIDITY / (INDEBTEDNESS)	**184,583**	**223,638**
OTHER NON-CURRENT FINANCIAL ASSETS	**10,079**	**5,940**
Bank loans - non-current	(309,197)	(384,843)
Other non-current financial liabilities	(7,553)	(17,044)
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**(316,750)**	**(401,887)**
NET NON-CURRENT LIQUIDITY / (INDEBTEDNESS)	**(306,671)**	**(395,947)**
NET LIQUIDITY / (INDEBTEDNESS)	**(122,088)**	**(172,309)**

The Group's net indebtedness decreased compared to 31 December 2012, primarily due to the repayment of principal on outstanding loans in 2013, coming to Euro 122 million. Net current liquidity, although down compared to the previous year, remained high (Euro 184.6 million), confirming the Group's financial soundness.

Cash flow

(Thousands of euro)	2013	2012
Net cash provided by / (used in) operating activities	66,329	5,648
Net cash provided by / (used in) investing activities	(54,454)	(110,108)
Net cash provided by / (used in) financing activities	(59,139)	69,880
NET CASH PROVIDED / (USED)	**(47,264)**	**(34,580)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(47,264)**	**(34,580)**
Change in bank overdrafts	2,918	6,926
Cash and cash equivalents at the beginning of the period	156,945	184,599
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**112,599**	**156,945**

The investment policy continued in 2013, although to a reduced extent compared to 2012, involving the purchase and construction of new vessels for a net amount of approximately Euro 54 million. This, in addition to the aforementioned repayment of principal on outstanding loans of Euro 59 million, resulted in a decrease in cash and equivalents, which stood at Euro 112.6 million at year-end.

The following table is presented in the interest of completing consolidated financial information.

	2013	2012
Total debt ratio	66.82%	77.27%
Borrowing ratio	45.50%	59.48%
Equity less non-current assets	(105,840)	(134,919)
Equity as percentage of non-current assets	88.98%	86.03%

As mentioned above, the Group's total debt decreased compared to the previous year, as shown in the ratios presented above. The ratio of equity to non-current assets also improved, while remaining essentially in line with the 2012 level.

Operating Performance

Dry-cargo and Container Vessels

As mentioned above, 2013 was a very difficult year for the dry-cargo market, although the improvement in the market in the second half of the year brought a certain degree of optimism to dry-cargo operators. This optimism, in addition to the satisfactory outcome of sea trials of eco-ships, which persuaded shippers who had remained hesitant regarding the performance of this type of next-generation vessel to place new orders, as well as the liquidity injected into the new-construction market by international investment funds, then generated a substantial increase in new orders, with the resulting consolidation of the prices of new-builds and thus also of second-hand vessels.

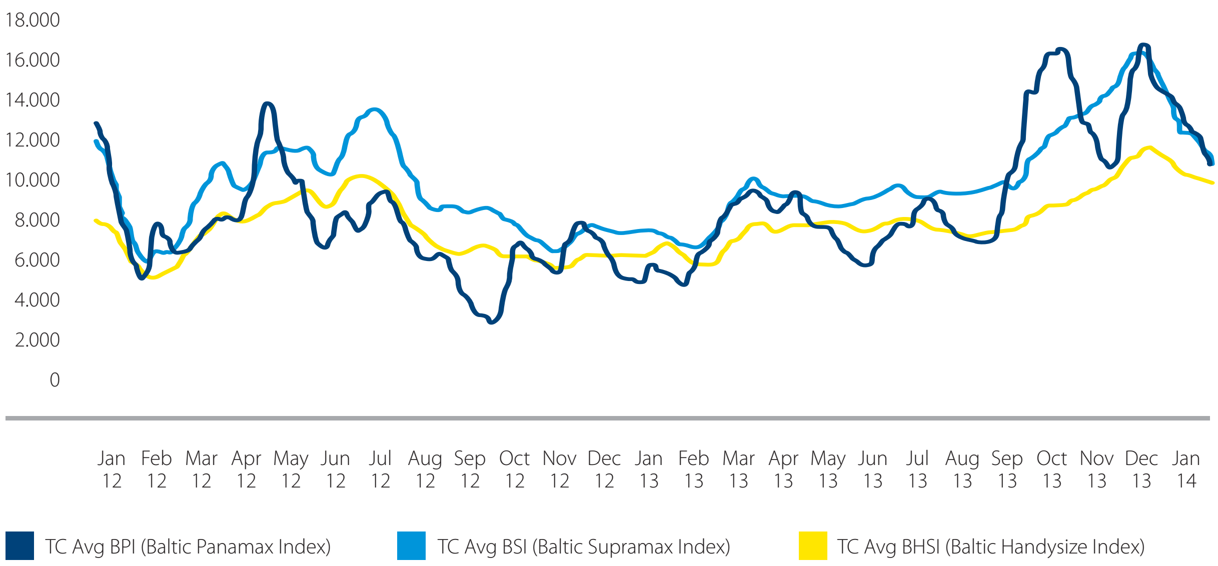
Following the boom in orders for new-builds that took place in 2007-2008, when shipyard utilization was practically at 100% and prices were at around twice their current levels, the excess cargo capacity seen in subsequent years and the ensuing collapse of charters due to surplus supply (despite constantly rising demand) resulted in a decline in new orders beginning in 2012 (to a dramatic extent, by as much as 50%), with the prices of new builds thus also falling to reach historical lows. With prices at a low and new designs with lower operating costs (eco-ships designed by shipyards to comply with new international standards concerning control of harmful emissions, with the resulting decrease in consumption), it was only in the first half of 2013 that there was renewed opportunity for traditional shippers to invest once more and place orders for new vessels to be built. However, this phenomenon resulted in the subsequent reversal of the trend towards an increase in new orders, a trend made quite clear by the tonnage volume of new orders in 2013, approximately 78 million DWT, bringing the figure back to the levels of 2010, after it had declined to 43 million DWT in 2011 and then 22 million DWT in 2012.

Consequently, the fourth quarter of the year saw the prices of new builds increase on the order of 10-15% compared to the first half of the year, while the increase in the prices of second-hand vessels came to a more robust level of approximately 30% for all segments of the bulkers market.

The average rates for the time-charter market in 2013 may be summarized as follows:

- Handymax 8,600 (8,000 in 2012)
- Supramax 10,000 (9,000 in 2012)
- Panamax 9,000 (7,500 in 2012)

Market overview: average spot rates for Panamax, Supramax and Handymax



Source: Baltic Exchange

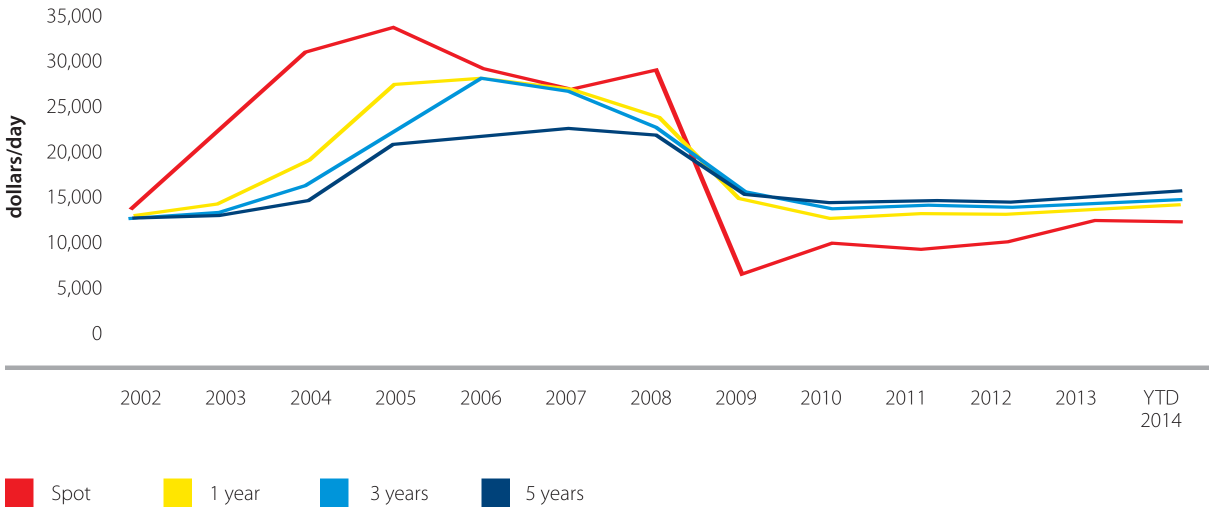
Tankers

Global economic growth strengthened in the second half of 2013, primarily due to the recovery in advanced economies. For the first time since 2010, during the reporting year demand appears to have resumed growth in OECD countries. However, downwards revisions of growth estimates in certain economies emphasize persistent fragility and constant downside risk. The International Energy Agency (IEA) has stated that it foresees an increase in global demand for petroleum products of 1.3 million barrels a day in 2014 (+1.2 million barrels a day in 2013), which will thus rise to 92.5 million barrels a day (compared to the 91.2 million barrels a day reached the previous year), in the wake of an improvement of the macroeconomic scenario during the year.

Tanker revenue on the spot market remained generally unchanged, with a slight improvement in the Atlantic Ocean market, driven by the United States' exports and, most recently, diesel imports from the U.S. shores of the Atlantic due to supply disruptions as a result of inclement weather. During the second half of 2013, the United States' refining capacity increased by as much as 500,000 barrels a day on an annual basis, and it recently reached its peak for the past eight years. In October, exports of products from the United States exceeded four million barrels a day.

The improvement in the market scenario in 2013, in conjunction with the constant focus on maximizing revenue and reducing costs, resulted in a substantial increase in operating profitability. It is estimated that in 2013 approximately 170 contracts were executed, of which approximately 100 in the second half of the year, with a positive effect on charter rates during the year, confirming the positive outlook for the medium/long term in 2014.

Market Overview – Average TC Rates for MR[2] Product Tankers (US$)



[2] Source: Clarkson, January 2014

Maritime services

In a manner complementary to its shipping operations, the Group renders shipping-related services both internally and to third parties. Most such services are provided by Compagnia Generale Telemar S.p.A., which, along with its investees, defended its strong market position, closing the year with a consolidated net profit of approximately Euro 5 million. In addition, the companies controlled by Rudder continue to perform well in their intermediation activity relating to the purchase of bunker fuel, turning a profit of just over Euro 400 thousand. Finally, services involving the technical management of ships and their crews on behalf of third parties continued to be provided (attributable directly to DSN, Ishima and Sirius), with 2013 sales of approximately Euro 23 million.

Financial and real-estate investments

Financial investments consist of investments of a strategic nature in available-for-sale financial assets and held-to-maturity financial assets. Such investments are undertaken directly by d'Amico Società di Navigazione S.p.A. through the use of available financial resources.

Aside from the measurement of such investments at year-end, changes during the year primarily related to the partial disposal of the Datalogic S.p.A. shares, partial disposal of the Gruppo Banca Popolare shares and the increase of the interest in the Sator Private Equity Fund, honouring the investment commitment of up to a maximum of Euro 10 million, towards which an additional Euro 3.2 million was paid.
As in previous years, the Group invested its liquidity through current management of its portfolio of financial resources, primarily in the form of equities, bonds and bank deposits. This activity is handled primarily by d'Amico International S.A., d'Amico Finance Ltd. and DSN, and the results for the year are proof of the merits of the various portfolios' managers.

In 2013 real-estate activity did not undergo pronounced change. The sole item worthy of mention relates to the property located on Via Paisiello in Rome, owned by the Parent Company. Following initial interest in moving the Company's administrative office to the property, renovation is now proceeding, and the decision as to the use of the property is to be made at a later date.

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

Operating performance

The following table presents income statement results for the year ended 31 December 2013.

(Thousands of euro)	2013	2012
Dividends	23,101	64,575
Other revenue	9,710	11,202
General and administrative costs and other operating costs	(25,051)	(21,984)
Net financial income / (charges)	(1,803)	(2,328)
Income taxes	280	197
NET PROFIT / (LOSS)	**6,237**	**51,662**

Company activity continued in 2013 with both the management of equity investments and services rendered by the Parent Company to other Group companies.

The dividends collected and recognized on a cash basis relate to the sums received in 2013 from directly held investees, for the details of which reference should be made to the table presented in the notes.

By contrast, operating revenue relates to the services rendered by the Parent Company to other Group companies in the areas of ship management services for vessels in the company fleet and other services of a corporate nature, such as co-ordination and legal counsel, internal auditing and human resource management. A comparison with the previous year shows that the change was due to a decrease in the services rendered and the change in the average euro/dollar exchange rate in 2013 compared to 2012.

The costs of approximately Euro 25 million include overhead and production costs relating to ship management activity, general and administrative costs and depreciation and amortisation charges for property, plant and equipment and intangible assets. The increase in costs compared to the past, in addition to the normal change in general costs, primarily relates to the recognition of costs associated with income of d'Amico International SA taxed on a transparent basis, as discussed in detail below.

Financial position

(Thousands of euro)	As at 31 Dec 2013	As at 31 Dec 2012
Non-current assets	266,255	260,793
Current assets	13,274	13,062
TOTAL ASSETS	**279,529**	**273,855**
Shareholders' equity	229,644	226,782
Non-current liabilities	39,860	40,372
Current liabilities	10,025	6,701
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**279,529**	**273,855**

Non-current assets, apart from the sum of Euro 67 million associated with tangible assets (and, more specifically, real property of approximately Euro 65 million), essentially consist of long-term investments (Euro 183 million) and the loans granted to two subsidiaries (Euro 15,4 million).

Current assets of approximately Euro 13 million include items of a financial nature such as cash and equivalents (Euro 6.0 million) and short-term investments (Euro 1.3 million). The other items relate to trade receivables set to come due in 2014.

D'Amico's total **shareholders' equity** increased to Euro 229.6 million from Euro 226.7 million in the previous year.

Non-current liabilities (Euro 39.9 million) refer primarily to the share of the finance lease entered into to purchase the Rome office and the loan contracted in connection with the purchase of the property located on Via Paisiello in 2011 set to come due beyond 2014. In addition, in connection with this latter loan, the fair-value measurement of the swap contract concluded as a hedge was also recognised among non-current liabilities in the amount of Euro 2.7 million.

Finally, **Current liabilities** include the share of loans set to come due in 2014, plus the trade payables that are to be settled in the near term.

The Company's financial position remained essentially unchanged compared to the previous year. Cash liquidity improved compared to the previous year, with an equal decrease in bank debt, essentially due to loan payments and principal payments on leases. The above was offset by the disposal of certain short-term investments presented among current financial assets.

The following are some financial position ratios relating to the way in which medium-/long-term investments are financed and the composition of sources of financing.

	2013	2012
Total debt ratio	21.72%	20.76%
Borrowing ratio	14.50%	15.43%
Equity less non-current assets (/000)	(36,611)	(34,012)
Equity as percentage of non-current assets	86.25%	86.96%

The indices presented above highlight the high level of the Company's equity with respect to its liabilities, especially in the case of its financial liabilities. Equity to non-current assets indicates substantial coverage (86%) of all non-current assets by equity.
There were no significant structural changes compared to 2012, and the divergence of the indices from the previous year is thus essentially nil.

Tax situation

DSN is subject to Italian tax law and therefore calculates its direct taxes analytically. Due to the estimate of a tax loss in 2013, there was no need to recognize any provisions. The amount recognized in the income statement is negative and relates to the change in deferred taxes during the year. DSN is subject to taxation "on a pass-through basis" with respect to the income earned by its foreign subsidiaries residing in countries with privileged tax regimes (Art. 167, paragraph 1, of the Italian Consolidated Income Tax Act), as well as those residing in other countries (following the change made effective the 2010 incomes) but that fall within the conditions envisaged in paragraph 8-bis of the above Article of the Consolidated Income Tax Act. As previously reported, for the companies in this situation, in recent years d'Amico submitted various advance requests for rulings, all of which met with positive responses, except in the case of d'Amico International SA. It bears recalling that in May 2011 the Company submitted a request for a ruling to avoid the taxation of the incomes attributable to the subsidiary d'Amico International SA and, after various exchanges of correspondence and submissions of additional documentation, in April 2012 a negative response was given to the request, despite the firm conviction that the Luxembourg subsidiary was not among "white-list" companies. In order to avoid any possible repercussions, it was therefore decided to pay the amount corresponding to taxation on a pass-through basis for the 2010 income as well, while concurrently lodging a petition against the rejection as well as a petition for a refund of the sums paid. The commission hearing the case decided to obtain an expert's opinion to assist it in resolving the matter. The expert presented his findings in early 2014, and the final decision of the first instance was deferred until May 2014. For the reporting year, the Company continued to recognize taxes on a pass-through basis on the incomes generated by the subsidiary in 2013, in the amount of approximately Euro 5 million. The amounts in question have been included among general costs, inasmuch as they do not refer to taxes on the income earned by the Company.

Significant Events since the End of the Year and Business Outlook

d'Amico International Shipping

- **Exercise of the "Warrant d'Amico International Shipping 2012-2016" – In February 2014**, d'Amico International Shipping S.A. ("DIS") announced that the first exercise period for the "Warrant d'Amico International Shipping 2012–2016", (ISIN code LU0849020044) ended on 31 January 2014. A total of 186,226,599 warrants were exercised at the price of Euro 0.36 per each new ordinary share issued by DIS and admitted to trading on the MTA market of Borsa Italiana S.p.A. as conversion shares, for a total value of Euro 22,347,191.88 (equivalent to USD 30,477,100). In accordance with the Warrant Agreement, DIS issued and allotted 62,075,533 conversion shares, at the ratio of one (1) ordinary DIS share per each three (3) warrants exercised, with the same rights (including the right to any dividends) and characteristics as existing ordinary shares at the issue date, to warrant holders who validly exercised their warrants during the first exercise period. The ISIN code of the conversion shares will be the same as the ISIN code for DIS' ordinary shares: LU0290697514. Following the current capital increase, the amount of DIS shares will come to USD 42,195,530.70, divided into 421,955,307 ordinary shares without par value. The full text of the Articles of Association and the rest of the documentation pertaining to the approved capital increase will be filed and regulated within the legal terms and made available to those who so request at the company's office, Borsa Italiana S.p.A., CONSOB and the *Commission de Surveillance du Secteur Financier* (CSSF). The document will also be available for consultation on the website www.damicointernationalshipping.com. It should be recalled that the company has elected the Luxembourg Stock Exchange as its OAM. In accordance with the Warrant Agreement, warrant holders who have not exercised their warrants during the first exercise period will be entitled to exercise their warrants and subscribe for conversion shares according to the warrant ratio at the following exercise prices and during the following exercise periods:
  - Euro 0.40 for warrants exercised on each January 2015 trading day; and
  - Euro 0.46 for warrants exercised on each January 2016 trading day.

  It bears recalling that from 1 December 2013 to 31 December 2015 DIS' Board of Directors, pursuant to Article 3 of the Warrant Agreement, may establish additional exercise periods, to be disclosed to the public in a timely manner. It should also be recalled that the Warrant Agreement is available from the Company's website at the address www.damicointernationalshipping.com , in the section dedicated to the capital increase, as appended to the prospectus dated 6 November 2012.

d'Amico Società di Navigazione S.p.A.

- On 19 February 2014 it incorporated a new limited-liability company named d**'Amico Partecipazioni Finanziarie S.r.l.**. While some participations were sold to third parties, d'Amico retained a controlling interest. The company's primary object is holding equity investments and/or financial instruments of all kinds in companies of all natures.

  d'Amico Società di Navigazione S.p.A. also increased its controlling interest in Sirius Ship Management S.r.l., based in Genoa, through an additional purchases in December 2013 and February 2014, thus bringing its interest to approximately 77.89%, or Euro 78,045.30.

  Finally, the following transactions were also undertaken in early 2014:
  - TIP warrants: In February 2014, the Company exercised all of the TIP warrants in its portfolio at the price of Euro 1.867, subscribing for 500,000 newly issued ordinary TIP shares. Following the exercise of the above warrants, the Company's current interest in TIP is 10.24% (14,625,000 shares) of post-issue capital.
  - Datalogic sale: In March 2014, the Company's residual equity interest (420,000 shares, or a 0.72% interest) in Datalogic S.p.A. was sold according to the accelerated bookbuilding technique;
  - Banco Popolare sale: The entire equity interest (1,138,200 shares) in the Banco Popolare Group was sold in March 2014.

Tankers

D'Amico Tankers Ltd

- **Charter-in fleet:** in January 2014, the *M/T High Power*, a medium-range ("MR") vessel built in 2004 and since then on charter from d'Amico Tankers Limited, was returned to its owners, which are currently using it in the pool managed by High Pool Tankers Limited.

  Also in January 2014, the *M/T Baizo*, a medium-range ("MR") vessel built in 2004, was delivered to d'Amico Tankers Limited for a three-year charter period, with a renewal option for an additional two years.

  In February 2014, d'Amico Tankers Limited exercised the option to extend through July 2015 the charter agreement for the *M/T High Glow*, a medium-range ("MR") vessel built in 2006 and since then chartered to d'Amico Tankers.

  Also in February 2014, d'Amico Tankers Limited exercised its option to extend through April 2015 the charter agreement for the *M/T Eastern Force*, a medium-range ("MR") vessel built in 2009 and chartered by d'Amico Tankers Limited since April 2012.

- **New-building:** in January 2014, two newly built eco-design tankers from the South Korean shipyard Hyundai Mipo Dockyard Co. Ltd., the *M/T Cielo di Gaeta* (a 40,000-DWT Handysize vessel), and the *High Freedom* (a 50,000-DWT MR vessel), were delivered to d'Amico Tankers Limited. Both were chartered out for a period of five years to an important oil company under remunerative conditions.

  In February 2014, two other newly built eco-design tankers from the South Korean shipyard Hyundai Mipo Dockyard Co. Ltd., the *M/T Cielo di New York* (a 40,000-DWT vessel), and the *M/T High Discovery* (a 50,000-DWT vessel), were delivered to d'Amico Tankers Limited. Both were chartered out for a period of five and three years, respectively, to two different oil companies under remunerative conditions.

d'Amico International Shipping's fleet may be summarized as follows::

	As at 31 December 2013			As at 28 February 2014		
	MR	Handysize	Total	MR	Handysize	Total
Owned	16.0	2.0	18.0	18.0	4.0	22.0
Chartered	17.5	2.0	19.5	17.5	2.0	19.5
TOTAL	**33.5**	**4.0**	**37.5**	**35.5**	**6.0**	**41.5**

Dry-cargo vessels

During 2013, options were exercised for five new Handy units (39,000 DWT, box-shape open-hatch, fuel-efficient vessels) from the Chinese shipyard Yangfan. In total, eleven units are currently on order, with two sold on to third companies. Our Group will retain technical and commercial control. Deliveries are scheduled to take place from August 2014 to September 2016. In this same segment, mention should also be made of the replacement of the *Cielo di Savona* (a 32,000-DWT vessel on a long-term charter) with the *Cielo di Palermo* (a 37,000-DWT vessel on a long-term charter until 2023).

In the Supramax segment, six vessels (64,000-DWT, fuel-efficient units) were ordered during the year from the Chinese shipyard, with delivery scheduled for 2015. The sale of two of these to third companies is being negotiated, with the Group to retain technical and commercial control. At year-end, there remained two additional similar units for which an option right may be exercised.

In 2013, four 60,000-DWT, fuel-efficient units were ordered in JV with Coeclerici S.p.A. from the Japanese shipyard Oshima, with delivery scheduled for 2015 and 2016. Two further 60,000-DWT, fuel-efficient units (sister ships of the units ordered in the JV with Coeclerici) were

ordered by d'Amico Dry Limited from the Japanese shipyard Oshima for delivery in 2017.
Also we mention the ship M/V Medi Shanghai was sold during the year.

Lastly, in the Panamax/Kamsarmax segment, it should be noted that the *Medi Cagliari* was delivered to Enel and a five-year contract of affreightment was entered into with J Power (a leading Japanese energy producer).

Business outlook

Global demand for petroleum products seems to have accelerated gradually over the last 18 months, driven by the economic recovery witnessed in industrialized nations, climbing from the low recorded in the third quarter of 2012 to the recent peak of 1.5 million barrels per day in the third quarter of 2013. The key factor in this change was the reversal of the demand trend in OECD countries, in the wake of the performances in the two Americas and Europe. Most OECD economies have now emerged from the recession, with consistent gains posted in several countries in the petrochemical and energy-intensive manufacturing sectors.

In 2014, demand for petroleum products is expected to increase by 2.4% in India due to the recovering macroeconomic scenario, with GDP growth of over 5% according to the estimates by the International Monetary Fund (IMF) for 2014.

In the Middle East, the maintenance phase for refineries has already begun in Saudi Arabia, which is an active purchaser of cargo capacity for distilled products from the Far East. Available capacity in the Middle East will increase markedly towards mid-May, when the above-mentioned maintenance phase will end, and the second 400,000-barrel-a-day production unit at the Jibail refinery will become operational (an additional 200,000 barrels a day).

The leading refining companies in China, Sinopec Corp and PetroChina, have obtained export permits for the fourth quarter. It is expected that greater export permits will be granted due to the slowdown in internal demand.

In January 2014, the U.S. East Coast market showed a sharp rise in gasoline and diesel exports that continued into early February. In January, at least five cargoes of gasoline and naphtha were booked for export to Asia, while in February another two to three cargoes were slotted for trans-Pacific routes. Most of these cargoes, which transport gasoline, aromatic hydrocarbons and naphtha, are bound for Singapore, China and Japan.

OECD stocks of petroleum products for commercial use decreased dramatically by 53.6 million barrels in November, yielding the sharpest monthly declines since December 2011, led by those in crude oil and petroleum products such as diesel and distillates. At the end of January, that decline came to 85.8 million barrels compared to the levels of one year earlier and 99.5 million barrels compared to the average for the previous five years. As spring refinery maintenance approaches, there should be a gradual improvement in demand for tankers in view of stock replenishment.

The main factors that are expected to shape the tanker shipping market and d'Amico International Shipping's performance are as follows: (1) increased global demand for petroleum products, (2) increased global GDP and (3) the significant number of new vessels. The factors that could mitigate and partially offset the current tanker supply/demand scenario in the long term are described in greater detail below:

Tanker demand

- In 2013 at least 170 charter contracts were executed in the MR segment, compared to the total of 57 in 2012.
- The legislation known as the "Jones Act," the harsh winter in the United States (driving demand and causing problems at refineries) and the rapid decrease in inventories of distilled products in the north-eastern part of the country are affecting product flows in the Atlantic Basin. The excessive volumes originating in countries on the Gulf of Mexico needed to be exported, mostly to Europe, whereas there was an increase in the exportation of distillates from Europe and Russia to the East Coast of the United States.
- The refineries under strategic review in Europe currently account for 800,000 barrels a day. European refining companies are depressed, suffering from weak demand for petroleum products both in Europe and the United States, and further closures may occur.
- In Asia and Australia, refineries with a total capacity of over 500,000 barrels a day are expected to close, while others with a capacity of an additional one

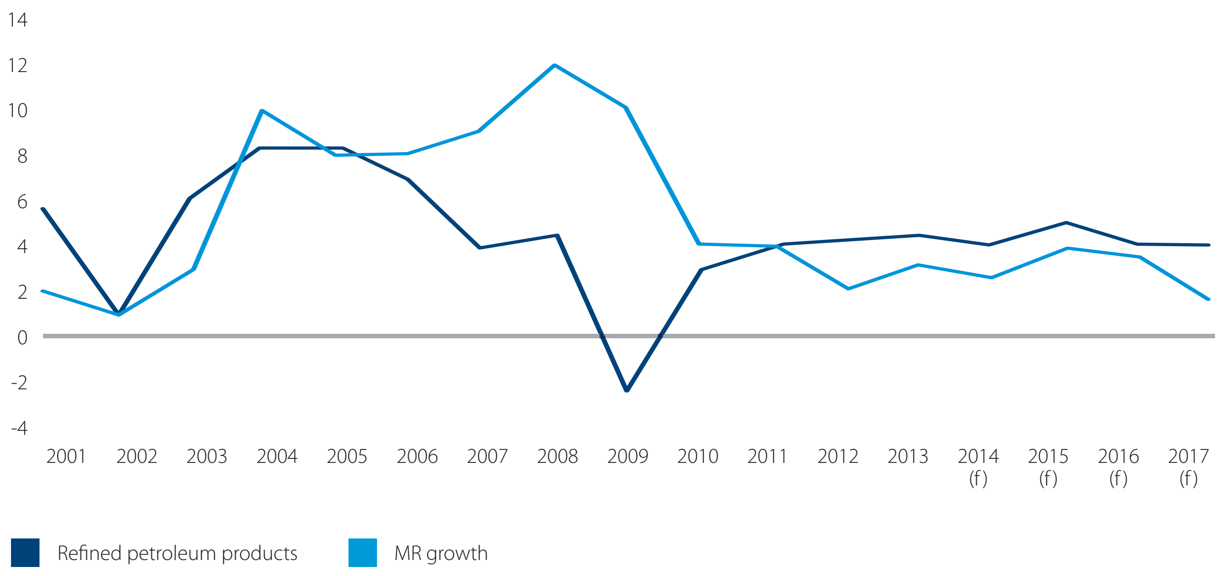
million barrels a day will undergo strategic review. As a consequence, the countries concerned will increasingly have to rely on imports of petroleum products.
- Annual maritime transport of palm oil is expected to rise from 6.5 million tonnes to 7.5 million tonnes by 2016, equivalent to an increase of 31 vessels (MR tankers) a year.

Tanker supply

- The figures indicate a sharp rise in orders in the MR segment in 2013. Although the exact number of orders submitted is not known, according to estimates deliveries should come to between 300 and 400 vessels over the next three years.
- Last year's order book called for the delivery of approximately 125 vessels, of which only 86 were delivered.
- On the basis of the historical figures for the past two years, we expect that the order book for 2014 and 2015 will come to approximately 90-100 vessels per year.
- Postponements and possible cancellations of deliveries should continue to be regarded as a significant factor influencing the construction of new ships. Delivery delays have come to an average of 35% over the past five years.
- Although the average age of the fleet of MR ships is relatively low at approximately 8.8 years, approximately 319 vessels are older than 15 years, and of these 166 are over 20 and 66 over 25.
- In 2013, approximately 30 tankers were eliminated, and the average age at demolition of tankers declined to approximately 26 years, reducing the net growth of the fleet.
- With the introduction of modern, fuel-efficient vessels, the difference in potential profits between older and more modern tonnage will become increasingly pronounced. The disparity in earnings will put additional pressure on the oldest ships and could result in a further decrease in age at demolition.

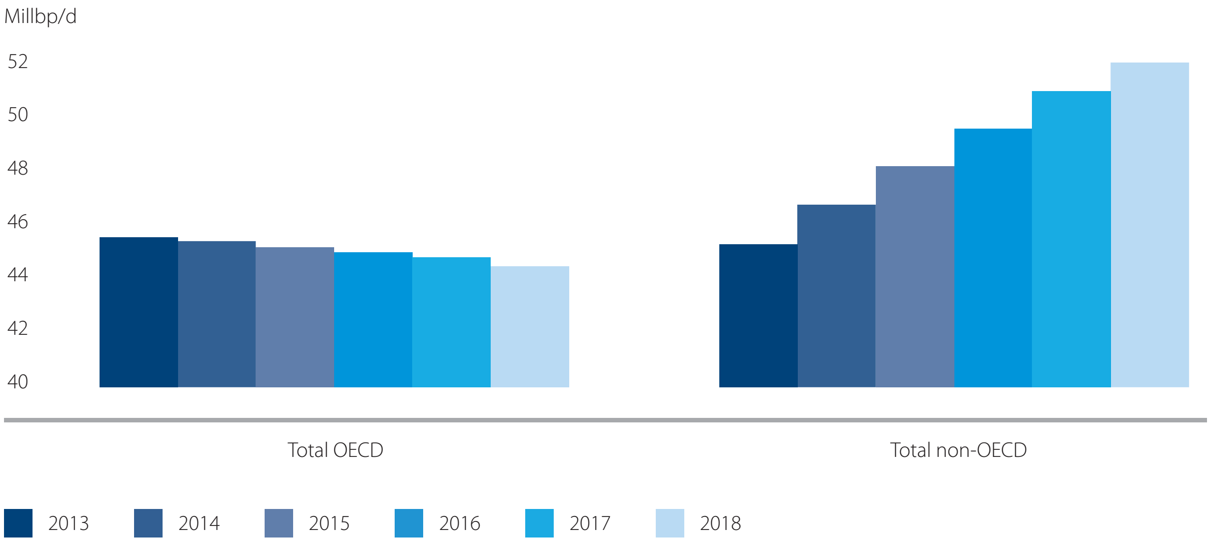
Delays extending time in port, reduced speed and greater route length are factors that continue to influence the tanker trade, the immediate supply of which has effectively declined.

Tonne/Mile Demand %[1]



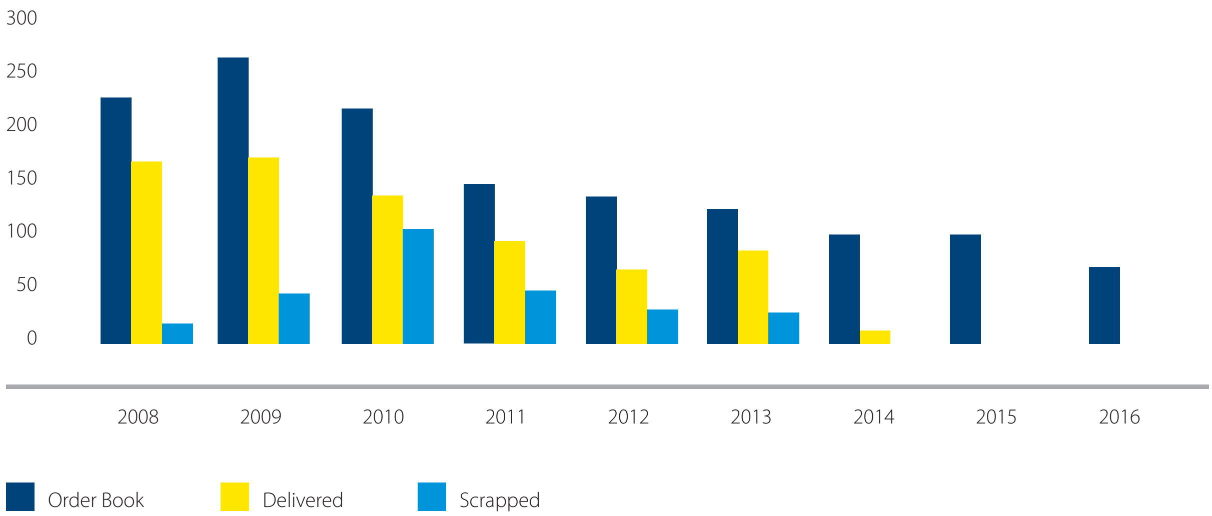
[1] Source: Odin Marine, Banchero Costa SSY, Icap, d'Amico

Global Oil Demand Growth[1] 2013 – 2018



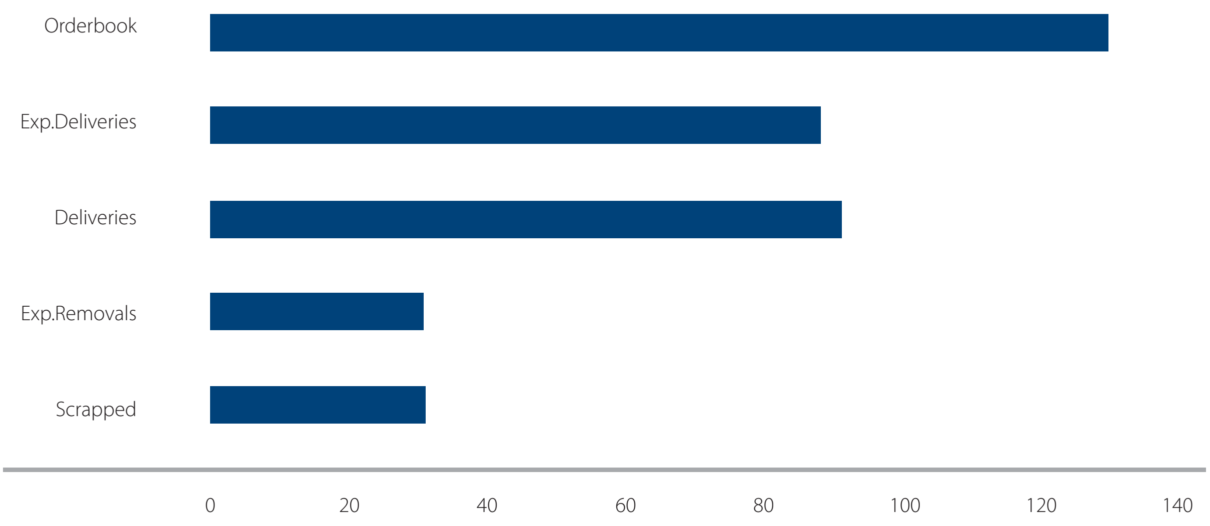
Medium Range Product Tankers deliveries / scrapping

Net MR[1] fleet growth 2008-2016



[1] Source: International Energy Agency Medium-Term Oil Market Report, July '13
[2] MR product tankers ranging from 25.000 to 55.000 dwt. Source: Clarkson, ICAP, SSY, Braemar and Gibson search

Orderbook vs. deliveries – MR[1] Tankers



Dry-cargo ships

In 2014, demand for bulker traffic is expected to continue to be driven by the Far East market, and in particular by Chinese demand for iron ore, bulk grain and coal. For 2014, and probably also for 2015, there is a general consensus that there will be a further increase in cargo demand, fostered by the stability of Asian demand (although there are currently concerns regarding China's ability to continue to drive demand with the same intensity as in 2013), as well as by a recovery of the U.S. economy and possibly of European countries generally. At the same time, due to the decline in new construction orders over the past year, the increase in deliveries of new-builds is expected to slow over the next two years, with possible benefits for shippers as a result of a shift in the supply/demand balance in their favour.
Bulk shipping demand is expected to increase by approximately 6.0% in 2014 and 5.5% in 2015 (on the order of 200,000 tonnes per year). During the same period, the bulk fleet is expected to grow at rates of 5% and 4%, respectively (an average of approximately 55 million DWT per year).

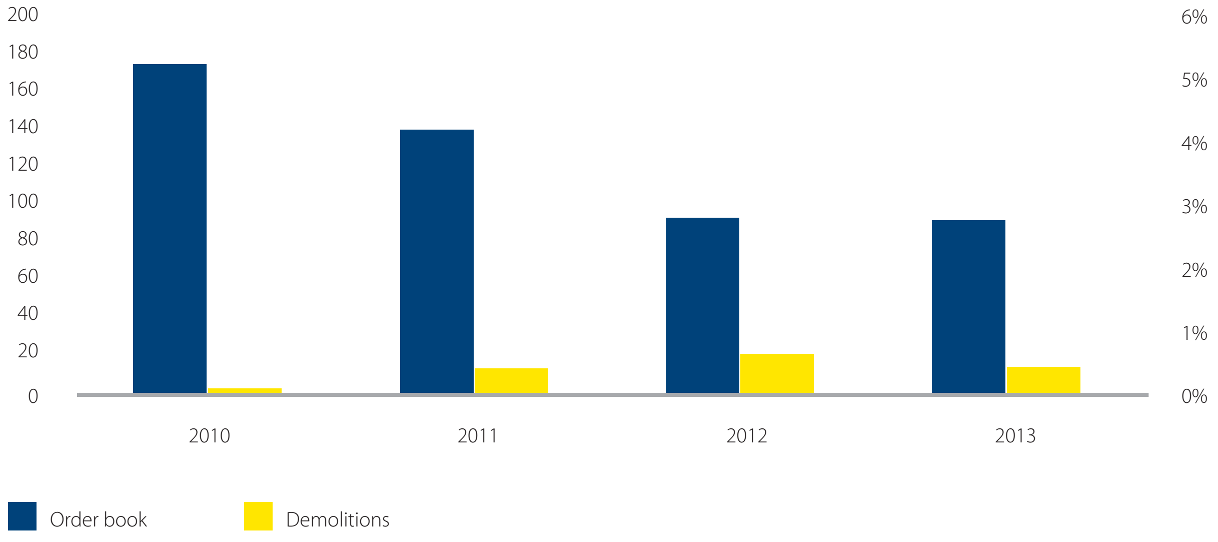
Projected averages for the market in 2014 are as follows:
- Handy 10,000
- Supra 12,000
- Pmax 12,000

It should also be noted that, four Supramax units (more specifically, one 58,000-DWT BLT units, with scheduled delivery in May 2014 and three 60,000-DWT BLT unit, scheduled for delivery in 2016) will be received into the fleet on long-term charter (eight/ten years, with a purchase option), as will five Panamax/Kamsrarmax 82,000-DWT BLT units scheduled for delivery in 2015 and 2016.

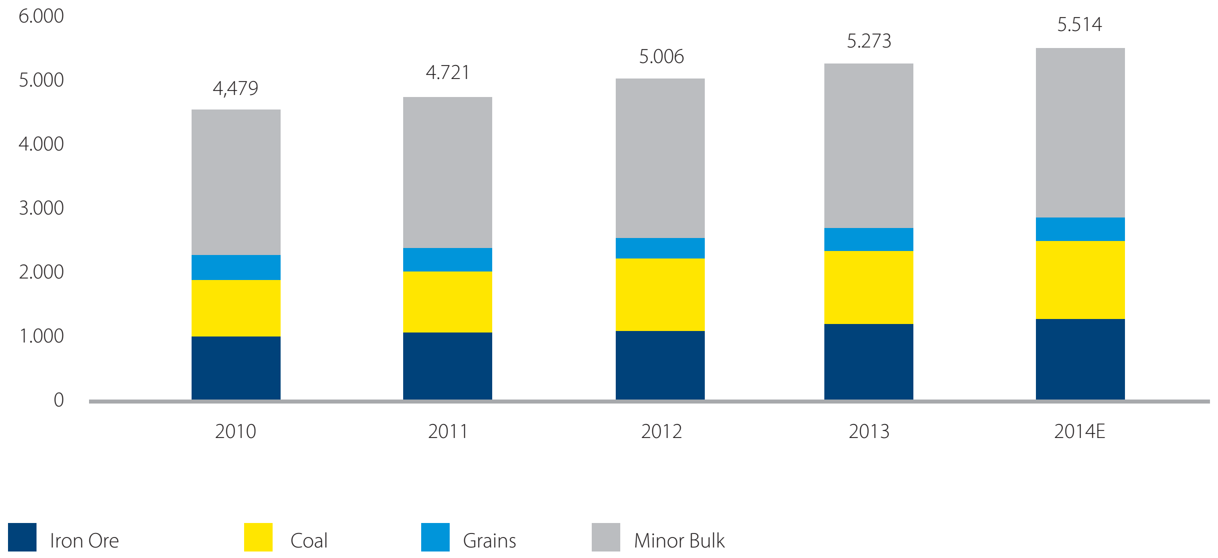
Finally, it bears noting that early 2014 saw the sale of the *Medi Chennai* and *Cielo di Genova*, which will contribute profit to the 2014 financial statements.

[1] MR product tanker fleet Source Clarkson

Dry Cargo fleet additions and deletions[1]



Global Major Bulk Trade (2010-2014E)[2]



[1] Source: Clarkson SHIPPING REVIEW & OUTLOOK
Bulk carrier from 10,000 to 100,000 dwt
[2] Source: Clarkson SHIPPING REVIEW & OUTLOOK

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, neither d'Amico Società di Navigazione S.p.A. nor the other Group companies engaged in any activity of this sort during the year.

Disclosure concerning derivative instruments

The Group is exposed to various financial risks relating to its operating activity. During the budgeting process, appropriate market levels are identified in the analysis of all implicit risks so as to systematically undertake all measures required to reduce, neutralize or hedge the exposures assumed during the year, while taking account of market conditions and in a manner consistent with estimated business performance. Specific risk control policies and guidelines have been established in order to determine the daily overall contracting limit and delta variation. Proper monitoring of internal control procedures is ensured by our back and front offices.

Although specified in the notes, the risk management method is also presented below, in the interest of clarity, including quantitative and qualitative information relating to the effect that such risks may have on the Group.

Market risk

Market 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 typically 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 monitors open positions in such instruments.

In some cases, 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"). For informational purposes only, it is specified that a 5% change in bunker prices on 2013 consumption would not have resulted in significant changes to the consolidated income statement.

The Company uses part of its financial resources to invest in current financial assets exposed to the risk of fluctuations in the market prices of securities. A 5% fluctuation in market price at the end of the year would have entailed a change in financial items and profit or loss of approximately Euro 4 million. A 5% fluctuation in the market prices of real-estate investments would have resulted in an impact of approximately Euro 2 million on equity reserves and other comprehensive income.

Foreign-exchange risk

The Group constantly monitors the currency risk associated with transactions denominated in foreign currencies, primarily by seeking to hedge costs in foreign currencies to the greatest possible extent. Since operating activities, like ship prices, are primarily denominated in U.S. dollars, for the management there is no significant exposure arising from possible fluctuations in the euro/dollar exchange rate, and the impact would only be visible at the level of individual volumes and not of profit or loss.

In addition to the U.S. dollar, the Group had exposures to Japanese yen, for which foreign- exchange risk does not correspond to equivalent fixed assets. For these items, relating to financial exposures and hedging instruments, a five percentage point change in the EUR/JPY exchange rate as at the end of 2013 would have resulted in an impact on the income statement, and thus on financial position, of approximately Euro 10 million.

Interest-rate risk

The Group is exposed to interest-rate risk arising from the fact that interest accrues on its credit facilities and bank deposits 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 0.4 million, whereas a decrease of 100 basis points would have yielded a positive effect of Euro 200 thousand.

Credit risk

The Group is exposed to credit risk relating to possible default by its counterparties, primarily clients. As is common knowledge, shipping does not present particular risks, given that charters are normally paid for in advance. The marginal portion relating to short-term accounts receivable for demurrage or various charter expenses is extraneous to this concept and is constantly monitored in order to ensure that it is properly collected. All trade receivables are thoroughly analyzed and, in some cases, subject to impairment. At the end of 2013, a total of Euro 2.4 million had been provisioned to cover the accounts receivable presented in the financial statements. The Group also holds considerable cash deposits with leading, highly rated counterparties, and no credit risk is thus foreseeable.

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 in the course of current operations.
The management constantly monitors expected future needs and at the reporting date 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 discharge its obligations to repay its debts at their natural due dates. Amounts due to banks and other lenders set to come due beyond five years came to Euro 135 million. In this regard, reference should be made to Note 21, which presents full information concerning loans, and Note 30 concerning the Group's commitments.

Fair-value risk

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

Finally, 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 2013:

- *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 against fluctuations of exchange rates and pursuing speculative objectives;
- *interest rate swaps* (IRSs) intended to convert the fixed-rate portion of the financial indebtedness contracted to floating rate; and
- *bunker hedges* 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.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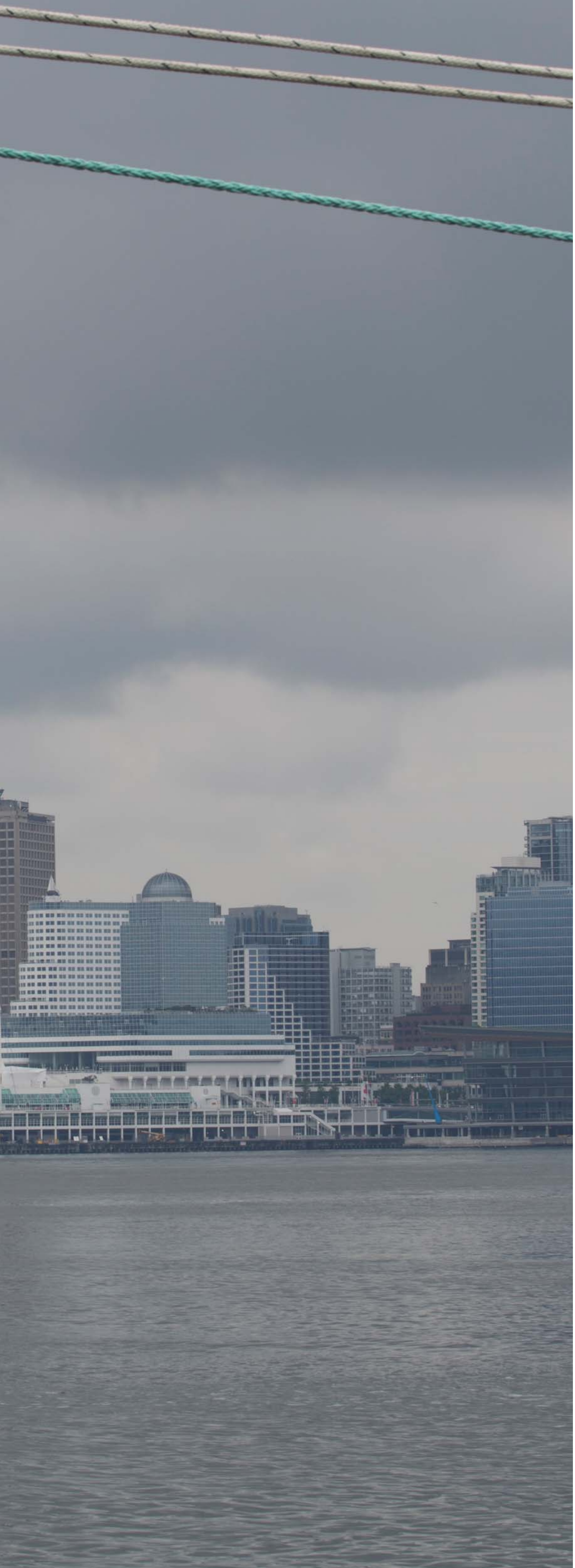

d'Amico Società di Navigazione Group

Consolidated Financial Statements as at and for the year ended 31 December 2013

d’Amico Società di Navigazione Group

Consolidated Income Statement

Euro	Notes	2013	2012
Revenue	4	625,047	832,121
Operating costs	5	(445,817)	(638,732)
General and administrative costs	6	(142,448)	(148,252)
Income on the disposal of fixed assets	7	19,109	1,585
GROSS OPERATING PROFIT / (LOSS)		**55,891**	**46,722**
Depreciation, amortization and impairment	10/11	(54,776)	(154,593)
OPERATING PROFIT / (LOSS)		**1,115**	**(107,871)**
Financial income and charges	8	48,394	41,498
PROFIT / (LOSS) BEFORE TAXES		**49,509**	**(66,373)**
Income taxes	9	(13,397)	(9,612)
NET PROFIT / (LOSS)		**36,112**	**(75,985)**
Attributable to:			
MINORITIES		**7,000**	**(24,464)**
PARENT COMPANY		**29,112**	**(51,521)**

Consolidated Statement of Other Comprehensive Income

Euro	2013	2012
Net profit or loss	36,112	(75,985)
Other components of comprehensive income not to be recycled to the income statement in subsequent periods		
Translation differences on foreign operations	(26,268)	2,768
Actuarial gain or loss (IAS 19)	75	
Tax effects of expenses/income recognized in equity	(17)	
Other components of comprehensive income to be recycled to the income statement in subsequent periods		
Change in the fair value of available-for-sale financial instruments	12,757	1,646
Effective part of gains/(losses) on hedging instruments	10,012	(3,869)
Tax effects of expenses/income recognized in equity	(2,605)	
Comprehensive income	30,066	(75,440)
Attributable to:		
MINORITIES	**11,789**	**(50,333)**
PARENT COMPANY	**18,276**	**(25,107)**

The notes presented on the following pages are an integral part of these financial statements.

Consolidated Statement of Financial Position

Euro	Note	As at 31 December 2013	As at 31 December 2012
ASSETS			
Non-current assets			
Intangible assets	10	10,325	8,853
Tangible assets	11	846,067	866,082
Long-term investments	12	93,599	84,592
Other non-current financial assets	13	10,079	5,940
TOTAL NON-CURRENT ASSETS		**960,070**	**965,467**
Current assets			
Inventories	14	52,620	58,568
Short-term receivables and other current assets	15	117,552	109,581
Other current financial assets	16	182,146	181,763
Cash and cash equivalents	17	112,599	156,945
TOTAL CURRENT ASSETS		**464,917**	**506,857**
TOTAL ASSETS		**1,424,987**	**1,472,324**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		25,000	25,000
Earnings reserves		720,020	778,344
Other reserves		(8,706)	11,568
Net profit / (loss)		29,112	(51,521)
SHAREHOLDERS' EQUITY - PARENT	18	**765,426**	**763,391**
Capital and reserves - Minorities		81,804	91,621
Net profit / (loss) - Minorities		7,000	(24,464)
TOTAL SHAREHOLDERS' EQUITY	18	**854,230**	**830,548**
Non-current liabilities			
Provisions for risks and charges	19	2,696	2,704
Banks and other lenders	21	309,197	384,843
Provisions for employee benefits	20	5,178	4,737
Other non-current financial liabilities	22	7,553	17,040
Other non-current liabilities	23	2,817	0
Deferred tax liabilities	24	3,729	1,027
TOTAL NON-CURRENT LIABILITIES		**331,170**	**410,351**
Current liabilities			
Banks and other lenders	21	79,442	87,095
Short-term payables and other current liabilities	25	122,517	109,202
Other current financial liabilities	26	30,720	27,975
Current tax liabilities	27	6,908	7,153
TOTAL CURRENT LIABILITIES		**239,587**	**231,425**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,424,987**	**1,472,324**

Paolo d'Amico, Chairman

Cesare d'Amico, Chief Executive Officer

Consolidated Statement of Cash Flows

(Thousands of euro)	2013	2012
NET PROFIT FOR THE PERIOD	**36,112**	**(75,985)**
Depreciation, amortization and impairment	55,100	148,967
Current and deferred tax	8,326	8,503
Financial charges/Financial income	(48,394)	(8,040)
Fair value gains on foreign currency translation	(11,362)	(3,023)
Other non-cash items	36,562	(38,694)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	**76,344**	**31,728**
Changes in inventories	5,948	(20,897)
Changes in short-term amounts receivable	(7,962)	49,336
Changes in short-term amounts payable	16,495	(58,073)
Taxes paid	(10,644)	(4,486)
Interest collected / (paid)	(13,852)	8,040
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	**66,329**	**5,648**
Acquisition of fixed assets	(119,556)	(125,786)
Disposal/derecognition of fixed assets	65,102	15,678
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	**(54,454)**	**(110,108)**
Other changes in shareholders' equity	14,419	33,026
Changes in financial assets/liabilities	(2,348)	15,793
Bank loan repayments	(58,441)	(39,243)
Bank loan draw-downs	3,271	81,773
Dividends paid	(16,040)	(21,469)
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES	**(59,139)**	**69,880**
NET CASH PROVIDED / (USED)	**(47,264)**	**(34,580)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the year	156,945	184,599
Change in cash and cash equivalents	(47,264)	(34,580)
Change in bank overdrafts	2,918	6,926
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**112,599**	**156,945**

Consolidated Statement of Changes in Shareholders’ Equity

	Share capital	Retained earnings	Other reserves	Net profit	Total	Minority interests	Total Shareholders' equity
31 DECEMBER 2012	**25.000**	**778.345**	**11.568**	**(51.521)**	**763.392**	**67.157**	**830.549**
Dividends paid		(15,000)			(15,000)	(1,040)	(16,040)
Allocation of net profit or loss		(51,521)		51,521	0		0
Changes in statement of other comprehensive income		0	(10,836)		(10,836)	4,789	(6,047)
Other changes in shareholders' equity		8,196	(9,438)		(1,242)	(1,438)	(2,680)
Sale of minority interest to third parties						12,336	12,336
Net profit or loss				29,112	29,112	7,000	36,112
31 DICEMBRE 2013	**25.000**	**720.020**	**(8.706)**	**29.112**	**765.426**	**88.804**	**854.230**

	Share capital	Retained earnings	Other reserves	Net profit	Total	Minority interests	Total Shareholders' equity
31 DECEMBER 2011	**25,000**	**804,436**	**(18,674)**	**24,265**	**835,027**	**93,407**	**928,434**
Dividends paid				(20,000)	(20,000)	(1,469)	(21,469)
Allocation of net profit or loss		4,265		(4,265)	0		0
Comprehensive income / (loss)			1,188		1,188		1,188
Changes in statement of other comprehensive income		(30,356)	29,054		(1,302)	326	(976)
Net profit or loss				(51,521)	(51,521)	(25,107)	(76,628)
31 DECEMBER 2012	**25,000**	**778,345**	**11,568**	**(51,521)**	**763,392**	**67,157**	**830,549**

The notes presented on the following pages are an integral part of these financial statements.

Notes

Introduction

D'Amico Società di Navigazione S.p.A. is an Italian joint-stock company that acts as the holding company for the d'Amico Group, which operates in shipping and auxiliary services on a global scale. Within the shipping sector, the d'Amico Group is currently active in the dry cargo and tanker segments, as well as in container shipping, to a limited extent.

In application of the option provided for in Legislative Decree 38 of 28 February 2005, effective 2010, these consolidated financial statements have been prepared in accordance with the IAS/IFRS international accounting principles (hereinafter "IFRSs") endorsed by the European Commission, supplemented by the associated interpretations (Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee – IFRIC) issued by the International Accounting Standard Board (IASB) and in effect at year-end. The IFRS accounting principles used to prepare the financial statements presented have been supplemented by the IFRIC interpretations in force at the date of preparation of the financial statements.

The IFRS accounting principles used to prepare the financial statements presented have been supplemented by the IFRIC interpretations in force at the date of preparation of the consolidated financial statements.

Effective 2010, the Company has elected, as permitted by applicable legislation, to adopt the aforementioned Standards on a voluntary basis.

These consolidated financial statements were approved for publication by the Board of Directors on 11 April 2014.

1. Accounting policies applied

Basis of presentation

These consolidated financial statements comprise the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in shareholders' equity, and the notes, in accordance with the provisions of IAS 1 revised. 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 twelve months after year-end; current liabilities are those expected to be extinguished during the normal operating cycle or the twelve 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 revised, paragraph 19. These consolidated financial statements present the comparative figures from the previous year, prepared in accordance with the same accounting principles.

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.

Preparation of the consolidated financial statements required the use of estimates by the management. Estimates are prepared by the management on the basis of the best available information at the date of preparation of the financial statements.

Where, in the interest of clearer exposition, as envisaged in Article 2423-ter (5) of the Italian Civil Code, it was deemed necessary to reclassify items with respect to the previous year - without impacting the consistency of these financial statements or modifying their overall presentation - such reclassifications are thoroughly illustrated in these notes.

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

Starting in 2013, the consolidated financial statements have been audited by PricewaterhouseCoopers S.p.A. (through the audit of the 2015 financial statements).

The following is a concise presentation of the accounting principles and measurement criteria adopted. Measurement criteria are adopted on a going-concern basis and are based on the principles of accruals-basis accounting, the relevance and significance of accounting information and the prevalence of economic substance over legal form.

Consolidation principles

These consolidated financial statements include the financial performance and financial position figures as at and for the year ended 31 December 2013 of the companies/entities included within the scope of consolidation (hereinafter the "consolidated entities"), prepared in accordance with IFRSs. The entities included within the scope of consolidation and the pertinent percent direct or indirect interests by the Group are presented in Note 31 to these consolidated financial statements.

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. All controlled entities are included within the scope of consolidation effective the date on which control is acquired by the Group. Entities are excluded from the scope of consolidation effective the date on which the Group loses control.
Entities the inclusion of which, from the standpoint of operating performance, would be immaterial from both a quantitative and qualitative perspective to a proper representation of the Group's financial performance and financial position are excluded from the scope of line-by-line consolidation.

Associated enterprises and other equity interests

Associated companies are those enterprises in which the Group holds an equity interest in excess of 20% (10% if listed) or enterprises in which the Group holds a lesser interest but wields significant influence. Effectively exercisable or convertible potential voting rights are also considered when assessing the existence of significant influence. Such equity interests are measured according to the equity method. Profits and losses realized between consolidated entities according to the equity method, and other consolidated Group entities, including those subject to line-by-line consolidation, are eliminated. The fair value of the equity investments in portfolio, where the fair value criterion is applicable, is determined in reference to market quotations (bid prices) on the final day of trading of the month of reference of the IFRS situation prepared, or through the use of financial valuation techniques in cases of unlisted instruments.

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.
Note 31 to these consolidated financial statements contains a list of joint ventures, with an indication of their key financial performance and financial position figures.

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 buyer, as well as any financial instruments issued by the Group in exchange for control of the business entity. Costs directly attributable to the acquisition are recognized in the income statement. The entity'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 entity'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 recorded in that capacity in the most recent financial statements prepared according to the previous accounting principles prior to the date of transition of IASs/IFRSs (31 December 2010). Goodwill is subject to a recoverability analysis with annual frequency or more often if events or circumstances occur that may result in impairment losses. At the acquisition date, any emergent goodwill is allocated to each of the cash-flow generating units that are expected to benefit from the synergistic effects of the acquisition.

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., which operates in sectors other than shipping, are calculated according to taxable income for the year using the 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-taxable or non-deductible items. The election for national tax consolidation was not made.

The Group's main maritime transportation operating companies 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 analytical 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 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 other comprehensive income or loss, 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 participated companies are measured at their acquisition date fair value or, alternatively, at their share of the carrying amount of the relevant net assets. The choice of measurement method is based on the specific transaction.
The goodwill recognized among intangible assets is in effect connected with business combinations and represents the difference between the cost incurred to acquire a company or business unit and the algebraic sum of the fair values assigned at the date of acquisition of the individual assets and liabilities comprising that company or business unit's capital. Since it has an indefinite useful life, goodwill is not subject to systematic amortization but rather impairment testing with at least annual frequency, unless the market and management indicators identified by the Company lead to the belief that it is necessary to perform the test when preparing interim situations as well. For the purposes of conducting impairment testing, the goodwill acquired in a business combination is allocated to the individual cash-generating units (CGUs) or groups of CGUs that are expected to benefit from combination synergies. The CGUs through which the Group operates in the various segments of the market have been identified as the smallest business units that generate cash inflows and are largely independent of the cash inflows generated by other activities or groups of activities.

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 (new-buildings) are carried at cost less any identified impairment losses. The cost of new-buildings 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 new-buildings 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.

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
Furniture, fittings and office equipment	3-8
Leasehold improvements	Term of contract

The estimates of useful life and residual value are periodically revised. Depreciation ends at the date of disposal or reclassification of an asset as held for sale. If an asset subject to depreciation consists of separately identifiable elements the useful lives of which differ significantly from that of the other parts of the asset, depreciation is calculated separately for each of the parts of the asset in application of the component approach principle.

Real-estate investments

Real properties held with the aim of earning rent or benefiting from appreciation in value, or for indeterminate future use, are classified as investment properties. They are measured at purchase or construction cost, plus any auxiliary charges, less accumulated depreciation and any impairment losses.

Impairment of tangible and intangible assets

Assets with indefinite useful lives are not subject to depreciation or amortization, but rather are tested for the recoverability of their carrying amounts with at least annual frequency (impairment testing).

Assets subject to depreciation or amortization are assessed for any presence of internal and external indicators supporting impairment losses: where such indicators are found to exist, the asset's recoverable amount is estimated and any excess amount is charged to the income statement.

The recoverable amount is equal to the greater of market value, net of selling costs, and value in use determined according to a discounted cash flow approach. The discounting rate incorporates the specific risks associated with the asset that have not already been considered among expected cash flows.

Assets that do not generate independent cash flows are tested at the level of cash-generating unit.

If the conditions that resulted in a previously recognized impairment loss cease to apply, the carrying amount of the asset is recovered within the limits of the carrying amount that would have resulted if no impairment loss had been recognized in the previous years. The recovery is recognized in the income statement. By contrast, under no circumstances may previously impaired goodwill be recovered.

In further detail, 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 judgement is critical in assessing whether there have been events 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.

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 in 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 applicable accounting principles.

Inventories

Inventories are recognized at the lesser of cost and net realizable value. IFO and MDO fuel stocks aboard vessels, as well as inventories of finished products (primarily related to telecommunications activity), are recognized at cost, calculated according to the FIFO method.

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 discharged, 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. Such amounts may nonetheless be adjusted to account for impairment or irrecoverability. 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.

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

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

The Company classifies financial assets to the following categories:

- assets designated at fair value through the income statement;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

Management determines the classification of assets when they are initially recognized. The accounting policies adopted for specific assets and liabilities are presented below.

Assets designated at fair value through the income statement

Held-for-trading financial assets are measured at *fair value*. The fair value of such instruments is determined by reference to their market value (*bid price*) at the end of the reporting period: the *fair value* of unlisted instruments is determined on the basis of commonly used financial valuation techniques. Changes in the *fair value* of instruments classified to this category are recognized immediately in the income statement.

Trade and other short-term receivables

Trade receivables are initially recognized at their face 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.

Held-to-maturity investments

Such assets, which are initially recognized at their fair value and subsequently measured at amortized cost, include non-derivative instruments without pre-determined maturities that the Group has the intention and ability to hold to maturity. Instruments with contractual maturities falling the following twelve months are classified among current assets. If there is objective evidence that an asset has become impaired, the value of that asset is reduced to such an extent that it is equal to the discounted value of the future cash flows: impairment losses identified through impairment tests are recognized in the income statement.
If the grounds for previous impairment losses cease to apply in subsequent periods, the value of the assets is recovered up to the amount that would have resulted from the application of amortized cost if no impairment had been recognized.

Available-for-sale financial assets

Equity investments in non-consolidated enterprises, classified as available-for-sale assets from an accounting standpoint, are recognized among non-current assets under the item "Long-term investments." This category includes financial assets other than derivative instruments specifically designated as classified to that item or not classified to any of the previous items. Such assets are measured at fair value, which is determined in reference to market prices at the annual or interim reporting date, or through financial valuation techniques and models, with changes in value recognized through a specific equity reserve (the "reserve for available-for-sale assets"). The above reserve is reversed to the income statement only when the financial asset is effectively disposed of, or, in the event of decreases, when it is determined that a significant, prolonged decrease in value already recognized in equity cannot be recovered. Classification as current or non-current depends on management's intentions and the effective marketability of the securities: those expected to be realized within the following twelve months are recognized among current assets.
If there is objective evidence of indicators of impairment, the value of the assets is reduced so that it is equal to the discounted value of future cash flows. Decreases in value previously recognized in the equity reserve are reversed to the income statement. Previous impairment losses are recovered if the circumstances that had resulted in their recognition cease to apply, but only in cases of financial instruments not representing equity.
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.

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 amount actually collected on the loans and their nominal value is recognized in the income statement over the entire term of the loan.

Trade and other payables

Trade and other payables are measured at amortized cost, which is generally equivalent to face 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.

Provisions for employee benefits

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 in other comprehensive income.

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 discharge 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.

Shareholders' equity

Share capital

Share capital consists of subscribed, paid-in capital. Costs closely correlated with the issuance of shares are classified as reductions in share capital where they consist of costs directly attributable to the capital transaction, net of the deferred tax effect.

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.

Especially significant aspects and material estimates by the management

In preparing the consolidated 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 judgements concerning matters that are uncertain by nature.

Carrying amount and recoverability of goodwill - Since it has an indefinite useful life, goodwill is not subject to systematic amortization but rather impairment testing with at least annual frequency, unless the market and management indicators identified by the Company support the belief that it is necessary to perform the test when preparing interim situations as well. When conducting impairment tests, the goodwill acquired in a business combination is allocated to the individual cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination, in a manner consistent with the minimum level at which such goodwill is monitored within the Group.

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 amounts 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 according to the Group's specific tax situation, determined on the basis of the laws 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 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 finance leases at the commencement of the contractual period and such classification is not modified thereafter. 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 disclosure of 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 2013

The following is a brief description of the amendments, improvements and interpretations applicable from 1 January 2013.
The following accounting principles and amendments to existing accounting principles have been adopted by the Group for the first time during the year beginning on 1 January 2013.

Amendments to IAS 1 - *Presentation of Financial Statements on the Presentation of Other Comprehensive Income*. The amendments call for components of OCI to be grouped into two categories, according to whether they may be recycled to the income statement in a future period. The Standard does not change the possibility of presenting two income statements and does not specify what may be recycled to the income statement. The amendments were endorsed by the European Union in 2012.

IFRS 13 - *Fair Value Measurement*: the Standard provides indications regarding the determination of fair value where required or permitted by other international accounting standards and contains further disclosure obligations that permit users of financial statements to assess the methods used by entities to conduct fair value measurements and the effects of such measurements on financial results. The Standard, published by the IASB in May 2011, was endorsed by the European Union in December 2012. The Standard did not have a significant impact on the financial statements.

IAS 19 - *Employee Benefits* - On 16 June 2011, the IASB issued the new version of IAS 19, the provisions of which are effective from years beginning on 1 January 2013.
The amendment introduces the following changes, among others: (i) the obligation to recognize all actuarial gains and losses in other comprehensive income, eliminating the possibility of adopting the corridor method. Actuarial gains and losses recognized in other comprehensive income are not subsequently recycled to the income statement; and (ii) the elimination of the separate presentation of cost components relating to defined benefit liabilities, represented by the expected return on plan assets and interest costs, and replacement with the "net interest" aggregate. That aggregate is determined by applying the discount rate defined for the liabilities to those liabilities, net of plan assets. The new provisions also require additional

disclosures to be provided with especial regard to defined benefit plans. The application of this new Standard did not entail significant effects. The amendment to IAS 19, in light of the provisions of IAS 8, requires the retrospective application of the effects of the amendment. It has not been deemed necessary to restate the 2012 figures, inasmuch as the effects of a restatement are largely immaterial for users of the financial statements and the change would not have been material.

Amendments to IFRS 7 - F*inancial Instruments: Disclosures — Offsetting of Financial Assets and Financial Liabilities*; the amendments are aimed at facilitating comparison between entities that prepare financial statements according to IFRSs and those that prepare financial statements according to US GAAP (generally accepted accounting principles in the United States). The Standard, published by the IASB in December 2011, was endorsed by the European Union in December 2012 and did not have a significant impact on the Company's financial statements.

Accounting principles, amendments and interpretations not yet in force

At the reporting date, European lawmakers had endorsed several principles and interpretations that are not yet mandatory and are to be applied by the Company in subsequent years. The following is an account of the main changes and their potential effects on the Company:

IFRS 10 - *Consolidated Financial Statements* The Standard builds on existing standards by identifying control as the determining factor for the purposes of the inclusion of a company in the consolidated financial statements. The Standard provides additional indications for assessing the presence of control. The Standard, published by the IASB in May 2011, was endorsed by the European Community in December 2012 and will enter into effect for periods beginning no later than 1 January 2014.

IFRS 11 - *Joint Arrangements* The Standard focuses more on the rights and obligations deriving from an arrangement than on its legal form. The Standard identifies two types of joint arrangements. Joint operations are arrangements in which the joint operators with joint control have rights to the assets and obligations for the liabilities deriving from the arrangement. Joint ventures are joint arrangements in which the parties - the joint ventures - with joint control have rights to the arrangement's net assets. Proportional consolidation is no longer permitted. The Standard, published by the IASB in May 2011, was endorsed by the European Community in December 2012 and will enter into effect for periods beginning no later than 1 January 2014.

IFRS 12 – *Disclosures of Interests in Other Entities* The Standard indicates the disclosure to be provided for each type of interest in other entities. The Standard, published by the IASB in May 2011, has been endorsed by the European Community and is effective for periods beginning no later than 1 January 2014. The Standard may be adopted early.

Amendments to IFRS 10, IFRS 11 and IFRS 12 The amendments provide application guidelines for the preparation of comparative figures. The amendments, published by the IASB in July 2012, were endorsed by the European Union in April 2013 and are effective for periods beginning no later than 1 January 2014. The Standard may be adopted early.

IAS 27 (Revised 2011) - *Separate Financial Statements* The Standard includes provisions concerning separate financial statements remaining following the inclusion of provisions concerning control in IFRS 10. The Standard, published by the IASB in May 2011, has been endorsed by the European Community and is effective for periods beginning no later than 1 January 2014.

IAS 28 (Revised 2011) - *Associates and Joint Ventures* The Standard establishes the requirements for joint ventures and associates, which are measured according to the equity method following the issuance of IFRS 11. The Standard, published by the IASB in May 2011, has been endorsed by the European Community and is effective for periods beginning no later than 1 January 2014.

Amendments to IAS 32 - *Financial Instruments: Presentation on Offsetting Financial Assets and Financial Liabilities* The amendments clarify certain requirements for the offsetting of financial assets and financial liabilities. The Standard, published by the IASB in December 2011, was endorsed by the European Community in December 2012 and is effective for periods beginning on 1 January 2014. The Standard will not have a material impact on the Company's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 The amendments require many investment funds, companies or similar entities that qualify as "investment companies" be exempted from consolidating most of their subsidiaries. The amendments, which have not yet been endorsed by the European Union, are applicable for periods beginning on or after 1 January 2014.

IFRS 2 Revised - *Share-based Payment*, which clarifies the treatment of shared-based payments in cases of incentive plans.

Interpretations IFRIC 12 (*Service Concession Arrangements*), IFRIC 15 (*Agreements for the Construction of Real Estate*), IFRIC 16 (*Hedges of a Net Investment in a Foreign Operation*), IFRIC 17 (*Distribution of Non-Cash Assets to Owners*) and IFRIC 18 (*Transfers of Assets from Customers*)

On 29 May 2013, the IASB issued an amendment to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets, which governs the disclosures to be provided concerning the recoverable amounts of impaired assets, where that amount is based on fair value net of costs to sell. The changes are to be applied retroactively from years beginning on or after 1 January 2014. Early application is permitted for periods in which the entity has applied IFRS 13. This amendment was endorsed by Regulation No 1374/2013.

On 27 June 2013, the IASB issued certain minor amendments to IAS 39 - *Financial Instruments: Recognition and Measurement*, entitled *Novation of Derivatives and Continuation of Hedge Accounting*. The amendments allow hedge accounting to be continued when a derivative financial instrument, designated as a hedging instrument, is novated due to the application of a law or regulation with the aim of replacing the original counterparty to ensure that the obligation assumed is discharged and when certain conditions have been satisfied. That same amendment will also be included in IFRS 9 - *Financial Instruments*. The above amendments, endorsed by Regulation No 1375/2013, are to be applied retroactively for years beginning on or after 1 January 2014.

Accounting principles not yet applicable in that they have not been endorsed by the European Union

At the reporting date, the competent bodies of the European Union had yet to conclude the endorsement process required for the adoption of the following accounting principles and amendments:

On 12 November 2009, the IASB published IFRS 9 - *Financial Instruments*. The Standard was subsequently amended. The Standard, which is to be applied retrospectively from 1 January 2015, represents the first part of a step-based process aimed at replacing IAS 39 in its entirety and introducing new criteria for classifying and measuring financial assets and financial liabilities. In particular, the new Standard adopts a common approach to financial assets based on the way in which the financial instruments concerned are managed and the characteristics of the contractual cash flows from the financial instruments in order to determine the measurement criterion, in replacement of the various rules set forth in IAS 39. For financial liabilities, the main modification relates to the accounting treatment of changes in the fair value of a financial liability designated at fair value through the income statement, where such changes are due to changes in the creditworthiness of the liability concerned. According to the new Standard, such changes are to be recognized in other comprehensive income and no longer through the income statement.

On 20 May 2013, the IASB issued IFRIC 21 - *Levies*, an interpretation of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 provides clarification as to when an entity is to recognize a liability for the payment of levies imposed by the government, with the exception of those already governed by other standards (e.g., IAS 12 - *Income taxes*). IAS 37 establishes the criteria for recognizing a liability, one of which is the existence of a present obligation for the entity as the result of a past event (known as the obligating event). The interpretation clarifies that the obligating event, which gives rise to a liability for payment of the levy, is described in the statutes of reference from which payment of the levy derives. IFRIC 21 is effective for years beginning on or after 1 January 2014.

On 21 November 2013, the IASB issued the document *Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 - Employee Benefits)*. The amendments to IAS 19 allow (but do not require) recognition as a decrease in current service cost for the period of contributions paid by employees or third parties that are not correlated with the number of years of service, instead of allocating those contributions over the period in which service is rendered.

On 12 December 2013, the IASB issued the document *Annual Improvements to IFRSs - 2010–2012 Cycle*. The provisions it contains apply amendments to: (i) IFRS 2, modifying the definition of vesting conditions; (ii) IFRS 3, clarifying that potential consideration classified as an asset or liability must be measured at its fair value at each reporting date; (iii) IFRS 8, primarily requiring that disclosures be provided concerning the measurement criteria and elements considered in determining the degree of aggregation of operating segments, as presented in the financial statements (iv) the Basis of Conclusions of IFRS 13, confirming the possibility of recognizing short-term accounts receivable and payable for which the implicit interest rate has not been explicitly stated at their face value, if the effect of not discounting them is immaterial; (v) IAS 16 and IAS 38, clarifying the methods for determining the carrying amounts of assets, in the event of revaluation due to the application of the re-measurement model; and (vi) IAS 24, specifying that an entity is related to the reporting entity if the entity (or a member of the group of which it is a part) provides key management personnel services to the reporting entity (or a parent of the reporting entity).

On that same date, the IASB issued the document *Annual Improvements to IFRSs - 2011–2013 Cycle*. The provisions it contains apply amendments to: (i) the Basis of Conclusions of IFRS 1, clarifying the definition of IFRSs “in effect” for first-time adopters; (ii) IFRS 3, clarifying the exclusion from the scope of application of joint arrangements in the financial statements of those joint arrangements; (iii) IFRS 13, clarifying that the scope of application of the exception indicated in paragraph 48 of the Standard extends to all contracts that fall within the scope of application of IAS 39, regardless of whether they correspond to the definition of financial asset or financial liability pursuant to IAS 32; and (iv) IAS 40, clarifying the relationship between IFRS 3 and that Standard.
In accordance with the dictates established by the IASB, the provisions of the above documents are effective from years beginning on or after 1 July 2014. However, it should be noted that, since endorsement by the European Commission has yet to occur, the entry into effect of the provisions in question could be deferred to a subsequent date.

On 19 November 2013, the IASB issued the document IFRS 9 - *Financial Instruments: Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IFRS 39*, with the pertinent Basis for Conclusions and Application Guidance. The above documents: (i) entail a substantial revision of the accounting treatment of hedging transactions; (ii) with respect to IFRS 9, which requires that changes in the fair value of liabilities designated at fair value through the income statement, consisting of gains or losses deriving from changes in the credit risk associated with the entity, be allocated to other comprehensive income, permit the application of this provision before the application of the other dictates of that same Standard; and (iii) eliminate the indication of 1 January 2015 as the compulsory date of entry into force of IFRS 9.

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 shipping 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.

Technical and operational risks

In the shipping 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; and (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.

Market risk

The Group companies that operate in the shipping 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) for the various segments of the market in which it operates, the Group pursues the goal of chartering vessels at fixed rates for the medium/long term ("hedging") to an extent that permits the percentage of its revenue generated by such contracts to fall between 40% and 60%. The purpose of this arrangement is to ensure that its exposure to the spot market does not exceed 60%, depending on market conditions, rate trends and expectations; (ii) tanker fleet vessels are partially 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; and (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.

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; and (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 Board of Statutory Auditors supervises the internal control, internal audit and risk management systems; and (v) the Parent Company, d'Amico Società di Navigazione S.p.A., has complied with the provisions of Legislative Decree 231 of 8 June 2001, which provides that companies and entities are liable for certain crimes committed by their directors or employees, by formally adopting the Organization, Management and Control Model prescribed therein, as well as by establishing a Supervisory Board. Decree 231/2001 provides that companies are liable for crimes committed in their interest or to their benefit by persons in "senior" positions. 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.

3. Capital

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; and
- 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 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.

4. Revenue

(Thousands of euro)	2013	2012
Shipping	506,288	704,031
Services	118,759	128,090
TOTAL	**625,047**	**832,121**

A summary of the Group's revenue situation in 2013 is presented above. Revenue generated in the tanker and dry-cargo shipping segments accounted for 81% of the total. The remainder relates to service activities, also pertaining to the shipping sector, prevalently in the telecommunications field.
A comparison of shipping revenue indicates a decrease in turnover in 2013 due to the decline in charters, as discussed in ample detail in the report on operations.

5. Operating costs

(Euro migliaia)	2013	2012
Direct costs	205,352	306,069
Time charter hire costs	159,392	222,297
Other operating costs	81,073	110,366
TOTAL	**445,817**	**638,732**

Operating costs include those typical of the maritime sector. In particular, direct costs are operating costs (primarily "voyage" 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 primarily relate to fuel purchases (bunker costs of Euro 129 million), port expenses (approximately Euro 35 million) and fee and commission expenses (approximately Euro 10.7 million).

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 seagoing personnel (Euro 43 million), technical expenses (Euro 23 million), including technical management and quality control, and other ship operating costs, such as insurance and lubricants.

Personnel

The Group's personnel in service at the end of 2013 consisted of a seagoing staff of 973 and an administrative staff of 562, compared to 1,049 and 580 in the previous year, respectively. The cost of onshore personnel is included in general and administrative costs. For full information regarding the training of human resources and legal compliance, the reader is referred to the report on operations, in which the subject is discussed in detail.

6. General and administrative costs

(Thousands of euro)	2013	2012
Personnel costs	52,052	46,179
Other general and administrative costs	90,396	102,073
TOTAL	**142,448**	**148,252**

The personnel costs presented above refer to administrative personnel not employed on board ships. Other general and administrative costs include consultancy, office operating expenses and other costs of an administrative nature, including those incurred by Telemar to conduct its business. This category also includes the emoluments of directors of Group companies in the amount of Euro 8.6 million (Euro 7.1 million in the previous year).
The costs incurred in connection with emoluments paid during the reporting year for the Parent Company alone came to Euro 1.5 million. The costs of the services rendered by the Group's various independent auditors amounted to Euro 730 thousand (of which Euro 65 thousand was incurred directly by the Parent Company).

7. Income on the disposal of fixed assets

(Thousands of euro)	2013	2012
TOTAL	**19,109**	**1,585**

This item primarily includes the revenue earned on the sale of the various units owned by d'Amico Tankers and d'Amico Dry, namely the *M/T Cielo di Londra*, the *M/T High Spirit*, the *M/T High Challenge* and the *M/V Medi Shanghai*.
The tankers were sold in May and June 2013, whereas the latter unit was sold in December 2013.

The results of the above disposals at the accounting level are presented in the following table:

Ship	Carrying amount	Sale price	Gain
Cielo di Londra	5,562	8,571	3,009
High Spirit	4,175	8,394	4,219
High Challenge	4,122	8,559	4,437
Medi Shangai	10,622	13,841	3,219

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

(Thousands of euro)	2013	2012
Financial income	85,153	51,487
Financial charges	(42,676)	(17,942)
Translation differences	5,917	7,953
TOTAL	**48,394**	**41,498**

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

(Thousands of euro)	2013
Financial income	
Bank interest	694
Investment income	82,638
Dividend income	1,821
TOTAL FINANCIAL INCOME	**85,153**
Financial charges	
Bank and sundry interest	(463)
Interest on borrowings	(12,090)
Losses on investments	(26,098)
Other financial charges	(3,215)
TOTAL FINANCIAL CHARGES	**(42,676)**
Translation differences	5,917
TOTAL FINANCIAL INCOME / (CHARGES)	**48,394**

Financial income increased compared to the previous year. Net financial income increased from Euro 41,5 million in 2012 to Euro 48,4 million in the reporting year. These amounts include the realized and unrealized gains reported by the various Group companies in their financial operations, and in particular on the trading of financial assets designated at fair value through the income statement. The dividends presented in the financial statements are those collected by the companies outside the scope of consolidation.

In addition to the losses mentioned above, financial charges refer mainly to interest expenses accrued on bank borrowings contracted to finance several of the Group's fixed assets (as presented in a specific line item). The other charges primarily consist of financial charges on loans and investment management activity.

Translation differences arise from the recognition of amounts paid and collected during the year and adjustments to items in foreign currencies – other than the functional currency – that continued to be carried at the end of 2013.

9. Income taxes

(Thousands of euro)	2013	2012
Current income taxes	13,815	9,607
Deferred taxes	(418)	5
TOTAL	**13,397**	**9,612**

The amounts presented above refer to the sums provisioned for the year to account for the taxation of all Group companies. The taxable profit concerned is calculated on a lump-sum basis, according to ship tonnage, for Group companies operating in the shipping sector subject to the tonnage tax system, and on an analytical basis for those income components not subject to that system. The ordinary tax rates in force in each applicable country are applied to such amounts.

It should be noted that 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 shipping 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. This item also includes the amounts provisioned by the Parent Company to account for taxes calculated on a pass-through basis

(Art. 167 (1) of Italy's Consolidated Income Tax Act or TUIR) on the profits generated by foreign companies (primarily d'Amico International SA).

Losses carried forward

According to the tax returns it has filed to date, and the estimate of its 2013 taxable result, d'Amico Società di Navigazione S.p.A. has accumulated prior-year tax losses of approximately Euro 20 million, which, when used, will yield a tax savings of approximately Euro 5.5 million, calculated according to current tax rates. Within the scope of consolidation, the subsidiaries (sub-holding companies) d'Amico International S.A. and d'Amico International Shipping S.A. have a total of Euro 70.4 million of losses eligible to be carried forward. In this regard, it bears noting that in Luxembourg, the country of residence of these latter companies, the corporate income tax rate is 28.59%. Deferred tax assets have not been recognized in connection with the above tax losses.

10. Intangible assets

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**10,325**	**8,853**

The following is an account of changes during the year:

	Goodwill	Consolidation difference	Other assets	Total
Net book value				
AS AT 01 JANUARY 2013	**6,821**	**1,617**	**415**	**8,853**
Additions		188	642	830
Disposals				0
Amortization for the year			(213)	(213)
Other changes	(111)	971	4	864
Impairment				0
Exchange differences	(13)		4	(9)
Net book value				
AS AT 31 DECEMBER 2013	**6,697**	**2,776**	**852**	**10,325**

Goodwill originated primarily from the consolidation of the subsidiary Compagnia Generale Telemar S.p.A., the carrying amount of which (Euro 6.2 million) has been specifically assessed. That assessment did not result in the detection of any elements that would have required the recognition of impairment.
Goodwill is assessed for impairment through impairment testing. Such tests are performed on the CGU concerned, by comparing the carrying amount with the greater of the value in use of the CGU and the amount recoverable through disposal.
In further detail, value in use is determined by using the discounted cash flow method, applied to the cash flows resulting from the plans prepared by the CGU's directors, projected beyond the express forecasting period according to the perpetual annuity method (terminal value), using a growth rate ("g" rate) of no greater than that projected for the markets on which the individual CGU operates.
The cash flows determined according to this method are then discounted at a discount rate (WACC) of 10.5%.
The growth rate ("g" rate) used for the purposes of impairment testing is 2%.

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

11. Tangible assets

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**846,067**	**866,082**

The following is an illustration of the changes in 2013, specified by category.

(Thousands of euro)	Fleet	Land and buildings	Other assets	Total
Historical cost	1,102,875	103,229	16,095	1,222,199
Depreciation and impairment	(331,232)	(14,206)	(10,679)	(356,117)
BALANCE AS AT 31 DECEMBER 2012	**771,643**	**89,023**	**5,416**	**866,082**
Additions	113,958	3,330	1,438	118,726
Disposals/Decreases	(100,761)		(531)	(101,292)
Exchange differences	(53,309)	(203)	(734)	(54,246)
Reclassifications	(408)	(2,029)	2,427	(10)
Depreciation	(49,628)	(2,945)	(1,990)	(54,563)
Depreciation transfer	53,733		175	53,908
Exchange differences	16,716	587	159	17,462
Impairment/recovery				
Historical cost	1,062,355	104,327	18,695	1,185,377
Depreciation and impairment	(310,411)	(16,564)	(12,335)	(339,310)
BALANCE AS AT 31 DECEMBER 2013	**751,944**	**87,763**	**6,360**	**846,067**

Tangible assets comprise:

Fleet and vessels under construction

The values presented include both the capitalized costs of owned vessels purchased and payments to shipyards through 31 December 2013 for units under construction delivery of which is scheduled for the next several years. In addition to the above, the item also includes costs relating to the fleet's dry-dock programs.
No new vessels were delivered in 2013, and increases thus pertain solely to work-in-progress expenses. Four vessels were disposed of: three tankers (*Cielo di Londra*, *High Spirit and High Challenge*) and a dry-cargo vessel (*Medi Shangai*). Finally, it should be noted that the capitalized amounts associated with vessels under construction came to Euro 112 million at year-end.
For the complete list of owned vessels and vessels under construction, refer to the specific appended table.

Impairment testing

The net carrying amount of the fleet, including vessels in dry-dock, has been reviewed to determine whether the conditions for an impairment loss had been met. Recoverable amount is 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.

Impairment testing was conducted through the use of the discounted cash flow method, in the unlevered version, applied to the cash flows indicated in business plans approved by the management, projected beyond the express plan forecasting period, using growth rates of no greater than those forecast for the markets in which the individual CGUs operate, with appropriate updates to the parameters applied.
It was not deemed necessary to recognize any impairment losses on company units inasmuch as, on the basis of a comparison of the carrying amounts and the greater of the market value of the asset, net of costs to sell, and its value in use and, where appropriate, an impairment test, the net carrying amounts of fleet vessels were found to be fully recoverable.

In order to conduct impairment tests, estimates prepared by the management take account of available market information, including figures concerning sales of similar vessels and expectations, based on the following key assumptions: (i) revenue is estimated on the basis of contracts signed and estimates of future rates, determined according to quotes from leading industry brokers; (ii) a residual useful life of 20 years; (iii) the projected economic value at the end of the asset's useful life, determined according to the most recent estimates of the fleet's scrap value; (iv) costs reflect d'Amico's current structure; and (v) figures are discounted at a rate of 6.5%, 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. The Company's management takes account of the fact that such calculations are especially sensitive to changes in key assumptions concerning future charter values and discount rates.

These consolidated financial statements continue to present impairment losses, recognized in previous years, on vessels owned by d'Amico Tankers Ltd. and d'Amico Dry Ltd. of approximately Euro 76 million. Impairment testing has been conducted on a going-concern basis.

It should also be noted that, in the event of a change in charter rates of USD 500, with all other calculation parameters remaining unchanged, the results of the impairment test would change by Euro 50 million, whereas a 1% change in the discount rate would have entailed a change of Euro 69 million.

Land and buildings

This item includes properties used in operations, including those acquired under finance lease, in the possession of the various Group companies. The increases during the year primarily relate to work in progress for the renovation of the property on Via Paisiello (Rome), as well as the work to modernize the offices on Corso d'Italia (Rome), both nearing completion and both owned by the Parent Company.

It should be noted that the aforementioned property located on Via Paisiello, carried at the value of Euro 54.6 million at year-end and originally acquired to host the Company's offices, is currently to be regarded as an investment property. The Company's management has still not decided how it will use the property concerned in future and is thus holding the property in view of capital appreciation. The asset's estimated useful life is 33 years. As stated in the section concerning measurement criteria, the property has been recognized at cost, net of the pertinent depreciation charges. According to the most recent appraisals available, that cost is near the property's market value.

Other assets

Other assets include various items of office equipment, and in particular furniture and fixtures, computers and other electronic machines and motor vehicles. The increases compared to the previous year include normal purchases of industrial equipment (primarily by Telemar) and the aforementioned office fittings.

12. Long-term investments

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
Equity investments	45,896	48,281
Available-for-sale financial assets.	41,130	32,864
Held-to-maturity investments	6,573	3,447
TOTAL	**93,599**	**84,592**

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**93,599**	**84,592**

The amounts presented above refer to non-current financial assets and equity investments in other enterprises and associated enterprises, primarily held by the Parent Company. The following table presents the changes during the year and the percent interests held at year-end.

Company name	As at 31 December 2012	Acquisitions / (disposals)	Impairment losses / recoveries	As at 31 December 2013	Percent interest
Associates					
ClubTre S.p.A.	38,969	(6,013)	1,295	34,251	32.50%
Venice Shipping and Logistic S.p.A.	3,862		1,042	4,904	28.26%
TOTAL	**42,831**	**(6,013)**	**2,337**	**39,155**	
Other companies					
Sator S.p.A.	2,800			2,800	1.09%
Civita Servizi S.r.l.	1,460	44		1,504	14.30%
Other	1,190	1,247		2437	
TOTAL	**5,450**	**1,291**	**0**	**6,741**	

Company name	As at 31 December 2012	Acquisitions / (disposals)	Changes in FV	As at 31 December 2013	Percent interest
Available-for-sale financial assets					
Tamburi Investment Partners S.p.A.	21,315		11,032	32,347	10.38%
Datalogic S.p.A.	9,246	(3,745)	1,396	6,897	1.43%
Banca Profilo S.p.A.	368		(69)	299	0.22%
Gruppo Banco Popolare	1,935	(503)	155	1,587	0.06%
TOTAL	**32,864**	**-4,248**	**12,514**	**41,130**	

Company name	As at 31 December 2012	Acquisitions / (disposals)		As at 31 December 2013	Percent interest
Held-to-maturity investments					
Sator Private Equity Fund	3,447	3,126		6,573	
TOTAL	**3,447**	**3,126**	**0**	**6,573**	
TOTAL	**84,592**	**-5,844**	**14,851**	**93,599**	

The values presented above relate to investments of a strategic nature in enterprises operating primarily in sectors other than shipping. Those investments have been undertaken through the use of available funds.

As reported in the table, in 2013 the main changes related to a return of capital by the associate ClubTre S.p.A for approximately Euro 6 million, the partial disposal of Datalogic S.p.A. shares for Euro 3.7 million and an additional contribution to the Sator Private Equity Fund for slightly more than Euro 3 million (in connection with the commitment for a maximum outlay of Euro 10 million).

Investments in associates have been measured according to the equity method.

As disclosed above in the report on operations, the following is an account of summary information regarding the major long-term investments:

- *ClubTre S.p.A.* – a company the owners of which include Tamburi Investment Partners S.p.A., holding 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 2013, d'Amico Società di Navigazione S.p.A. had invested approximately Euro 39.0 million (net of the partial redemption of for approximately Euro 6 million during the year). ClubTre S.r.l. holds an interest of more than 6% in Prysmian S.p.A., a global leader in cabling and high-tech systems for energy transmission and telecommunications;
- *Venice Shipping and Logistic S.p.A.* – a company whose main shareholders as at 31 December 2013 were Palladio Finanziaria S.p.A. (56.99%), d'Amico Società di Navigazione S.p.A. (28.44%) and Vega Finanziaria S.p.A. (14.26%). The company was incorporated in September 2009 and primarily engages in investment transactions in the shipping and shipping logistics sectors. In December 2013, the Company extended its subscription commitments, which had been set to expire on 31 December 2013, through 31 December 2014.
- *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 10.38% as at 31 December 2013;
- *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 held as at 31 December 2013 came to less than 2%, following the Company's disclosure to the market of the decrease of its investment below that threshold as a result of a transaction undertaken in November 2013.

For comparative purposes, we present the same table as set out above but with the changes in 2012.

Company name	As at 31 December 2011	Acquisitions / (disposals)	Impairment losses / recoveries	As at 31 December 2012	Percent interest
Associates					
ClubTre S.p.A.	38,969			38,969	32.50%
Venice Shipping and Logistic S.p.A.	3,040	822		3,862	28.26%
TOTAL	**42,009**	**822**	**0**	**42,831**	
Other companies					
Sator S.p.A.	2,800			2,800	1.09%
Civita Servizi S.r.l.	1,460			1,460	14.30%
Other	2,212	(1,022)		1,190	
TOTAL	**6,472**	**(1,022)**	**0**	**5,450**	

Company name	As at 31 December 2012	Acquisitions / (disposals)	Changes in FV	As at 31 December 2013	Percent interest
Available-for-sale financial assets					
Tamburi Investment Partners S.p.A.	21,258		57	21,315	10.38%
Datalogic S.p.A.	8,004	52	1,190	9,246	2.40%
Banca Profilo S.p.A.	368			368	0.22%
Gruppo Banco Popolare	1,438	105	392	1,935	0.09%
TOTAL	**31,068**	**157**	**1,639**	**32,864**	

Company name	As at 31 December 2012	Acquisitions / (disposals)		As at 31 December 2013	Percent interest
Held-to-maturity investments					
Sator Private Equity Fund	2,194	1,253		3,447	-
TOTAL	**2,194**	**1,253**	**0**	**3,447**	
TOTAL	**81,743**	**1,210**	**1,639**	**84,592**	

13. Other non-current financial assets

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**10,079**	**5,940**

Other non-current financial assets included the warrants convertible into shares of the listed d'Amico International Shipping held by d'Amico International (of slightly less than Euro 5 million), taxes receivable pertaining to previous years (Euro 1.8 million) and the revaluation at fair value of various financial instruments (Euro 3.3 million). For a summary of the derivatives outstanding as at year-end and the fair values of those derivatives, please refer to Note 27.

14. Inventories

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**52,620**	**58,568**

Year-end inventories consist of stocks of intermediate fuel oil (IFO) and marine diesel oil (MDO), as well as Luboil aboard vessels, of Euro 27.2 million, the value of the property under construction owned by Domas (Euro 17.8 million) and inventories of Euro 7.6 million, primarily of finished products, held by the Telemar Group.

15. Short-term receivables and other current assets

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**117,552**	**109,581**

The accounts receivable presented above primarily consist of trade receivables, advances to suppliers and prepaid expenses and accrued income as at year-end. The changes during the year are to be considered normal as a function of working capital dynamics. The values are presented net of provisions for doubtful receivables of Euro 2.4 million (Euro 1.5 million in 2012).

16. Other current financial assets

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**182,146**	**181,763**

Current financial assets remained essentially unchanged in terms of both their value and composition. The item refers to short-term investments of liquidity in short-term and/or negotiable securities and instruments. In further detail, the carrying amount includes, at their market values, various portfolios of mutual funds, bonds, equities and other securities, primarily held by d'Amico International S.A., as well as other financial instruments (of Euro 14.8 million). For a summary of the derivatives outstanding as at year-end and the fair values of those derivatives, please refer to Note 27.

17. Cash and cash equivalents

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**112,599**	**156,945**

The item primarily comprises short-term bank deposits in the amount of Euro 111.4 million. The residual balance pertains to cash in hand.

18. Shareholders' equity

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
Share capital	25,000	25,000
Earnings reserves	720,020	778,344
Other reserves	(8,706)	11,568
Net profit / (loss)	29,112	(51,521)
SHAREHOLDERS' EQUITY - PARENT	**765,426**	**763,391**
Capital and reserves - Minorities	81,804	91,621
Net profit / (loss) - Minorities	7,000	(24,464)
TOTAL SHAREHOLDERS' EQUITY	**854,230**	**830,548**

Share capital

The authorized and paid-in share capital of d'Amico Società di Navigazione S.p.A. came to Euro 25 million and is divided into 10 million shares with a par value of Euro 2.5 each.

Earnings reserves

This item includes the various reserves (the legal reserve, extraordinary reserve and retained earnings reserve) to which net profit has been allocated over the years, net of dividends distributed.

Other reserves

Other reserves include the following items:

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
Cash-flow hedging reserve	(4,475)	(13,713)
Fair-value reserve	14,384	1,627
Translation and consolidation reserve	(22,452)	7,811
Comprehensive income taxation reserve	(2,615)	
Other reserves	6,452	15,843
TOTAL	**(8,706)**	**11,568**

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 revaluation of cash-flow hedging contracts, recognized among other financial assets and liabilities and the revaluation of equity investments at fair value.

Other reserves include the translation reserve, which refers to exchange rate differences relating to the financial statements in foreign currencies, and the consolidation reserve, which relates to differences deriving from the elimination of shareholders' equity against the respective equity interests.

Minority interests

The net profit and shareholders' equity attributable to minorities relate primarily to Compagnia Generale Telemar S.p.A. (45%) and d'Amico International Shipping S.A. (31%).

19. Provisions for risks and charges

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**2,696**	**2,704**

The item refers to allocations to provisions for risks or litigation relating to certain ongoing labour suits or disputes that it was decided to recognize on a prudential basis.

20. Provisions for employee benefits

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
Provisions for employee benefits	**5,178**	**4,737**

The amount presented above refers to the sum provisioned for Italian termination indemnity (TFR) owed to seagoing and administrative personnel in service as at 31 December 2013, net of advances disbursed and the share accrued prior to 1 January 2007 that has been allocated to complementary pension systems pursuant to Legislative Decree 252 of 5 December 2005 (or transferred to the INPS treasury fund). The share of the Italian end-of-service indemnity (TFM) refers to the amount provisioned as end-of-service indemnity for directors, as approved by the general meetings of the shareholders, for Italian companies. Both amounts are updated in accordance with IAS 19 and the amount subject to discounting was allocated to a specific equity reserve pursuant to that Standard. As specified above, the 2012 figures have not been restated inasmuch as such restatement was not deemed material.

The following table presents the change in actuarial liabilities during the year and a reconciliation of those actuarial liabilities with the carrying amounts of the liabilities concerned in these financial statements:

(Thousands of euro)	As at 31 December 2013
ACTUARIAL LIABILITY AT THE BEGINNING OF THE YEAR	**4,737**
Normal cost	456
Financial charges	97
Disbursements	(37)
Actuarial (gains)/losses during the period	(75)
RECOGNIZED LIABILITY AS AT YEAR-END	**5,178**

The following is a presentation of the key assumptions employed in preparing an actuarial estimate of the employee-benefit liability as at 31 December 2013:

Termination indemnity/end-of-service indemnity	
Discount rate	2.09%
Inflation rate	2.00%
Staff turnover rate	5%
Mortality rate	IPSMF 55

21. Banks and other lenders

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
Non-current liabilities		
Banks and other lenders	309,197	384,843
Current liabilities		
Banks and other lenders	79,442	87,095
TOTAL	**388,639**	**471,938**

The following table specifies amounts due to bank by individual loan.

(Thousands of euro)		As at 31 December 2013		
	Currency	Non-current	Current	Total
Intesa S.Paolo	USD	4,061	943	5,004
Meliorbanca	USD	15,952	1,450	17,402
Credit Agricole	USD	6,272	812	7,084
Credit Agricole Corp.&Inv.	USD	76,506	-	76,506
Mizuho	Yen	13,251	3,669	16,920
Commerbank-Credit Suisse	USD	44,629	3,894	48,523
Mitsubishi UFJ Lease	Yen	10,290	1,822	12,112
ABN Ambro Bank	USD	5,197	1,264	6,461
Unicredit	USD	4,496	870	5,366
Banca Popolare di Lodi	USD	8,565	1,028	9,593
Banca Popolare di Lodi	USD	7,251	870	8,121
Banca Popolare di Lodi	USD	6,417	653	7,070
Compagnie Monegasque de Banque	EUR	-	3,165	3,165
Unicredit Leasing	EUR	1,101	342	1,443
MPS Leasing	EUR	1,688	115	1,803
BNP	Yen	5,417	560	5,977
Monte dei Paschi di Siena	USD	16,424	1,450	17,874
Banco Popolare	USD	17,994	2,138	20,132
Credit Agricole DNB	USD	26,167	2,238	28,405
Danish Ship Finance	USD	6,986	834	7,820
JPMorgan	USD	-	17,602	17,602
BSI EUR	-	19,749	19,749	
Banco di Brescia	EUR	30,435	1,449	31,884
Other minor overdrafts		98	12,525	12,623
TOTAL		**309,197**	**79,442**	**388,639**

Bank debt consists largely of medium-/long-term borrowings contracted by companies operating in the shipping industry to finance the purchase of fleet vessels. The account balance includes Euro 102.4 million in borrowings with variable interest rates, spreads on which range from 45 to 200 basis points on the benchmark, generally the LIBOR or EURIBOR. The total amount of Euro 236.9 million relates to borrowings for which the risk associated with changes in the benchmark rate has been hedged by entering into interest rate swap (IRS) contracts in order to fix the overall rate associated therewith. Such IRS contracts have been entered into with fixed-rate levels in a range from 1,19% to 5,20%. The remainder (approximately Euro 49.4 million) is related to bank overdrafts.

Loans are subject to the customary collateral conditions, such as mortgages of the financed property, and some covenants, particularly the ratio of the vessel's market value to the amount of the loan. As at 31 December 2013, such covenants had been observed.
Finally, the share of debt set to come due beyond five years is Euro 120 million.

22. Other non-current financial liabilities

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**7,553**	**17,040**

The account balance includes the share of amounts payable to third parties contracted in the form of shareholders' loans by the subsidiary Domas Immobiliare S.r.l. (Euro 3.7 million), while the remainder refers to derivative financial instruments (interest rate swaps) set to come due beyond twelve months contracted by the Group (Euro 3.8 million). For a summary of the derivatives outstanding as at year-end and the fair values of those derivatives, please refer to Note 28.

23. Other non-current liabilities

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
Other non-current liabilities	2,817	0

This item includes trade payables set to come due beyond twelve months, and primarily the share set come due after 2014 of deferred income relating to payment in advance for a charter out expiring in November 2015.

24. Deferred taxes

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**3,729**	**1,027**

This item includes provisions for deferred taxes, the financial impact of which is deferred to subsequent years. As mentioned above, deferred taxes have not been recognized on the prior-year losses carried forward by the companies inasmuch as it is not certain that profits from which to deduct such losses carried forward will be earned.

25. Short-term payables and other current liabilities

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
Trade payables	110,606	87,852
Other payables	5,528	10,259
Accruals and deferred income	6,383	11,091
TOTAL	**122,517**	**109,202**

The accounts payable presented above consist primarily of trade payables, payments to seagoing personnel settled in early 2014 and deferred income present at year-end.
The changes during the year are to be considered normal as a function of working capital dynamics.

26. Other current financial liabilities

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**30,720**	**27,975**

The item primarily refers to hedging derivative instruments used by the Group set to mature within twelve months (of Euro 27.7 million). For a summary of the derivatives outstanding as at year-end and the fair values of those derivatives, please refer to Note 27.

27. Taxes payable

(Thousands of euro)	As at 31 December 2013	As at 31 December 2012
TOTAL	**6,908**	**7,153**

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

28. Derivative instruments

The following table specifies the various types of derivative instruments used by the Group and the changes in those instruments in 2013.

(Thousands of euro) Fair value	31 December 2013 Eur Positive fair value	 Negative fair value
Fair value through the income statement		
Forward charter derivatives / FFAs	2,873	-
Guarantee transactions	-	(3,982)
Forward currency transactions	650	(12,935)
Interest rate derivatives	6,277	-
TOTAL	**9,800**	**(16,917)**
Fair value through equity		
Forward currency transactions	1,727	-
Forward bunker purchase derivatives	-	(4,912)
Interest rate derivatives	2,435	(145)
TOTAL	**4,162**	**(5,057)**
TOTAL	**13,962**	**(21,974)**

Changes of Euro 8,012 thousand in 2013 are broken down by account allocation as follows.

	31 December 2012	Changes in 2013	31 December 2013
Other non-current financial assets	3,580	(226)	3,354
Other current financial assets	23,592	(8,775)	14,817
Other non-current financial liabilities	(6,259)	2,435	(3,824)
Other current financial liabilities	(26,262)	(1,446)	(27,708)
TOTALE	**(5,349)**	**(8,012)**	**(13,361)**

Finally, the following is a specification of the account allocations of each instrument.

(Thousands of euro)	Forward charter derivatives	Guarantee transactions	Foreign exchange and currency transactions	Currency transactions	Bunker purchase transactions	Interest rate derivatives	Total
Non-current assets							
Other non-current financial assets						3,354	3,354
Current assets							
Other current financial assets	2,873	1,147	9,404		16	1,377	14,817
Non-current liabilities							
Other non-current financial liabilities						(3,824)	(3,824)
Current liabilities							
Other current ffinancial liabilities			(27,708)				(27,708)
TOTAL	**2,873**	**1,147**	**(18,304)**	**0**	**16**	**907**	**(13,361)**

Financial assets and financial liabilities designated at fair value are classified to level 2 in the hierarchy. In further detail, 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 financial world.

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 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 other comprehensive income.

Prospective and retrospective effectiveness tests on the aforementioned instruments were conducted by using the linear regression method, and the results obtained confirmed that the hedging strategy adopted has proved suited to the Company's needs. Consequently, it was not deemed necessary to recognize any allocation for fair value measurement in the income statement.

29. 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 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 typically 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 monitors open positions in such instruments.

In some cases, 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"). For informational purposes only, it is specified that a 5% change in bunker prices on 2013 consumption would not have resulted in significant changes to the consolidated income statement.

The Company uses part of its financial resources to invest in current financial assets exposed to the risk of fluctuations in the market prices of securities. A 5% fluctuation in market price at the end of the year would have entailed a change in financial items and profit or loss of approximately Euro 4 million. A 5% fluctuation in the market prices of real-estate investments would result in an impact of approximately Euro 2 million on equity reserves and other comprehensive income.

Foreign-exchange risk

The Group constantly monitors the currency risk associated with transactions denominated in foreign currencies, primarily by seeking to hedge costs in foreign currencies to the greatest possible extent. Since operating activities, like ship prices, are primarily denominated in U.S. dollars, for the management there is no significant exposure arising from possible fluctuations in the euro/dollar exchange rate, and the impact would only be visible at the level of individual volumes and not of profit or loss.

In addition to the U.S. dollar, the Group had exposures to Japanese yen, for which foreign- exchange risk does not correspond to equivalent fixed assets. For these items, relating to financial exposures and hedging instruments, a five percentage point change in the EUR/JPY exchange rate as at the end of 2013 would have resulted in an impact on the income statement, and thus on financial position, of approximately Euro 10 million.

Interest-rate risk

The Group is exposed to interest-rate risk arising from the fact that interest accrues on its credit facilities and bank deposits 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 0.4 million, whereas a decrease of 100 basis points would have yielded a positive effect of Euro 200 thousand.

Credit risk

The Group is exposed to credit risk relating to possible default by its counterparties, primarily clients. As is common knowledge, shipping does not present particular risks, given that charters are normally paid for in advance. The marginal portion relating to short-term accounts receivable for demurrage or various charter expenses is extraneous to this concept and is constantly monitored in order to ensure that it is properly collected. All trade receivables are thoroughly analyzed and, in some cases, subject to impairment. At the end of 2013, a total of Euro 2.4 million had been provisioned to cover the accounts receivable presented in the financial statements. The Group also holds considerable cash deposits with leading, highly rated counterparties, and no credit risk is thus foreseeable.

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 in the course of current operations.
The management constantly monitors expected future needs and at the reporting date 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 discharge its obligations to repay its debts at their natural due dates. Amounts due to banks and other lenders set to come due beyond five years came to Euro 135 million. In this regard, reference should be made to Note 21, which presents full information concerning loans, and Note 30 concerning the Group's commitments.

Fair-value risk

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

30. 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 Group's financial assets and financial liabilities are measured at fair value according to the first and second levels of the hierarchy described above. In further detail, it should be noted that available-for-sale assets and held-for-trading assets are measured according to the first and second levels depending on the type of market on which they are traded, whereas the fair values of derivatives have been determined with the aid of the pertinent financial institutions.

31. Related-party transactions

Costs and revenue associated with transactions between companies within the scope of consolidation are naturally eliminated as part of the consolidation procedures. Such dealings, which are governed by contracts subject to arm's-length conditions, considering the quality of the services rendered, are conducted in the mutual interest of the parties and are necessary to the Company's management and organization, as well as functionally associated with the income generated by the Company. For “related party” and “transactions with related parties,” reference is to be made to the definitions presented in IAS 24 revised – Related Party Disclosures. There were no material related-party items deserving of mention in 2013 other than those mentioned above.

32. Guarantees, commitments and contingencies

As at 31 December 2013, the Group was exposed with respect not only to the items payable presented in the financial statements, but also contracts or obligations of a financial nature assumed over the years. The following is an account of the amounts concerned, broken down by category.

Investment commitments

As at 31 December 2013, the Group's investment commitments stood at Euro 590 million and related to construction contracts in force for various vessels. Specifically, these vessels are 12.3 tankers (six 40,000-DWT units, six 50,000-DWT units and another 50,000-DWT unit owned by the Eco Tankers JV and proportionally consolidated at 33%) and 19 dry-cargo ships (two Minicape units, nine Handysize units and eight Supramax units), with deliveries scheduled for 2014 to 2017.
The following table presents the amounts broken down by due date.

(Thousands of euro)	31 Dec 2013	31 Dec 2012
Up to one year	213,794	28,508
From one to five years	376,457	257,331
Beyond five years	-	-
TOTAL	**590,251**	**285,839**

In addition to the items presented in the table, the Parent Company's commitments also include an additional Euro 3.4 million in commitments ("on call") associated with subscription of additional units of the Sator private equity fund.

Operating leases – chartered-in vessels

At the end of 2013, the Group's minimum commitments for vessel operating charters came to Euro 410 million and also proportionally included the commitments relating to companies consolidated according to the proportional method.
The following is a breakdown by expiration date:

(Thousands of euro)	31 Dec 2013	31 Dec 2012
Up to one year	156,328	115,206
From one to five years	208,309	256,224
Beyond five years	45,344	127,482
TOTAL	**409,981**	**498,912**

Other operating leases

Other operating leases primarily comprise office lease contracts in the amount of slightly more than Euro 5 million.

(Thousands of euro)	31 Dec 2013	31 Dec 2012
Up to one year	1,431,427	1,130,275
From one to five years	4,255,133	2,733,429
Beyond five years	3,260,007	1,344,135
TOTAL	**8,946,567**	**5,207,839**

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 ship-owners 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.

33. List of companies belonging to the d'Amico Società di Navigazione Group

The scope of consolidated remained essentially unchanged compared to the previous year, except for the inclusion of DACC Maritime Limited and Echo Tankers Limited. The table below presents the complete list of Group companies included within the scope of consolidation, 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.

Scope of consolidation – 2013

Company name		Consolidation method	City or country	Share capital in euro	Percent interest held by Parent Company	Percent interest held by minorities
d'Amico Shipping Italia SpA	(a)	Line-by-line	Palermo	15,000,000	100.0000	0.0000
d'Amico International S.a.	(a)	Line-by-line	Luxembourg	2,980,640	99.9998	0.0002
Cogema S.A.M.	(b)	Line-by-line	Monte Carlo	150,000	95.9998	4.0002
Comarfin S.A.M.	(b)	Line-by-line	Monte Carlo	300,000	99.6998	0.3002
d'Amico Dry Limited	(b)	Line-by-line	Ireland	70,154	99.9998	0.0002
d'Amico Finance Limited	(b)	Line-by-line	Ireland	86,288	99.9998	0.0002
d'Amico Shipping Singapore Pte Ltd	(b)	Line-by-line	Singapore	57,425	99.9998	0.0002
d'Amico Shipping UK Ltd	(b)	Line-by-line	England	47,979	99.9998	0.0002
Hanford Investments Inc.	(b)	Line-by-line	Liberia	1,076	94.9998	5.0002
Saint Andrew Estates Ltd	(c)	Line-by-line	Liberia	530	94.9998	5.0002
Ishima Pte Limited	(b)	Line-by-line	Singapore	574,251	99.9998	0.0002
Global Maritime Supplies Pte.Ltd	(n)	Line-by-line	Singapore	57,425	99.9998	0.0002
Cambiaso e Risso Asia Pte.Ltd	(n)	Line-by-line	Singapore	119,382	49.9999	50.0001
Rudder S.A.M.	(b)	Line-by-line	Monte Carlo	150,000	84.9998	15.0002
Rudder Pte Ltd	(d)	Line-by-line	Singapore	114,850	84.9998	15.0002
Rudder Argentina SA	(d)	Line-by-line	Argentina	11,125	76.4998	23.5002
Anglo Canadian Shipping Co. Ltd	(b)	Line-by-line	Canada	613,523	99.9998	0.0002
ACGI Shipping Inc.	(e)	Line-by-line	Canada	1,050,472	99.9998	0.0002
ACGI Ptel Ltd	(n)	Line-by-line	Singapore	5,743	99.9998	0.0002
Saemar S.a.	(b)	Line-by-line	Spain	72,120	99.8298	0.1702
Medbulk Maritime Limited	(f)	Line-by-line	Ireland	75,410	99.8298	0.1702
Damighreb Mad	(b)	Line-by-line	Morocco	6,348	69.9999	30.0001
d'Amico International Shipping SA	(b)	Line-by-line	Luxembourg	108,730,264	70,3799	29,6201
Glenda International Shipping Ltd	(g)	Proportional	Ireland	145	35,1899	64,8101
d'Amico Tankers Ltd	(g)	Line-by-line	Ireland	100,000	70,3799	29,6201
d'Amico Tankers Monaco sam	(h)	Line-by-line	Monte Carlo	150,000	70,2391	29,7609
d'Amico Tankers UK Ltd	(h)	Line-by-line	UK	36,256	70,3799	29,6201
DM Shipping Ltd	(h)	Proportional	Ireland	72,511	35,8937	64,1063
Glenda International Management Ltd	(h)	Line-by-line	Ireland	2	70,3799	29,6201
High Pool Tankers Limited	(h)	Line-by-line	Ireland	2	70,3799	29,6201
Echo Tankers	(h)	Proportional	Malta	36,256	23,2254	76,7746
Compagnia Generale Telemar S.p.A.	(a)	Line-by-line	Rome	7,373,635	55.0766	44.9234
Telemar UK Limited	(i)	Line-by-line	England	299,868	55.0766	44.9234
Bay Bridge Services Ltd	(l)	Line-by-line	Hong Kong	935	48.1920	51.8080

Company name		Consolidation method	City or country	Share capital in euro	Percent interest held by Parent Company	Percent interest held by minorities
Adci International LLC	(i)	Line-by-line	USA	181,640	50.2161	49.7839
Telemar Usa LLC	(i)	Line-by-line	USA	181,633	38.8951	61.1049
Telemar AB	(i)	Line-by-line	Sweden	666,038	55.0766	44.9234
Telemar Scandinavia AB	(m)	Line-by-line	Sweden	27,091	55.0766	44.9234
Iridium Nordic Ab	(m)	Line-by-line	Sweden	11,288	55.0766	44.9234
Telemar OY AB	(m)	Line-by-line	Finland	16,819	55.0766	44.9234
Telemar Gmbh	(i)	Line-by-line	Germany	28,409	48.4674	51.5326
Telemar Shanghai Ltd	(i)	Line-by-line	China	254,664	44.0613	55.9387
Telemar Norge	(i)	Line-by-line	Norway	167,771	55.0766	44.9234
Telemar Singapore Pte Ltd	(i)	Line-by-line	Singapore	100,385	55.0766	44.9234
d'Amico Shipping USA Ltd	(b)	Line-by-line	USA	73	99.9998	0.0002
DACC Maritime Limited	(b)	Line-by-line	Ireland	72,511	50.9999	49.0001
Domas Immobiliaria srl	(a)	Line-by-line	Imperia	258,228	75.0000	25.0000
Mida Maritime Company Limited	(a)	Proportional	Ireland	69,099	51.0000	49.0000

(a) Controlled directly
(b) Controlled through d'Amico International
(c) Controlled through Hanford
(d) Controlled through Rudder
(e) Controlled through Anglo Canadian Shipping Co. Ltd
(f) Controlled through Saemar
(g) Controlled through d'Amico International Shipping
(h) Controlled through d'Amico Tankers
(i) Controlled through Compagnia Generale Telemar
(l) Controlled through Telemar UK
(m) Controlled through Telemar AB
(n) Controlled through Ishima

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 / (loss)	Total assets	Shareholders' equity
As at 31 December 2013				
Glenda International Shipping Ltd	29,405	1,461	183,066	84,633
DM Shipping Ltd	8,480	12,621	46,290	(9,036)
Eco Tankers Limited	-	(16)	6,509	6,799
Mida Maritime Limited	3,566	883	21,657	1,350
DACC Maritime Limited	-	(36)	8,328	37
As at 31 December 2012				
Glenda International Shipping Ltd	24,215	(11,519)	206,987	86,992
DM Shipping Ltd	8,805	(4,750)	52,143	(22,155)
Mida Maritime Limited	3,450	165	28,327	712

34. 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.

d'Amico Società di Navigazione

Statutory Financial Statements as at and for the year ended 31 December 2013

Separate Income Statement

(Euro)	Notes	2013	2012
Revenue	4	9,709,897	11,201,618
Direct operating costs	5	(1,142,934)	(1,116,919)
General and administrative costs	6	(21,326,963)	(18,900,035)
GROSS OPERATING PROFIT / (LOSS)		**(12,760,000)**	**(8,815,336)**
Depreciation and amortization		(2,581,359)	(1,966,578)
OPERATING PROFIT / (LOSS)		**(15,341,359)**	**(10,781,914)**
Dividends	7	23,100,684	64,574,979
Other financial income	7	1,886,027	914,308
Financial charges	7	(3,688,639)	(3,242,626)
PROFIT / (LOSS) BEFORE TAXES		**5,956,713**	**51,464,747**
Income taxes	8	280,289	196,937
NET PROFIT / (LOSS)		**6,237,002**	**51,661,684**

Statement of Other Comprehensive Income

(Euro)	2013	2012
NET PROFIT / (LOSS)	**6,237,002**	**51,661,684**
Other components of comprehensive income not to be recycled to the income statement in subsequent periods		
Actuarial gain or loss (IAS 19)	(116)	
Tax effects of expenses/income recognized in equity	32	
Other components of comprehensive income to be recycled to the income statement in subsequent periods		
Effective part of gains/(losses) on fair value accounting for investments (available for sale)	12,756,762	2,115,363
Effective part of gains/(losses) on cash flow hedges	1,474,055	(4,146,352)
Tax effects of expenses/income recognized in equity	(2,605,470)	
COMPREHENSIVE INCOME / (LOSS)	**17,862,264**	**49,630,695**

Statement of Financial Position

(Euro)	Notes	As at 31 December 2013	As at 31 December 2012
ASSETS			
Non-current assets			
Intangible assets	9	310,354	131,111
Tangible assets	10	67,045,111	65,953,963
Long-term investments	11	182,840,871	177,496,375
Other non-current financial assets	12	15,444,000	16,482,118
Other non-current assets	13	614,358	729,957
TOTAL NON-CURRENT ASSETS		**266,254,694**	**260,793,524**
Current assets			
Short-term receivables and other current assets	14	5,938,997	2,656,183
Other current financial assets	15	1,328,338	6,100,065
Cash and cash equivalents	16	6,007,040	4,305,491
TOTAL CURRENT ASSETS		**13,274,375**	**13,061,739**
TOTAL ASSETS		**279,529,069**	**273,855,263**
LIABILITIES			
Shareholders' equity			
Share capital		25,000,000	25,000,000
Earnings reserves		191,538,108	154,876,424
Other reserves		6,868,884	-4,756,378
Net profit / (loss)		6,237,002	51,661,684
TOTAL SHAREHOLDERS' EQUITY	17	**229,643,994**	**226,781,730**
Non-current liabilities			
Provisions for risks and charges	18	661,186	669,833
Banks and other lenders	22	31,518,247	33,264,507
Provisions for employee benefits	19	2,269,875	1,883,681
Deferred-tax liabilities	20	2,738,650	407,772
Other non-current financial liabilities	21	2,672,298	4,146,352
TOTAL NON-CURRENT LIABILITIES		**39,860,256**	**40,372,145**
Current liabilities			
Banks and other lenders	22	1,791,498	1,737,981
Short-term payables and other current liabilities	23	8,233,321	4,963,407
TOTAL CURRENT LIABILITIES		**10,024,819**	**6,701,388**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**279,529,069**	**273,855,263**

Paolo d'Amico, Chairman

Cesare d'Amico, Chief Executive Officer

Statement of Cash Flows

(Euro)	2013	2012
NET PROFIT FOR THE PERIOD	**6,237,002**	**51,661,684**
Depreciation and amortization	2,581,359	1,966,578
Current, deferred and pass-through taxation	4,796,724	2,673,057
Financial charges / (income)	(21,748,402)	(63,342,967)
Changes in the fair value of financial assets	(174,587)	21,750
Other non-cash items	1,293,048	893,690
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	**(7,014,856)**	**(6,126,208)**
Change in amounts receivable	(3,159,070)	(885,375)
Change in amounts payable	(513,181)	(1,155,059)
Taxes paid	(1,305,009)	(1,616,407)
Interest collected / (paid)	(1,352,282)	(1,232,012)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	**(6,329,542)**	**(4,888,853)**
Acquisition of intangible assets	(321,696)	(166,935)
Acquisition of tangible assets	(3,530,054)	(1,160,355)
Acquisition of long-term investments	(3,536,958)	(2,381,998)
Increase in other financial assets	(285,000)	(10,874,326)
Sale/disposal of fixed assets	16,311,714	223,470
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	**8,638,006**	**(14,360,144)**
Change in other financial payables	0	(30,300,000)
Bank loan repayments	(1,692,743)	(1,672,854)
Dividends collected	23,100,684	64,574,979
Dividends paid	(15,000,000)	(20,000,000)
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES	**6,407,941**	**12,602,125**
NET CASH PROVIDED / (USED)	**1,701,549**	**(12,773,080)**
Cash and cash equivalents at the beginning of the year	4,305,491	17,078,571
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**6,007,040**	**4,305,491**

Statement of Changes in Shareholders' Equity

(Euro)	Share capital	Retained earnings	Other reserves	Net profit or loss	Total
BALANCE AS AT 31 DECEMBER 2011	**25,000,000**	**110,176,350**	**(2,725,389)**	**64,700,074**	**197,151,035**
Dividends			0	(20,000,000)	(20,000,000)
Allocation of 2011 profit		44,700,074	0	(44,700,074)	0
Comprehensive income			(2,030,989)	51,661,684	49,630,695
BALANCE AS AT 31 DECEMBER 2012	**25,000,000**	**154,876,424**	**(4,756,378)**	**51,661,684**	**226,781,730**

(Euro)	Share capital	Retained earnings	Other reserves	Net profit / (loss)	Total
BALANCE AS AT 31 DECEMBER 2012	**25,000,000**	**154,876,424**	**(4,756,378)**	**51,661,684**	**226,781,730**
Dividends			0	(15,000,000)	(15,000,000)
Allocation of 2012 profit		36,661,684	0	(36,661,684)	0
Comprehensive income			11,625,262	6,237,002	17,862,264
BALANCE AS AT 31 DECEMBER 2013	**25,000,000**	**191,538,108**	**6,868,884**	**6,237,002**	**229,643,994**

Notes

Introduction

d'Amico Società di Navigazione S.p.A. is an Italian joint-stock company with registered office in Palermo, Italy and head office in Rome, Italy. It 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.

In application of the option provided for in Legislative Decree 38 of 28 February 2005, the Company's financial statements have been prepared in accordance with the IAS/IFRS international accounting principles (hereinafter "IFRSs") endorsed by the European Commission, supplemented by the associated interpretations (Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee – IFRIC) issued by the International Accounting Standard Board (IASB) and in effect at year-end. The IFRS accounting principles used to prepare the financial statements presented have been supplemented by the IFRIC interpretations in force at the date of preparation of the financial statements.

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 revised, 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 as at and for the year ended 31 December 2013 were approved on 11 April 2014 by the Board of Directors, which authorized their publication.

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 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 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 the borrowings or account overdrafts used, 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, taking account of any prior-year losses.

Deferred taxes are calculated on the basis of the temporary differences that arise between the value of the assets and liabilities included in the Company's accounting situation and the value attributed to those assets and liabilities for tax purposes. Deferred tax assets and liabilities are measured by applying the tax rate in effect when the temporary differences are expected to be reversed. Deferred tax assets are recognized to the extent it is believed likely that there will be taxable income equal to at least the amount of the differences to be reversed during the years in which the temporary differences concerned are to be reversed. They are charged or credited in the income statement, unless they relate to items charged or credited directly to other comprehensive income, in which case the deferred tax charge is also recognized in other 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 useful life considered for such assets, almost all of which relate to software, is 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 properties	33
Furniture and fittings	8.5
Electronic machines	4
Motor vehicles	5
Leasehold improvements	Term of contract (max. of 5)

Tangible assets may also include costs or advances associated with the acquisition of assets that are commissioned after the reporting date. The depreciation of such assets begins to be calculated when the assets are commissioned.

The estimates of useful life and residual value are periodically revised.
Depreciation ends at the date of disposal or reclassification of an asset as held for sale. If an asset subject to depreciation consists of separately identifiable elements the useful lives of which differ significantly from that of the other parts of the asset, depreciation is calculated separately for each of the parts of the asset in application of the component approach principle.

Real-estate investments

Real properties held with the aim of earning rent or benefiting from appreciation in value, or for indeterminate future use, are classified as investment properties. They are measured at purchase or construction cost, plus any auxiliary charges, less accumulated depreciation and any impairment losses.

Leases

Lease contracts are classified as operating or finance leases at the commencement of the contractual period. Lease classifications are not modified after they have been determined. Classification depends on estimates based on contractual conditions. In such case, the "substance over form" approach is adopted.

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 discharged, 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 principal, increased or decreased by overall depreciation, applying the effective interest method on any difference between the initial value and value at maturity. Such amounts may nonetheless be adjusted to account for impairment. 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.

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: 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: 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;

- Level 3: financial assets and liabilities the fair values of which are determined on the basis of non-observable market data.

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

Equity investments and other financial assets

The Company classifies its equity investments as investments in:
- "subsidiaries" for which the investor has the power to determine financial and operational decisions and obtain the benefits thereof;
- "associates" over which the investor exercises significant influence (which is assumed to be the case when the investor controls at least 20% of the votes in the ordinary general meeting). The item also includes cases of entities subject to joint control (joint ventures); and
- "other companies" for which none of the foregoing requirements has been met.

Equity investments intended for sale, as well as those acquired for the sole purpose of being disposed of within the following twelve months, are classified separately among assets held for sale.

Subsidiaries, joint ventures, associates and other companies, with the exception of those classified as held for sale, are measured at purchase or incorporation cost. Said cost is retained in subsequent financial statements, unless the investment is subject to impairment or recovery following a change in economic purpose or a capital transaction. Equity investments intended for sale are measured at the lesser of cost and fair value less costs to sell.

In further detail:

The Company classifies financial assets to the following categories:

- assets designated at fair value through the income statement;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

Assets designated at fair value through the income statement

Held-for-trading financial assets are measured at fair value. The fair value of such instruments is determined by reference to their market value (bid price) on the reporting date. The fair value of unlisted instruments is determined through the use of commonly applied financial valuation techniques. Changes in the fair values of instruments classified to this category are recognized immediately in the income statement.

Trade and other short-term receivables

Trade receivables are initially recognized at their face 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.

Held-to-maturity investments

Such assets, which are initially recognized at their fair value and subsequently measured at amortized cost, include non-derivative instruments without pre-determined maturities that the Company has the intention and ability to hold to maturity. Instruments with contractual maturities falling the following twelve months are classified among current assets. If there is objective evidence that an asset has become impaired, the value of that asset is reduced to such an extent that it is equal to the discounted value of the future cash flows: impairment losses identified through impairment tests are recognized in the income statement.
If the grounds for previous impairment losses cease to apply in subsequent periods, the value of the assets is recovered up to the amount that would have resulted from the application of amortized cost if no impairment had been recognized.

Available-for-sale financial assets

Equity investments, classified as available-for-sale assets from an accounting standpoint, are recognized among non-current assets under the item "Long-term investments." This category includes financial assets other than derivative instruments specifically designated as classified to that item or not classified to any of the previous items. Such assets are measured at fair value, which is determined in reference to market prices at the annual or interim reporting date, or through financial valuation techniques and models, with changes in value recognized through a specific equity reserve (the "reserve for available-for-sale assets"). The above reserve is reversed to the income statement only when the financial asset is effectively disposed of, or, in the event of decreases, when it is determined that a significant, prolonged decrease in value already recognized in equity cannot be recovered. Classification as current or non-current depends on management's intentions and the effective marketability of the securities: those expected to be realized within the following twelve months are recognized among current assets.
If there is objective evidence of indicators of impairment, the value of the assets is reduced so that it is equal to the discounted value of future cash flows. Decreases in value previously recognized in the equity reserve are reversed to the income statement. Previous impairment losses are recovered if the circumstances that had resulted in their recognition cease to apply, but only in cases of financial instruments not representing equity.

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.

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

Bank borrowings relating to the financing of tangible assets 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 face value, considering the characteristics and maturity of such payables.

Derivative instruments

Derivative instruments are used to hedge exposure to interest rate risk (interest rate swaps). 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, it is expected that the hedge will be highly effective, its effectiveness may be measured reliably and it will remain highly effective throughout the financial reporting periods for which the hedge is designated. In accordance with IAS 39, all derivative instruments are measured at fair value. When derivative instruments qualify for hedge accounting, the following accounting treatment applies.

Cash flow hedges

These are derivatives aimed at hedging exposure to fluctuations in future cash flows arising in particular from risks relating to changing interest rates on loans and commitments in currencies other than the euro. Changes in the fair value of the effective portion of the hedge are recognized directly in equity and presented 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 analysing 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.

Employee benefits

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 calculation is performed by an independent actuary using the projected unit credit method.

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 discharge 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.

Shareholders' equity

Share capital

Share capital consists of subscribed, paid-in capital. Costs closely correlated with the issuance of shares are classified as reductions in share capital where they consist of costs directly attributable to the capital transaction, net of the deferred tax effect.

Especially significant aspects and material estimates by the management

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 judgements concerning matters that are uncertain by nature.

Income taxes – Taxes payable 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 finance leases at the commencement of the contractual period and such classification is not modified thereafter. Classification depends on estimates based on contractual conditions. In such case, the "substance over form" approach is adopted.

New accounting principles

Accounting principles, amendments and interpretations applicable from 1 January 2013

The following is a brief description of the amendments, improvements and interpretations applicable from 1 January 2013. The application of the above amendments, where applicable, did not entail significant effects on these separate financial statements.

IFRS 13 - *Fair Value Measurement*: the Standard provides indications regarding the determination of fair value where required or permitted by other international accounting standards and contains further disclosure obligations that permit users of financial statements to assess the methods used by entities to conduct fair value measurements and the effects of such measurements on financial results. The Standard, published by the IASB in May 2011, was endorsed by the European Union in December 2012. The Standard did not have a significant impact on the Company's financial statements, inasmuch as the fair value measurement methods introduced do not differ from those previously used by the Company.

Amendments to IFRS 7 - *Financial Instruments: Disclosures — Offsetting of Financial Assets and Financial Liabilities*; the amendments are aimed at facilitating comparison between entities that prepare financial statements according to IFRSs and those that prepare financial statements according to US GAAP (generally accepted accounting principles in the United States). The Standard, published by the IASB in December 2011, was endorsed by the European Union in December 2012 and did not have a significant impact on the Company's financial statements.

IAS 19 - *Employee Benefits* - On 16 June 2011, the IASB issued the new version of IAS 19, the provisions of which are effective from years beginning on 1 January 2013.
The amendment introduces the following changes, among others: (i) the obligation to recognize all actuarial gains and losses in other comprehensive income, eliminating the possibility of adopting the corridor method. Actuarial gains and losses recognized in other comprehensive income are not subsequently recycled to the income statement; and (ii) the elimination of the separate presentation of cost components relating to defined benefit liabilities, represented by the expected return on plan assets and interest costs, and replacement with the "net interest" aggregate. That aggregate is determined by applying the discount rate defined for the liabilities to those liabilities, net of plan assets. The new provisions also require additional disclosures to be provided with especial regard to defined benefit plans. The application of this new Standard did not entail significant effects. The reader is referred to the description provided below in the notes.

Amendments to IAS 1 - *Presentation of Financial Statements on the Presentation of Other Comprehensive Income*. The amendments call for components of OCI to be grouped into two categories, according to whether they may be recycled to the income statement in a future period. The Standard does not change the possibility of presenting two income statements and does not specify what may be recycled to the income statement. The amendments were endorsed by the European Union in 2012. The amendments indicated above were applied to all periods presented.

Amendments to IFRS 1 - *First-time Adoption on Government Loans* The amendments clarify that companies that adopt IFRSs for the first time are to account for government loans at an interest rate below the market rate. The amendments, endorsed by the European Union in March 2013, do not have any impact on the Company's financial statements.

Amendments to IAS 16 - *Property, Plant and Equipment:* the amendment clarifies that replacement parts and equipment are to be capitalized only if they qualify as property, plant and equipment; otherwise, they are to be classified as inventory. The Standard did not have a material impact on the Company's financial statements.

Amendments to IAS 32 - *Financial Instruments: Presentation:* the amendment eliminates an inconsistency between IAS 12 - *Income Taxes* and IAS 32 concerning the recognition of taxes deriving from distributions to owners, establishing that such distributions are to be recognized in the income statement to the extent the distribution refers to income generated by transactions originally accounted for in the income statement. The Standard did not have a material impact on the Company's financial statements.

Accounting principles, amendments and interpretations not yet in force

At the reporting date, European lawmakers had endorsed several principles and interpretations that are not yet mandatory and are to be applied by the Company in subsequent years. The following is an account of the main changes and their potential effects on the Company:

IFRS 10 - *Consolidated Financial Statements* The Standard builds on existing standards by identifying control as the determining factor for the purposes of the inclusion of a company in the consolidated financial statements. The Standard provides additional indications for assessing the presence of control. The Standard, published by the IASB in May 2011, was endorsed by the European Community in December 2012 and will enter into effect for periods beginning no later than 1 January 2014. Adoption of the Standard will not have an impact on the Company's financial statements.

IFRS 11 - *Joint Arrangements* The Standard focuses more on the rights and obligations deriving from an arrangement than on its legal form. The Standard identifies two types of joint arrangements. Joint operations are arrangements in which the joint operators with joint control have rights to the assets and obligations for the liabilities deriving from the arrangement. Joint ventures are joint arrangements in which the parties - the joint ventures - with joint control have rights to the arrangement's net assets. Proportional consolidation is no longer permitted. The Standard, published by the IASB in May 2011, was endorsed by the European Community in December 2012 and will enter into effect for periods beginning no later than 1 January 2014. The adoption of the Standard will not have an impact on the Company's financial statements.

IFRS 12 – *Disclosures of Interests in Other Entities* The Standard indicates the disclosure to be provided for each type of interest in other entities. The Standard, published by the IASB in May 2011, has been endorsed by the European Community and is effective for periods beginning no later than 1 January 2014. The Standard may be adopted early. The Standard will not have an impact on the Company's financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 The amendments provide application guidelines for the preparation of comparative figures. The amendments, published by the IASB in July 2012, were endorsed by the European Union in April 2013 and are effective for periods beginning no later than 1 January 2014. The Standard may be adopted early. The Standard will not have a material impact on the Company's financial statements.

IAS 27 (Revised 2011) - *Separate Financial Statements* The Standard includes provisions concerning separate financial statements remaining following the inclusion of provisions concerning control in IFRS 10. The Standard, published by the IASB in May 2011, has been endorsed by the European Community and is effective for periods beginning no later than 1 January 2014. The Standard will not have an impact on the Company's financial statements.

IAS 28 (Revised 2011) - *Associates and Joint Ventures* The Standard establishes the requirements for joint ventures and associates, which are measured according to the equity method following the issuance of IFRS 11. The Standard, published by the IASB in May 2011, has been endorsed by the European Community and is effective for periods beginning no later than 1 January 2014. The Standard will not have an impact on the Company's financial statements.

Amendments to IAS 32 - *Financial Instruments: Presentation on Offsetting Financial Assets and Financial Liabilities* The amendments clarify certain requirements

for the offsetting of financial assets and financial liabilities. The Standard, published by the IASB in December 2011, was endorsed by the European Community in December 2012 and is effective for periods beginning on 1 January 2014. The Standard will not have a material impact on the Company's financial statements.
Amendments to IFRS 10, IFRS 12 and IAS 27 The amendments require many investment funds, companies or similar entities that qualify as "investment companies" be exempted from consolidating most of their subsidiaries. The amendments, which have not yet been endorsed by the European Union, are applicable for periods beginning on or after 1 January 2014.

IFRS 2 Revised - *Share-based Payment*, which clarifies the treatment of shared-based payments in cases of incentive plans.

Interpretations IFRIC 12 (*Service Concession Arrangements*), IFRIC 15 (*Agreements for the Construction of Real Estate*), IFRIC 16 (*Hedges of a Net Investment in a Foreign Operation*), IFRIC 17 (*Distribution of Non-Cash Assets to Owners*) and IFRIC 18 (*Transfers of Assets from Customers*)

On 29 May 2013, the IASB issued an amendment to IAS 36 - *Recoverable Amount Disclosures for Non-Financial Assets*, which governs the disclosures to be provided concerning the recoverable amounts of impaired assets, where that amount is based on fair value net of costs to sell. The changes are to be applied retroactively from years beginning on or after 1 January 2014. Early application is permitted for periods in which the entity has applied IFRS 13. This amendment was endorsed by Regulation No 1374/2013.

On 27 June 2013, the IASB issued certain minor amendments to IAS 39 - *Financial Instruments: Recognition and Measurement*, entitled *Novation of Derivatives and Continuation of Hedge Accounting*. The amendments allow hedge accounting to be continued when a derivative financial instrument, designated as a hedging instrument, is novated due to the application of a law or regulation with the aim of replacing the original counterparty to ensure that the obligation assumed is discharged and when certain conditions have been satisfied. That same amendment will also be included in IFRS 9 - *Financial Instruments*. The above amendments, endorsed by Regulation No 1375/2013, are to be applied retroactively for years beginning on or after 1 January 2014.

Accounting principles not yet applicable in that they have not been endorsed by the European Union

At the reporting date, the competent bodies of the European Union had yet to conclude the endorsement process required for the adoption of the following accounting principles and amendments:

On 12 November 2009, the IASB published IFRS 9 - *Financial Instruments*. The Standard was subsequently amended. The Standard, which is to be applied retrospectively from 1 January 2015, represents the first part of a step-based process aimed at replacing IAS 39 in its entirety and introducing new criteria for classifying and measuring financial assets and financial liabilities. In particular, the new Standard adopts a common approach to financial assets based on the way in which the financial instruments concerned are managed and the characteristics of the contractual cash flows from the financial instruments in order to determine the measurement criterion, in replacement of the various rules set forth in IAS 39. For financial liabilities, the main modification relates to the accounting treatment of changes in the fair value of a financial liability designated at fair value through the income statement, where such changes are due to changes in the creditworthiness of the liability concerned. According to the new Standard, such changes are to be recognized in other comprehensive income and no longer through the income statement.

On 20 May 2013, the IASB issued IFRIC 21 - *Levies*, an interpretation of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 provides clarification as to when an entity is to recognize a liability for the payment of levies imposed by the government, with the exception of those already governed by other standards (e.g., IAS 12 - *Income taxes*). IAS 37 establishes the criteria for recognizing a liability, one of which is the existence of a present obligation for the entity as the result of a past event (known as the obligating event). The interpretation clarifies that the obligating event, which gives rise to a liability for payment of the levy, is described in the statutes of reference from which payment of the levy derives. IFRIC 21 is effective for years beginning on or after 1 January 2014.

On 21 November 2013, the IASB issued the document *Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 - Employee Benefits)*. The amendments to IAS 19 allow (but do not require) recognition as a decrease in current service cost for the period of contributions paid by employees or third parties that are not correlated with the number of years of service, instead of allocating those contributions over the period in which service is rendered.

On 12 December 2013, the IASB issued the document *Annual Improvements to IFRSs - 2010–2012 Cycle*. The provisions it contains apply amendments to: (i) IFRS 2, modifying the definition of vesting conditions; (ii) IFRS 3, clarifying that potential consideration classified as an asset or liability must be measured at its fair value at each reporting date; (iii) IFRS 8, primarily requiring that disclosures be provided concerning the measurement criteria and elements considered in determining the degree of aggregation of operating segments, as presented in the financial statements (iv) the Basis of Conclusions of IFRS 13, confirming the possibility of recognizing short-term accounts receivable and payable for which the implicit interest rate has not been explicitly stated at their face value, if the effect of not discounting them is immaterial; (v) IAS 16 and IAS 38, clarifying the methods for determining the carrying amounts of assets, in the event of revaluation due to the application of the re-measurement model; and (vi) IAS 24, specifying that an entity is related to the reporting entity if the entity (or a member of the group of which it is a part) provides key management personnel services to the reporting entity (or a parent of the reporting entity).

On that same date, the IASB issued the document *Annual Improvements to IFRSs - 2011–2013 Cycle*. The provisions it contains apply amendments to: (i) the Basis of Conclusions of IFRS 1, clarifying the definition of IFRSs “in effect” for first-time adopters; (ii) IFRS 3, clarifying the exclusion from the scope of application of joint arrangements in the financial statements of those joint arrangements; (iii) IFRS 13, clarifying that the scope of application of the exception indicated in paragraph 48 of the Standard extends to all contracts that fall within the scope of application of IAS 39, regardless of whether they correspond to the definition of financial asset or financial liability pursuant to IAS 32; and (iv) IAS 40, clarifying the relationship between IFRS 3 and that Standard.

In accordance with the dictates established by the IASB, the provisions of the above documents are effective from years beginning on or after 1 July 2014. However, it should be noted that, since endorsement by the European Commission has yet to occur, the entry into effect of the provisions in question could be deferred to a subsequent date.

On 19 November 2013, the IASB issued the document IFRS 9 - *Financial Instruments: Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IFRS 39*, with the pertinent Basis for Conclusions and Application Guidance. The above documents: (i) entail a substantial revision of the accounting treatment of hedging transactions; (ii) with respect to IFRS 9, which requires that changes in the fair value of liabilities designated at fair value through the income statement, consisting of gains or losses deriving from changes in the credit risk associated with the entity, be allocated to other comprehensive income, permit the application of this provision before the application of the other dictates of that same Standard; and (iii) eliminate the indication of 1 January 2015 as the compulsory date of entry into force of IFRS 9.

2. Risk management

d’Amico Società di Navigazione S.p.A. is subject to the same type of risks of the other companies belonging to the Group of which it is the Parent Company, whether directly or indirectly through its subsidiaries. Accordingly, the reader is referred to note 26 below, as well as to the notes to the consolidated financial statements.

3. Capital

The objectives pursued by d’Amico Società di Navigazione S.p.A. 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; and
- 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.

4. Revenue

(Euro)	2013	2012
TOTAL	**9,709,897**	**11,201,618**

The revenue presented in the financial statements derives 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)	2013	2012
TOTAL	**1,142,934**	**1,116,919**

Operating costs refer to services received 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)	2013	2012
Personnel costs	8,618,298	8,443,657
Other general and administrative costs	12,708,665	10,456,378
TOTAL	**21,326,963**	**18,900,035**

Personnel costs, in line with the figure from the previous year, refer to salaries, including pension costs and accruals of end-of-service benefits for personnel in service at year-end. Compared to the previous year, the staff in service at the end of 2013 increased by two, coming to a total of 74.

The other costs primarily relate to the projection of taxes assessed on a pass-through basis with respect to the income generated by the subsidiary d'Amico International SA, based in Luxembourg (for which, reference may be made to the report on operations for further details), which also explains the increase in costs during the year (approximately Euro 5 million compared to Euro 2.9 million in the previous year). It should also be noted that the item includes compensation for the Company's directors of Euro 1,474,000 (compared to Euro 1,258,000 in the previous year), the costs associated with the Board of Statutory Auditors of Euro 75,300 (Euro 88 thousand in 2012) and independent auditing costs of Euro 65 thousand (Euro 67 thousand in 2012). The remainder relates to costs for sundry assistance and advice (Euro 2 million), advertising and entertainment costs of Euro 800 thousand and other general costs of approximately Euro 3 million.

7. Dividends, other financial income and financial charges

(Euro)	2013	2012
DIVIDENDS	**23,100,684**	**64,574,979**
Other financial income		
Bank interest	39,701	143,274
Interest on sundry receivables	88,861	122,431
Other income	457,264	442,349
Exchange gains	27,807	82,355
Gains on the disposal of equity investments	1,272,393	123,899
TOTAL	**1,886,027**	**914,308**
Financial charges		
Interest on borrowings	(1,494,045)	(1,758,527)
Bank interest	(18,636)	(19,536)
Other financial charges	(52,420)	(117,565)
Losses on equity investments	(328,917)	(372,936)
Financial losses	(448,835)	(21,750)
Exchange losses	(1,345,787)	(952,312)
TOTALE	**(3,688,639)**	**(3,242,626)**

Dividend income includes the amounts recognized – on a cash basis – during the year and is broken down in the following table, which also includes a comparison with the amounts collected in 2012:

(Euro)	2013	2012
Subsidiaries		
d'Amico Shipping Italia S.p.A.	7,700,000	10,000,000
d'Amico International S.A.	13,073,774	51,582,720
Compagnia Generale Telemar S.p.A.	1,015,287	2,030,574
	21,789,061	**63,613,294**

(Euro)	2013	2012
Other companies		
Tamburi Investments Partners S.p.A.	579,124	494,375
Sator S.p.A.	32,000	28,000
ClubTre S.p.A.	487,500	227,500
Datalogic S.p.A.	209,999	208,810
Banca Profilo S.p.A.	3,000	3,000
	1,311,623	**961,685**
TOTAL	**23,100,684**	**64,574,979**

Other financial income refers primarily to interest income from banks and other creditors, income deriving from short-term investments in bonds and funds (other income) and foreign exchange gains originating from the differences registered during the year and translation of items of the statement of financial position in foreign currencies still in existence at the exchange rates as at 31 December 2013. The proceeds of the disposal of a portion of the Datalogic shares during the year resulted in the recognition of the amount presented in the table of Euro 1,272 thousand.

Among financial charges, it bears noting that interest on loans is generated by the finance lease contract referring to the administrative office in Rome and the financing for the property located on Via Paisiello in Rome. It should be noted that the cost of financing for the latter in 2013 came to Euro 1,340 thousand, of which Euro 764 thousand related to the hedging contract.

As for the other items, it may be observed that the losses on equity investments relate to the partial forgiveness of the receivable from Domas Immobiliare for coverage of the 2013 losses, as well as the proceeds of the sales of the Banca Popolare shares. The financial losses are largely related to the sale of bonds previously carried in the financial statements.

8. Income taxes

(Euro)	2013	2012
Current income taxes		
of which, IRES (corporate income tax)	-	-
of which, IRAP (regional production tax)	-	20,100
Adjustment of prior-year taxes	(5,729)	(15,436)
Deferred taxes	(274,560)	(201,601)
TOTAL	**(280,289)**	**(196,937)**

d'Amico Società di Navigazione S.p.A. is subject to the Italian tax regime and the 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:

	2013
PROFIT BEFORE TAX	**5,956,713**
Tax adjustments for:	
Reduced taxation of dividends	(22,599,424)
Partial deductibility of costs	2,171,353
Exchange difference due to translation of items in foreign currencies	1,258,789
Taxable profit or loss	(13,212,569)
Tax charges accrued	0

It should be noted that on the basis of the returns filed to date, the Company presents nearly Euro 7 million in unused prior-year losses (starting with the 2008 incomes). Upon their future use, such prior-year losses will yield a tax savings, calculated according to current tax rates, of approximately Euro 1.9 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. The impact in 2013 is positive inasmuch as measurement at year-end exchange rates entailed an adjustment of the previously accrued amount.

9. Intangible assets

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
TOTAL	**310,354**	**131,111**

The amounts of intangible assets refer to software costs, which are amortized over a period of three years. The increase compared to the previous year, net of the amortization charge for the year, relates to software purchases of a recurring nature undertaken during the year.

10. Tangible assets

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
TOTAL	**67,045,111**	**65,953,963**

The following table presents changes in tangible assets during the year.

(Euro)	Land and buildings	Other assets
Historical cost	68,602,404	2,618,253
Depreciation	(3,706,000)	(1,560,695)
BALANCE AS AT 31 DECEMBER 2012	**64,896,405**	**1,057,559**
Additions	2,909,165	620,889
Depreciation	(2,103,239)	(335,667)
Historical cost	71,511,569	3,239,142
Depreciation	(5,809,239)	(1,896,362)
BALANCE AS 31 DECEMBER 2013	**65,702,330**	**1,342,780**

Land and buildings include the registered office in Palermo, head office in Rome, property located on Via Paisiello in Rome, purchased in 2011, a warehouse in Genoa and several residential and office units in Rome. The increases during the year relate to work in progress for the renovation of the property on Via Paisiello, which is scheduled to be completed during the year, as well as the work to modernize the offices on Corso d'Italia (Rome), also nearing completion. At the end of 2013, the share related to work in progress for which depreciation had yet to be calculated (since the assets had yet to be brought into service) came to Euro 2.7 million.

It bears noting that the property located on Via Paisiello, carried at its historical cost of Euro 58.5 million (currently Euro 54.6 million, after depreciation) and originally acquired to host the Company's offices, may now be regarded as an investment property. The Company's management has still not decided how it will use the property concerned in future and is thus holding the property in view of capital appreciation. The asset's estimated useful life is 33 years.

Other assets include furniture and fittings, electronic machines, motor vehicles and office equipment. In addition to the aforementioned, certain purchases of office equipment undertaken in 2013 were recognized as additions to other assets.

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


d'AMICO

11. Long-term investments

(Euro)	As at 31 December 2013	As at 31 December 2012
Equity investments	135,138,033	141,184,649
Available-for-sale financial assets	41,129,597	32,864,631
Held-to-maturity investments	6,573,241	3,447,095
TOTAL	**182,840,871**	**177,496,375**

The following is a breakdown of long-term investments by type.

Equity investments

Company name	As at 31 December 2012	Changes Acquisitions / (disposals)	As at 31 December 2013	Percent 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	55.08%
Domas Immobiliare S.r.l.	577,500		577,500	75.00%
Sirius Ship Management S.r.l.	59,578	25,000	84,578	64.90%
Mida Maritime Limited	36,706		36,706	51.00%
Other	102,503	(102,500)	3	
Associates				
Club 3 S.r.l.	38,968,750	(6,012,500)	32,956,250	32.50%
Venice Shipping & Logistic S.p.A.	3,861,600		3,861,600	28.44%
Other				
Sator S.p.A.	2,800,000		2,800,000	1.09%
Civita Cultura S.r.l.	1,460,415	43,384	1,503,799	14.30%
Other	202,583		202,583	
TOTAL	**141,184,649**	**-6,046,616**	**135,138,033**	

Available-for-sale financial assets

	As at 31 Dec 2012	Acquisitions / (disposals)	Changes in FV	As at 31 Dec 2013	Percent interest
Tamburi Investment Partners S.p.A.	21,314,625		11,031,625	32,346,250	10.38%
Datalogic S.p.A.	9,247,000	(3,744,751)	1,395,347	6,897,596	1.43%
Banca Profilo S.p.A.	367,950		(68,850)	299,100	0.22%
Gruppo Banco Popolare	1,935,056	(503,200)	154,795	1,586,651	0.06%
TOTAL	**32,864,631**	**(4,247,951)**	**12,512,917**	**41,129,597**	

Held-to-maturity investments

	As at 31 Dec 2012	Acquisitions / (disposals)	Changes in FV	As at 31 Dec 2013	Percent interest
Sator Private Equity Fund	3,447,095	3,126,146		6,573,240	
TOTAL	**3,447,095**	**3,126,146**	**0**	**6,573,240**	

Subsidiaries

At the end of 2013, the equity investment in Sirius was increased by an additional approximately 5%, bringing the percent interest in the company to 64.90%. That interest has increased again in 2014 as a result of further acquisitions early in the year. Other subsidiaries decreased due to the liquidation of d'Amico Shipmanagement Germany, a company that had not been operational for several years. The following table presents information regarding investments in subsidiaries. The amounts are in euro, rounded to the nearest thousand.

Subsidiaries	Registered office	Reporting date	Capital	Equity	Net profit or loss	Percent interest	Corresponding book equity	Carrying amount
d'Amico Shipping Italia S.p.A.	Palermo	31 December	15,000	88,808	(3,052)	100.00%	88,808	44,976
d'Amico International S.A.	Luxembourg	31 December	2,981	239,896	12,150	99.99%	239,872	26,955
Compagnia Generale Telemar S.p.A.	Rome	31 December	7,374	31,964	3,392	55.08%	17,606	21,184
Domas Immobiliare S.r.l.	Imperia	31 December	258	258	0	75.00%	194	578
Sirius Ship Management S.r.l.	Genoa	31 December	101	301	2	64.90%	195	85
Mida Maritime Limited	Ireland	31 December	69	1,350	791	51.00%	688	37

For equity investments where the carrying amount exceeds the corresponding net equity, management did not deem that such equity investments had become impaired, also in consideration of the profits reported in the previous five years and the projections for profit expected in future years. Therefore such investments are considered recoverable.

Associates

In developments relating to associates, from May to October 2013 ClubTre S.p.A. made partial shareholders' loan repayments to the company, corresponding to the amount presented in the table.

Information concerning current investments in associates is presented below. Amounts are in euro rounded to the nearest thousand.

Associates	Registered office	Date of approval of financial statements	Capital	Equity	Net profit or loss	Percent interest	Corresponding book equity	Carrying amount
ClubTre S.p.A.	Milan	30 June	50	118,889	4,093	32.50%	38,639	32,956
Venice Shipping and Logistic S.p.A.	Milan	31 December	11,240	17,152	1,553	28.44%	4,879	3,836

Other financial assets

Activity in the period primarily consisted in the partial disposal of the Datalogic shares (yielding a capital gain of approximately Euro 1.3 million) and the increase in the Sator Private Equity Fund – for which approximately Euro 6.6 million had been paid through 31 December 2013 – by way of partial coverage of the commitment ("on call") relating to the subscription of further interests in the company (as also mentioned below among commitments). Further, partial disposal of the Gruppo Banca Popolare shares contributed a loss of Euro 176 thousand.

The sharp recovery by the equity market resulted in the revaluation of shares in portfolio for Euro 12.5 million. Such increase in value is accounted for to shareholders' equity reserves (the available-for-sale fair value reserve) and presented in the statement of other comprehensive income.

12. Other non-current financial assets

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
TOTAL	**15,444,000**	**16,482,118**

The figure set out above relates to the loans to the subsidiaries Domas Immobiliare S.r.l. and MIDA Maritime Company Ltd.
The former (Euro 11.1 million) relates to the sum paid by way of shareholders' loan during the year, net of the forgiveness of the loan to cover the 2013 losses. The loan to Mida amounts to JPY 622 million (Euro 4.3 million) and has been adjusted to year-end exchange rates. In this respect, it should be remarked that the exchange-rate risk calculated on a shift in the exchange rate of five percentage points at year-end would have produced a positive or negative revaluation of approximately Euro 200 thousand.

13. Other non-current assets

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
TOTAL	**614,358**	**729,957**

The item refers solely to sundry taxes receivable.

14. Short-term receivables and other non-current assets

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
TOTAL	**5,938,997**	**2,656,183**

The foregoing receivables derive from the invoicing of revenue for services rendered according to the contracts in force and are all to be considered set to come due in 2014.

15. Other current financial assets

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
TOTAL	**1,328,338**	**6,100,065**

Other current financial assets include assets held for trading and, more specifically, short-term investments of liquidity. The decrease from Euro 6 million in the previous year primarily relates to the total disposal in June 2013 of bonds of approximately Euro 5 million previously held in portfolio. The other changes relate to normal movement of the securities during the year as well as the measurement at fair value of the remaining securities at year-end.

16. Cash and cash equivalents

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
Bank deposits	6,005,160	4,301,195
Cash	1,880	4,296
TOTAL	**6,007,040**	**4,305,491**

The item is primarily represented by short-term deposits and the change was due to corporate activity and the cash used to undertake investments. The change compared to the previous year is illustrated in further detail in the statement of cash flows.

17. Shareholders’ equity

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
Share capital	25,000,000	25,000,000
Earnings reserves	191,538,108	154,876,424
Other reserves	6,868,884	(4,756,378)
Net profit / (loss)	6,237,002	51,661,684
TOTAL SHAREHOLDERS' TOTAL	**229,643,994**	**226,781,730**

Nature / Description	Amount	Possible use (*)	Available portion	Actual uses in three previous years to cover losses	Actual uses in three previous years for other reasons
Capital	25,000,000				
Earnings reserves	186,538,108	A, B, C	186,538,108		
Legal reserve	5,000,000	B	5,000,000		
Other reserves	6,868,884				
TOTAL	**223,406,992**		**191,538,108**		
Non-distributable portion			859,241		
RESIDUAL DISTRIBUTABLE PORTION			**190,678,867**		

(*) A: for capital increases; B: for coverage of losses; C: for distribution to shareholders

Share capital

The authorized, fully paid-in share capital of d'Amico Società di Navigazione S.p.A. came to Euro 25 million and was divided into 10 million shares with a par value of Euro 2.50 each.

Earnings reserves

Retained earnings comprise profits retained, net of dividends distributed. It should be noted that as at 31 December 2013 the amount of Euro 859,241, included in the item, 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. The "realization" of the measurements provisioned in past years and any negative measurements deriving from the 2013 adjustments entailed a decrease in non-distributable amounts of approximately Euro 1.25 million compared to the previous year.

Other reserves

Other reserves include the effects of the measurement at fair value of short- and long-term financial investments undertaken by the Company, as well as the measurement at fair value of the swap contracted to hedge the loan associated with the property on Via Paisiello and the actuarial gain or loss reserve (IAS 19). The above items also include the share attributable to taxation. However, it should be noted that, with respect to IAS 19, it was not deemed necessary to proceed with any restatement of the 2012 figures, inasmuch as the impact of such a restatement would have been immaterial. Nonetheless, the following is a breakdown at the end of 2013, compared with the previous year.

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
Revaluation reserve (CFH)	(2,672,298)	(4,146,352)
Fair value reserve (AFS)	12,146,735	(610,026)
Actuarial gain or loss reserve for termination indemnity	(116)	
Tax on comprehensive income	(2,605,437)	
	6,868,884	**(4,756,378)**

It should be noted that a dividend of Euro 15 million (Euro 1.50 per share) was distributed to the shareholders in 2013 on the 2012 earnings.

18. Provisions for risks and charges

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
TOTAL	**661,186**	**669,833**

Provisions include allocations for risks or litigation relating to certain ongoing labour suits or disputes. The amount provisioned was deemed appropriate to the maximum presumable risk.

19. Provisions for employee benefits

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
Termination indemnity provision	606,062	609,449
End-of-service indemnity provision	1,663,813	1,274,232
TOTAL	**2,269,875**	**1,883,681**

The termination indemnity provision represents the amount allocated and subject to actuarial calculation 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 same category 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 amounts have been updated in accordance with IAS 19, and the discounted amount has been allocated to a specific equity reserve. As specified above, the 2012 figures have not been restated inasmuch as the effects of such a restatement were not regarded as material.

The following table presents changes in actuarial liabilities in 2013, reconciled with the liabilities presented in the financial statements. The actuarial gain or loss has been properly allocated to a specific equity reserve.

(Euro)	As at 31 Dec 2013
ACTUARIAL LIABILITY AT THE BEGINNING OF THE YEAR	**1,883,681**
Normal cost	356,013
Financial charges	38,239
Disbursements	(8,174)
Actuarial (gains)/losses during the period	116
RECOGNIZED LIABILITY AS AT YEAR-END	**2,269,875**

The main assumptions used in preparing an actuarial estimate of employee-benefit liabilities are in line with the previous year and may be summarized as follows:

Termination indemnity/end-of-service indemnity	
Discount rate	2.09%
Inflation rate	2.00%
Staff turnover rate	5%
Mortality rate	IPSMF 55

In accordance with the indications contained in the document PUBLIC STATEMENT – European common enforcement priorities for 2012 financial statement and the ASSIREVI position in its document of 31 January 2013, Bulletin for associates no. 235, the Group has adopted the iBoxx Eurozone Corporates AA index as the benchmark for determining the annual average discount rate, in continuity with the practice applied in the previous year.

20. Deferred tax liabilities

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
TOTAL	**2,738,650**	**407,772**

This item includes deferred taxes calculated according to the equity method (available-for-sale, cash flow hedges and actuarial calculations), as well as those on unrealized foreign exchange differences due to adjustment recognized in the income statement.

21. Other non-current financial liabilities

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
TOTAL	**2,672,298**	**4,416,352**

This section includes revaluation of financial instruments, and more specifically the interest rate swap hedging the loan relating to the property located on Via Paisiello contracted from Banco di Brescia.

22. Banks and other lenders

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
Non-current payables to financial institutions	31,518,247	33,264,507
Current payables to financial institutions	1,791,498	1,737,981
TOTAL	**33,309,745**	**35,002,488**

Payables to financial institutions include the financing of Euro 1.4 million associated with the finance lease agreement currently in force with Unicredit Leasing S.p.A. governing the property located at Corso d'Italia 35/b (the location of DSN's head office) and the loan contracted from Banco di Brescia, with a carrying amount of Euro

31.9 million, for the property located in Rome (Via Paisiello), purchased in June 2011, secured by a mortgage on the property concerned. "Current" payables include payments on the above-mentioned loans due in 2013. It should be noted that the portion due beyond five years comes to Euro 24.2 million and relates solely to the debt contracted from Banco di Brescia.
As mentioned above, the loan from Banco di Brescia is hedged by a specific swap contract, whereas the lease agreement is subject to interest-rate risk, and in the event of a change in the rate of 1% in 2013 the impact on the income statement would have come to Euro 16,000.00

All of the foregoing loans have been contracted in euro.

23. Other non-current financial liabilities

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
TOTAL	**2,672,298**	**4,146,352**

The measurement at fair value of the outstanding loan from Banco di Brescia calculated at the end of 2013 has been recognized under this item.

24. Short-term payables and other current liabilities

(Euro)	As at 31 Dec 2013	As at 31 Dec 2012
TOTAL	**8,233,321**	**4,963,407**

As at 31 December 2013, short-term payables and other current liabilities consisted of trade payables, in addition to the social-security and tax payables deriving from the Company's role as withholding agent, settled in January 2014.

25. Derivative instruments

Interest rate swaps

As mentioned above, the Company's only outstanding hedge is on the loan (of two different amounts) from Banco di Brescia, providing protection against the relative interest-rate risks associated with the primary loan and having the same maturity (July 2026).

The following tables show the impact of measurements at fair value (before the tax effect) on the financial statements:

Hedge accounting	Change in fair value as at 31 December 2013	Income statement Net financial income / (charges)	Cash flow hedge reserve
Interest rate swaps	1,474,055	-	1,474,055

Hedge accounting	Fair value as at 31 December 2012	Income statement Net financial income / (charges	Cash flow hedge reserve
Interest rate swaps	(4,146,352)	-	(4,146,352)

The above derivative financial instruments have been classified to the following item:

	As at 31 December 2013	As at 31 December 2012
Liabilities		
Other non-current financial liabilities	2,672,298	4,146,352

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.

The changes in the fair value of the effective portion of hedging derivatives classified as cash-flow hedges are recognized in equity (other reserves) and presented in the statement of other comprehensive income, net of the pertinent tax effect.

The prospective and retrospective effectiveness test on the above instruments was conducted using the linear regression method, and the results achieved confirmed that the hedging strategy adopted has proved suited to the Company's needs.

This instrument, contracted in July 2011, has a fixed maturity in April 2026 and a notional amount at year-end of Euro 21.9 million.

26. . Information on financial risk

As disclosed in Note 2, Risk management, the Company is exposed to some financial risks associated with its operations. This section provides qualitative and quantitative disclosures concerning 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 2013, the Company, with the exception of the loan in Japanese yen contracted by the subsidiary Mida (amount financed of 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. By way of disclosure, the impact of the foreign exchange difference as at 31.12.2013, with respect to the amount in euro originally recognized, increased the financial receivable by approximately Euro 300 thousand.

Interest-rate risk

The Company is exposed to interest-rate risk deriving from the fact that interest on its lines of credit, bank deposits, and overdrafts (where applicable), accrues at variable rates. As mentioned above, the rate for one of the two loans contracted has been transformed to fixed through an interest rate swap (IRS) contract. The part of the gain or loss arising from the measurement of that instrument at fair value considered a hedge (IAS 39) is recognized in equity and thus in other comprehensive income. A change in the interest rate on the lease would have entailed an increase in costs of Euro 60 thousand or a savings of approximately Euro 30 thousand.

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 discharge obligations to repay debts at their natural due dates.

Fair-value risk

Assets quoted on regulated markets are measured at year-end at their market values, and a fluctuation of those values of 5% would have entailed an increase or decrease of approximately Euro 2 million. The Company's management believes that the fair values of financial assets and liabilities do not diverge significantly from their carrying amounts as at the reporting date.

27. Related-party transactions

In the reporting year, as in the previous year, d'Amico Società di Navigazione S.p.A. had dealings with related parties pertaining essentially to service contracts in force with subsidiaries. Such contracts were entered into at 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 2013.

(Thousands of euro)	d'Amico Shipping Italia	Cogema	d'Amico Internat.	d'Amico Finance	d'Amico Internat. Shipping	d'Amico Tankers	Ishima	d'Amico Dry	d'Amico Shipp. Singapore	Mida Maritime
Revenue										
Assistance	3,545	25	100	10	136	3,557	269	1,977	82	-
Financial	-	-	-	-	-	-	-	-	-	86

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

(Thousands of euro)	Cogema	d'Amico International	Ishima	d'Amico Ship India	Sirius Shipmanagement
Costs					
Operating/administrative	965	-	361	101	543
Financial	-	105		-	-

Owing to their nature, given that they derive from long-term contracts, the amounts relating to services rendered in 2013 do not diverge significantly from those reported in the previous year.

The following table presents the balances of the statement of financial position as at 31 December 2013:

(Thousands of Euro)	d'Amico Shipping Italia	Cogema	d'Amico International	d'Amico Tankers	Ishima	d'Amico Dry	Mida Maritime	d'Amico Finance Ltd	Domas Immobil. srl	Sirius Shipmanagem.	d'Amico Shipp. Singapore	d'Amico Dry Marocc	d'Amico Ship India
Accounts receivable													
Trade	1,414	-	-	1,410	111	1,526	-	6	-	-	67	4	13
Financial	-	-	-	-	-	-	4,299	-	11,103	-	-	-	-
Accounts payable													
Trade	400	1	1	-	-	-	-	-	-	3	82	1	-
Financial	-	-	-	-	-	-	-	-	-	-	-	-	-

28. Guarantees, commitments and contingencies

Guarantees given

As at 31 December 201, the Company had an outstanding guarantee granted to the subsidiary Domas Immobiliare S.r.l. (of Euro 1.7 million) and several letters of patronage (or comfort letters) for the benefit of the indirect subsidiary d'Amico Dry Limited.

Commitments

As at 31 December 2013, the Company's commitments included not only the bank borrowings presented amongst amounts due to banks and other lenders, but also the interest on those loans, which is set to accrue until repayment in full. In addition, the Company entered into a commitment to pay Sator Private Equity Funds a maximum of Euro 10 million. At the end of 2013, the Company had a residual commitment of approximately Euro 3.4 million.

Ongoing disputes

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

29. Sundry disclosures

As required by applicable legislation, it is hereby disclosed that:

- the Company does not hold own shares or shares of parent companies;
- no research or development activities were carried out in 2013;
- no atypical or unusual transactions were undertaken.

30. Subsequent events

No significant events worthy of mention occurred in the first few months of 2014. The reader is nonetheless referred to the report on operations for full information concerning developments in 2014.


d'AMICO

Annexes

List of Fleet Vessels as at 31 December 2013

Dry cargo

Name of vessel	Vessel type	Dwt	Year	Company
OWNED				
Medi Sentosa [1]	Panamax	83,690	2008	Mida Maritime Ltd
Medi Lausanne	Panamax	83,002	2006	d'Amico Shipping Singapore Pte Ltd
Medi Hong Kong	Panamax	83,000	2006	d'Amico Shipping Italia SpA
Medi Baltimore	Panamax	76,290	2005	d'Amico Shipping Italia SpA
Medi Venezia	Panamax	76,600	2005	d'Amico Shipping Italia SpA
Medi Vitoria	Panamax	76,616	2004	d'Amico Dry Limited
Medi Cagliari	Panamax	75,500	2004	d'Amico Shipping Italia SpA
Medi Tokio	Panamax	74,356	1999	d'Amico Shipping Italia SpA
Medi Valencia	Handymax	56,000	2008	d'Amico Shipping Italia SpA
Medi Bangkok	Handymax	53,466	2006	d'Amico Dry Limited
Medi Lisbon	Handymax	58,700	2006	d'Amico Dry Limited
Medi Chennai	Handymax	55,862	2005	d'Amico Dry Limited
Medi Nagasaki	Handymax	53,098	2002	d'Amico Dry Limited
Cielo di Vaiano	OHBS	37,000	2012	d'Amico Dry Limited
Cielo di Capalbio	OHBS	37,000	2012	d'Amico Dry Limited
Cielo di Dublino	OHBS	37,000	2011	d'Amico Dry Limited
Cielo di San Francisco	OHBS	37,000	2011	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 SpA
Cielo di Vancouver [1]	OHBS	37,420	2002	d'Amico Shipping Italia SpA
Cielo di Casablanca	Containers Carrier	9,950	1998	d'Amico Dry Limited
Cielo di Agadir	Containers Carrier	22,984	1996	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 Okinawa	Handymax	56,000	2011	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
Cielo di Palermo	OHBS	37,059	2013	d'Amico Dry Limited
Cielo di Pisa	OHBS	32,248	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	OHBS	37,322	2007	d'Amico Dry Limited

Name of vessel	Vessel type	Dwt	Expected delivery	Company
NEW BUILDINGS				
Medi TBN (Sanoyas/1315)	Mini Capesize	115,000	2015	d'Amico Dry Limited
Medi TBN (Sanoyas/1316)	Mini Capesize	115,000	2016	d'Amico Dry Limited

[1] Chartered to d'Amico Dry.

Product tankers

Name of vessel	Vessel type	Dwt	Year	Company
OWNED				
GLENDA Meryl [2]	MR	47,251	2011	Glenda International Shipping
GLENDA Melissa [1]	MR	47,203	2011	Glenda International Shipping
GLENDA Melody [1]	MR	47,238	2011	Glenda International Shipping
GLENDA Melanie [2]	MR	47,162	2010	Glenda International Shipping
GLENDA Meredith [2]	MR	46,147	2010	Glenda International Shipping
GLENDA Megan [1]	MR	47,147	2009	Glenda International Shipping
High Efficiency [3]	MR	46,547	2009	DM Shipping Ltd
High Strength [3]	MR	46,800	2009	DM Shipping Ltd
High Venture	MR	51,087	2006	d'Amico Tankers Limited
High Courage	MR	46,975	2005	d'Amico Tankers Limited
High Performance	MR	51,303	2005	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 Prosperity	MR	48,711	2006	d'Amico Tankers Limited
High Progress	MR	51,303	2005	d'Amico Tankers Limited
High Valor	MR	46,975	2005	d'Amico Tankers Limited
High Endeavour	MR	46,992	2004	d'Amico Tankers Limited
High Endurance	MR	46,992	2004	d'Amico Tankers Limited
High Tide	MR	51,768	2012	d'Amico Tankers Limited
High Seas	MR	51,678	2012	d'Amico Tankers Limited
Cielo di Milano	Handysize	40,096	2003	d'Amico Shipping Italia SpA
Cielo di Roma	Handysize	40,081	2003	d'Amico Shipping Italia SpA
Cielo di Salerno	Handysize	36,032	2002	d'Amico Tankers Limited
Cielo di Parigi	Handysize	36,032	2001	d'Amico Tankers Limited
CHARTERED				
High Force	MR	53,603	2009	d'Amico Tankers Limited
High Pearl	MR	48,023	2009	d'Amico Tankers Limited
High Enterprise	MR	45,800	2009	d'Amico Tankers Limited
Carina	MR	47,962	2010	d'Amico Tankers Limited
Orient Star	MR	45,994	2010	d'Amico Tankers Limited
Ocean Leo	MR	47,367	2010	d'Amico Tankers Limited
High Jupiter	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

[1] d'Amico International Shipping owns 50% of GLENDA International Shipping Limited

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

[3] Bare boat contract

Name of vessel	Vessel type	Dwt	Year	Company
CHARTERED				
High Saturn	MR	51,149	2008	d'Amico Tankers Limited
High Glow	MR	46,846	2006	d'Amico Tankers Limited
Citrus Express	MR	53,688	2006	d'Amico Tankers Limited
High Power	MR	46,874	2004	d'Amico Tankers Limited
Eastern Force	MR	48,056	2009	d'Amico Tankers Limited
Freja Hafnia	MR	53,700	2006	d'Amico Tankers Limited
Marvel	Handysize	38,603	2008	d'Amico Tankers Limited
Cielo di Guangzhou	Handysize	38,877	2006	d'Amico Tankers Limited

Name of vessel	Vessel type	Dwt	Expected delivery	Company
NEW BUILDINGS				
High Freedom	MR	49,990	2014	d'Amico Tankers Limited
High Discovery	MR	50,036	2014	d'Amico Tankers Limited
Cielo di Gaeta	Handysize	39,990	2014	d'Amico Tankers Limited
Cielo di New York	Handysize	39,990	2014	d'Amico Tankers Limited

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

D'AMICO SOCIETÀ DI NAVIGAZIONE SPA

CONSOLIDATED FINANCIAL STATEMETS AS OF 31 DECEMBER 2013

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
d'Amico Società di Navigazione SpA

1 We have audited the consolidated financial statements of d'Amico Società di Navigazione SpA and its subsidiaries ("d'Amico Società di Navigazione Group") as of 31 December 2013 which comprise the consolidated statement of financial position, the consolidated income statement, the statement of comprehensive income,the consolidated statement of cash flows, the consolidated statement of changes in shareholders' equity and related notes. The directors of d'Amico Società di Navigazione SpA are responsible for the preparation of these consolidated financial statements in compliance with International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian accounting profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to the report issued by other auditors dated 15 May 2013.

3 In our opinion, the consolidated financial statements of the d'Amico Società di Navigazione Group as of 31 December 2013 comply with International Financial Reporting Standards as adopted by the European Union; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of the d'Amico Società di Navigazione Group for the period then ended.

4 The directors of d'Amico Società di Navigazione SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required

PricewaterhouseCoopers SpA

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under Italian Auditing Standard n° 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion, the report on operations is consistent with the consolidated financial statements of d'Amico Società di Navigazione Group as of 31 December 2013.

Rome, 15 May 2014

PricewaterhouseCoopers SpA

Signed by

Aurelio Fedele
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers. We have not examined the translation of the financial statements referred to this report.


d'AMICO

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

D'AMICO SOCIETÀ DI NAVIGAZIONE SPA

SEPARATE FINANCIAL STATEMETS AS OF 31 DECEMBER 2013

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
d'Amico Società di Navigazione SpA

1 We have audited the separate financial statements of d'Amico Società di Navigazione SpA as of 31 December 2013 which comprise the separate income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement ofchanges in shareholders' equity and related notes. The directors of d'Amico Società di Navigazione SpA are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian accounting profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to the report issued by other auditors dated 15 May 2013.

3 In our opinion, the separate financial statements of the d'Amico Società di Navigazione SpA as of 31 December 2013 comply with International Financial Reporting Standards as adopted by the European Union; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of the d'Amico Società di Navigazione SpA for the period then ended.

4 The directors of d'Amico Società di Navigazione SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion, the report on operations is

PricewaterhouseCoopers SpA

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consistent with the financial statements of d'Amico Società di Navigazione SpA as of 31 December 2013.

Rome, 15 May 2014

PricewaterhouseCoopers SpA

Signed by

Aurelio Fedele
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers. We have not examined the translation of the financial statements referred to this report.


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d'Amico Società di Navigazione SpA
Board of Statutory Auditors' Report on the Consolidated Financial Statements

Shareholders,

We hereby submit to your our report on the consolidated financial statements of d'Amico Società di Navigazione S.p.A., which closed the 2013 financial statements with a net profit of Euro 36,112,000 (of which Euro 29,112,000 attributable to the Parent Company).

We confirm that the financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union. The pertinent information and documentation were made available to us within the legal terms, along with the report on operations.

On 13 June 2013 the auditing firm Pricewaterhouse Coopers was tasked with verifying that the consolidated financial statements are compliant with the law and reflect accounting and consolidation records. Accordingly, our supervisory activity has been conducted in accordance with the principles for the conduct of boards of statutory auditors issued by Italy's National Councils of Accountants and Bookkeepers, and involved in particular:

- verifying the existence and adequacy within the context of the Company organizational structure of a function responsible for dealings with subsidiaries and associates;
- reviewing the composition of the Group and its equity ownership structure in order to assess the determination of the scope of consolidation and any changes in the scope of consolidation with respect to the previous financial statements; and
- obtaining information regarding the activity performed by the subsidiaries and transactions with the greatest impact on financial performance and financial position in the context of Group dealings through the information received from the Company's directors, the independent auditors and the statutory auditors of subsidiaries.

We conducted our audit according to the principles laid down by the Italian Council of Chartered Accountants and Accounting Experts. In accordance with those principles, we consistently referred to the provisions of law that govern the consolidated financial statements.

The consolidation principles adopted are compliant with the provisions of IAS 27, and specifically:

- the reporting date of the consolidated financial statements coincides with the balance sheet date of the parent company, and the consolidated financial statements are based on the financial statements of the companies within the scope of consolidation for the year ended on that date;
- the scope of consolidation has been determined and the consolidation principles for investees chosen in accordance with IFRSs;
- in the preparation of the consolidated financial statements, items of assets and liabilities have been incorporated in their entirety, whereas accounts payable and receivable and revenue and expenses originating in transactions between companies within the scope of consolidation have been eliminated;
- the financial statements reflect the facts and information of which the Board of Statutory Auditors became aware in the conduct of the performance of its supervisory duties and the exercise of its control and inspection powers; and
- the Group's report on operations is consistent with the facts and figures presented in the consolidated financial statements and provides ample disclosure of the group's financial performance and financial position, the risks to which the Group is exposed and significant events after year-end.

On today's date, the independent auditors issued a report according to which the consolidated financial statements as at and for the year ended 31 December 2013 have been prepared in a clear manner and provide a true and fair representation of the d'Amico Group's financial performance and financial position.

On the basis of the controls performed, the Board of Statutory Auditors believes that the consolidated report on operations is accurate and consistent with the consolidated financial statements.

Rome, 15 May 2014

The Board of Statutory Auditors

d'Amico Società di Navigazione SpA
Board of Statutory Auditors' Report on the Financial Statements for the Year Ended 31 December 2013

Shareholders,

In 2013, the Board of Statutory Auditors conducted the supervisory activities envisaged by applicable legislation, having regard to the principles of conduct recommended by Italy's National Councils of Accountants and Bookkeepers in the matters of corporate controls and the activities of boards of statutory auditors.

The control body obtained information instrumental to the performance of the general supervisory tasks with which it has been charged by participating in meetings of the Board of Directors, meetings with senior management, interviews of the Company's management and specific, directly performed analysis and follow-up work.

The control that the Board of Statutory Auditors is tasked with performing is a control of substantial lawfulness, and not of the merits, with respect to the validity of management transactions. The Board of Statutory Auditors is not responsible for legal auditing, but rather supervision of the compliance of the financial statements with the laws and Articles of Association.

In this regard, we may assure you that on the basis of our audit the statement of financial position and income statement are compliant with the provisions of Articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code. We further assure you that the notes and report on operations have been drafted in the light of the principles of truthfulness, accuracy and clarity, and that the report on operations furnishes adequate disclosure of the risks and uncertainties of both an organizational and functional nature to which the Company is exposed, pursuant to the provisions of Articles 2427 and 2428 of the Italian Civil Code.

On the basis of our meetings with the Company's management, we determined that the administrative and control system was adequate and functional.

During the general meeting held on held on 13 June 2013, which approved the financial statements as at and for the year ended 31 December 2012, the firm PricewaterhouseCoopers was engaged to perform legal auditing by justified proposal from this Board. On 11 April 2013, the auditing firm issued its report, in which it is certified that the financial statements as at 31 December 2013 have been prepared in a clear manner and provide a truthful, accurate presentation of the Company's financial position, financial performance and cash flows.

The supervisory and control activity described above did not bring to light any material circumstances to be mentioned in this report, nor were any complaints pursuant to Art. 2408 of the Italian Civil Code or petitions from third parties received.

The meetings held with the Supervisory Board and its report did not yield any elements indicative of failure to comply with the principles enunciated in the Code of Ethics, a circumstance that may be regarded a clear indication that the Company had no part in improper or illegal policies or behavior.

It was also indicated that, upon the initiative of the Supervisory Board, the Company is engaged in an update to its risk plan and that the Company's Organization, Management and Control model is to be updated during the current year. Furthermore, it was reported that the Code of Ethics was revised.

Key figures from the financial statements and income statement as at and for the year ended 31 December 2013 are presented below:

Income statement

Euro	2013	2012
Revenue	9,709,897	11,201,618
GROSS OPERATING PROFIT / (LOSS)	**(12,760,000)**	**(8,815,336)**
OPERATING PROFIT / (LOSS)	**(15,341,359)**	**(10,781,914)**
PROFIT / (LOSS) BEFORE TAXES	**5,956,713**	**51,464,747**
NET PROFIT / (LOSS)	**6,237,002**	**51,661,684**

Statement of comprehensive income

Euro	2013	2012
Net profit / (loss)	6,237,002	51,661,684
OTHER COMPONENTS OF COMPREHENSIVE INCOME NOT TO BE RECYCLED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS	**(84)**	
OTHER COMPONENTS OF COMPREHENSIVE INCOME TO BE SRECYCLED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS	**11,625,346**	**(2,030,989)**
COMPREHENSIVE INCOME / (LOSS)	**17,862,264**	**49,630,695**

Statement of financial position

Euro	As at 31 December 2013	As at 31 December 2012
ASSETS		
NON-CURRENT ASSETS	**266,254,694**	**260,793,524**
CURRENT ASSETS	**13,274,375**	**13,061,739**
TOTAL ASSETS	**279,529,069**	**273,855,263**
LIABILITIES		
SHAREHOLDERS' EQUITY	**229,643,994**	**226,781,730**
NON-CURRENT LIABILITIES	**39,860,256**	**40,372,145**
CURRENT LIABILITIES	**10,024,819**	**6,701,388**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**279,529,069**	**273,855,263**

On the basis of the foregoing, the Board of Statutory Auditors expresses a favorable opinion of the approval of the financial statements as at and for the year ended 31 December 2013 and has no objections to submit with regard to the proposal for the allocation of the profit for the year and the distribution of the dividend formulated by the Board of Directors.

Rome, 15 May 2014

The Board of Statutory Auditors

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