

Financial Statements 2007



**Annual report and Consolidated Financial Statements
at 31 december 2007
Board of Statutory Auditors' report
Board of Independent Auditors' report
57° year of activity
(English translation from the Italian report issued in
accordance with the Italian practice)**

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Via Siracusa, 27
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Consolidated Financial Statements

Directors' Report on the 2007 Consolidated Financial Statements of d'Amico Società di Navigazione SpA



Dear Shareholders,

We are submitting for your approval the Consolidated Financial Statements for 2007, that are closing with a profit of about 270 million Euro (253 million of which relate to our group) and an equity of 590 million euro (496 of which, again, relate to our group). The results achieved confirm that the strategic decisions taken the last few years towards growing the company, together with the favourable trend in the markets, have paid off.

Before going into a more detailed analysis of the financial statements, we would like to point out that the results were greatly influenced by the initial public offering (IPO) last May of d'Amico International Shipping S.A. on the Milan Stock Exchange. This transaction achieved the goal of putting into public hands the 46% ownership of the tanker activity of the Group, represented by d'Amico Tankers Limited, company historically involved in this sector. The IPO affected revenue, but also the net profit and group liquidity, all increased by about 147 million Euro.

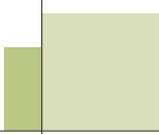
In 2007 group consolidated fixed assets increased mainly due to the fleet, where four vessels were purchased and one was sold, and also the financial investments. Liquidity also increased for the reasons indicated above, to the point of covering both short and long term bank debt. Consolidated turnover increased to 741 million Euro from 583 million and group profit to 270 million Euros from 99 million. Regarding turnover, its increase is mainly due to the IPO while the weakness of the Dollar against the Euro (the average annual exchange rate increased from 1.2556 in 2006 to 1.3705 in 2007) has affected negatively the increases registered in the operational and commercial activities, both of which are accounted for in the US currency.

Fleet

We summarize here below the vessels at December 31st 2007, according to the entities to which they belong.

The fleet of d'Amico Shipping Italia SpA is comprised of 12 vessels (7 owned and 5 received in Bare Boat charter), with a total capacity of slightly less than 600,000 dwt and with an average age of 5 years. All the vessels are employed in Time Charter contracts for medium/long periods (8 with subsidiaries and 4 with third parties). This company also operates a full container line between Italy and Morocco under the trademark "Navimed".

The product tankers (vessels used for the transport of refined products) are operated by d'Amico Tankers. Of these 39 vessels, 15 are directly owned and one is on bare boat charter. The average tonnage of the ships is slightly less than 45,000 dwt with an average age of about 4 years.



D'Amico Dry operates a fleet of 28 dry bulk carriers (vessels used for the transport in bulk of minerals, grain, etc), of these 3 are owned. The vessels average age is around 3 years and 14 vessels are between 74,000 and 82,000 dwt.

Therefore, the group fleet has 71 vessels, of which 23 are owned and 6 are on long term bare boat charters. The total tonnage is 3.6 million dead weight tons (dwt). You will find herein a complete list of the ships managed by the group on 31/12/2007 and those under construction.

Trends of the main markets of reference

Product Tankers

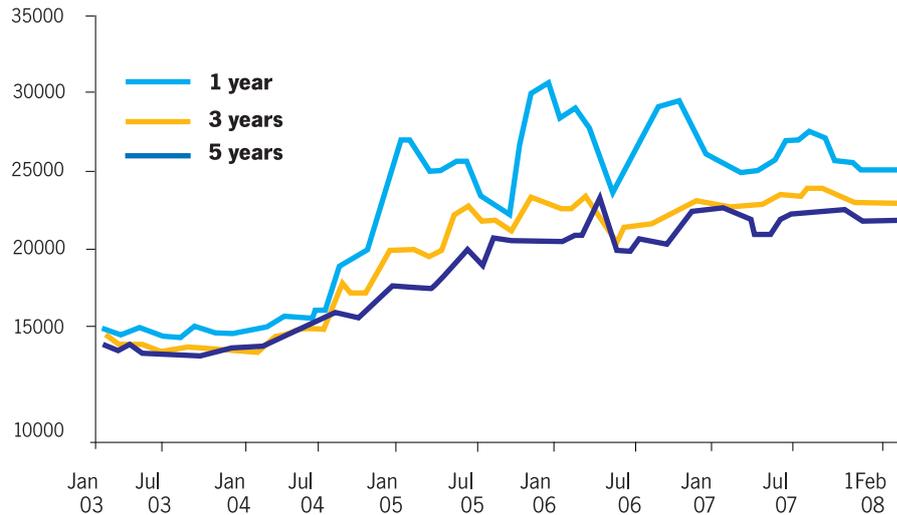
The vessels operate in the market segment for the transport of refined products and range in size from 35,000 to 55,000 dwt. (MR or Medium Range). The choice to operate this vessel size was taken due to their great operational and commercial flexibility, allowing them the possibility of entering ports where larger vessels cannot go. For this reason, they managed to gain an important share of the market.

The products carried were principally of 3 categories: refined petroleum products (gasoline, jet fuel, kerosene, fuel oil and naphtha), chemical products (soft chemicals) and edible oil. Even if in 2007 the market has been influenced by a wave of new constructions, the increase in the demand for vessels managed to keep employment rates at significant levels. Further, while there were great fluctuations from quarter to quarter, the 2nd was certainly the best mainly due to the strong imports in USA.

The second half of the year was seriously influenced by the negative global economical situation due to the sub-prime credits and the continuous rise in the price of petroleum. Therefore, the prices of bunkers, as a result, rose as well to almost double from the beginning of the year. In spite of this, during the second half of 2007 we recorded substantially the same results for the same period in 2006.

The reclassification of Vegetable Oil, now allowed to be transported only on modern double hull IMO classed vessels, had a positive impact on rate levels for these commodities and should also facilitate an earlier scrapping of the older single hull, non IMO vessels, which up to the end of 2006 had carried the majority of vegetable oil transported.

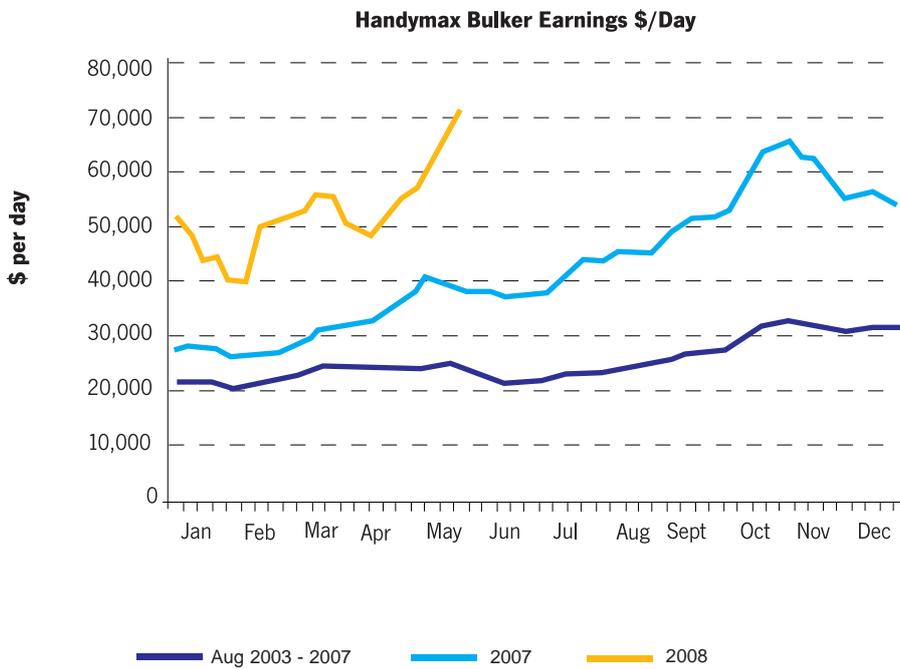
Tankers Time Charter rates from Jan 2003 to Feb 2008 (US\$)

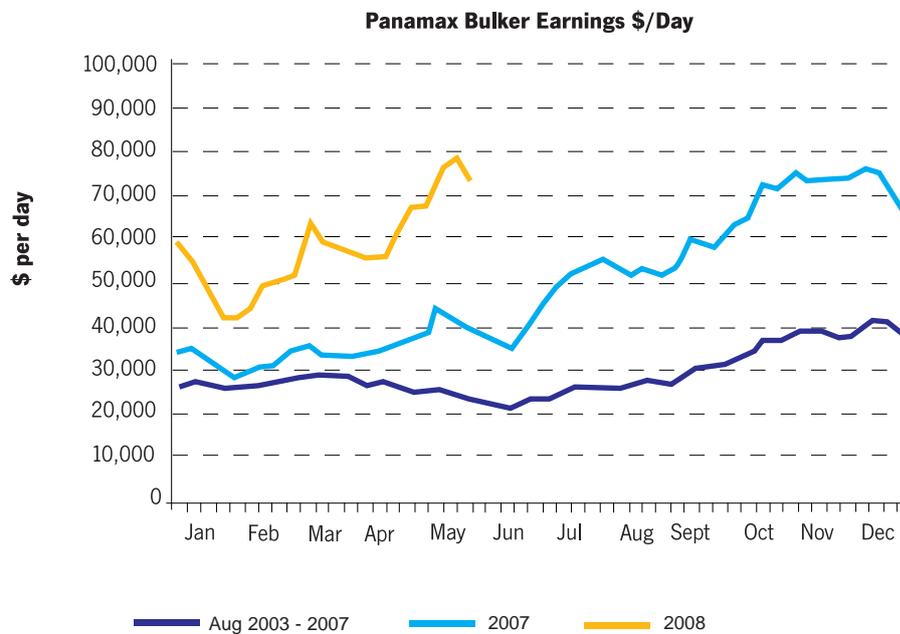


Dry Bulk Cargo

Among the various factors which have affected the freight market for dry bulk in 2007 one of the most significant was the increase of steel production in China. This determined a massive increase in the imports of iron ore particularly from Brazil with an obvious benefit to the market due to the long distance between the two countries. The increase for 2007 of iron ore imported by China was calculated in 80 million tons. To this we must add the sharp increase of coal exports from Australia specially to Japan, and the long delays for loading and discharging goods, where again Australia and its ports played a significant role. These events led to higher rate for Bulk Carriers in a year that experienced low deliveries in new vessels. Infact, the freight rates when compared to the previous 12 months increased from US\$ 70,000 a day to US\$ 180,000 for Capesize vessels, from US\$ 36,000 to US\$ 85,000 for Panamax vessels and from US\$ 36,000 to US\$ 68,000 for Supramax vessels. The fleet utilization increased significantly in 2007, going from 96.5% in the first quarter to more than 98% in the last.

As indicated previously, the world wide dry cargo fleet increased moderately in 2007, but we can already foresee a substantial increase by way of new deliveries during the second half of 2009 (about 11% compared with 8% previously estimated) which will affect the freight rates in the coming years.





Consolidation Area

The companies included in the consolidation area with the line-by-line method are the ones directly controlled, such as d'Amico Shipping Italia SpA, d'Amico International S.A. and Compagnia General Telemar SpA, plus those ones controlled indirectly through the latter two. Please refer to the Notes for a complete list of the consolidated companies. In the same note you will also find a listing of companies that are non-operational or in liquidation and that haven't been included in the consolidation area because they were deemed irrelevant (under article 28 of Leg. Decree n°127/91).

Following are the major consolidated companies

1) d'Amico International

In 2007 this subsidiary has focused its activity in the listing, on the Milan Stock Exchange, of d'Amico International Shipping S.a. finalized in the beginning of May. The proceeds of the IPO and its financial operations led to a positive result in 2007 of more than 152 million Euro. Following this positive result, in line with the previous year, the company declared a dividend of 30 million Euro (obviously eliminated in the consolidated balance sheet).

2) d'Amico International Shipping

This newly incorporated company operates the product tanker business of the d'Amico group, and its main asset is d'Amico Tankers. The group activity continued to expand during 2007 reaching, at the end of the year, a fleet with a total transport capacity of about 1.53 million tons between vessel owned, chartered or managed under pooling agreements.

d'Amico International Shipping, traded on Milan Stock Exchange since May 2007, closed its own sub-consolidated financials with a positive result of more than US\$ 75 million and turnover exceeding US\$ 310 million.

3) d'Amico Dry

In 2007, the company consolidated into its activity the break-bulk liner services operated by Medbulk Maritime Limited. Such activity included a vessel, the M/V Cielo di Vaiano, together with the outstanding COA with Canadian exporters. This transaction did not have any effect on d'Amico financial statements, but it was needed to optimize this segment of the dry bulk activity into which the company was expanding.

For the reasons outlined above in the market comment, the company managed to close its financial statements with a positive result of about US\$ 82 million and turnover of US\$ 301.5 million.

4) d'Amico Shipping Italia

On January 1st, 2007, all the shipping activities previously owned and managed by d'Amico Società di Navigazione SpA have been contributed to this new company. The company owns 7 vessels and 5 are on bare boat charters. The vessels are armed and employed out on Time charter contracts. The company also operates the liner service between Italy and Morocco. The turnover reached 56.2 million Euro with a net profit of 15 million Euro.

5) Compagnia Generale Telemar

The company is active in the maritime telecommunications market, selling communication services, communication equipment, maintenance or assistance. It closed its 2007 financial year with a positive result of 3.8 million Euro. This was possible due to its strong market positioning in Italy and the expansion achieved in the international markets.

Financial Investments

Together with the operating companies mentioned previously, there are a number of financial participations held directly by the holding company we would like to mention. At year end, the holding in Tamburi Investments Partner had increased to over 3%, while that in Datalogic reached 1.71%. There was also an increase in the participation in the private equity fund Secontip, which reached 1 million Euro.

Other Activities

In 2007 d'Amico Società di Navigazione SpA, continued to provide various management services, directly or indirectly, to its controlled companies. Such activity is governed by inter-company services contracts. The main services provided are maritime activities as vessel technical management, crewing and SQE (safety, quality and environment).

Further services provided not strictly connected to shipping are of financial and information technology nature. Within the latter, the group is provided dedicated hardware and software systems and technology, and communication between the systems and the offices.

Technical Assistance/SQE

During 2007, 31 vessels were under management 19 of which were product tankers, 10 bulk carriers and 2 multi purpose vessels. Five were the new entries put under management (2 tankers and 3 bulkers), and one vessel was removed.

While not in a significant manner, some of such services were also provided to third parties.

Also, during 2007 the fleet had 47 vetting inspections from major oil companies. All were positive, recognizing the high standards in terms of safety, environment protection and quality operations. We also registered a significant number of State Port controls, where we were never restricted while the average number of observations decreased by 25%: this in confirmation of our proactive attitude towards safety practices and respect of the current legal procedures.

The SQE department has followed all procedures for the maintenance of the ISO 9001 and 14001 certifications, obtaining renewal of the Certificate of Compliance for the Italian and Liberian flag, and obtaining those for the Maltese and Panamanian flag. The department also managed the renewal of the certifications for the vessels under the Safety Management Certificate and the International Ship Security Certificate.

The crewing office in India, opened in 2006, has continued its development in the recruiting and training of seafarers.



2007 has also seen an acceleration in the implementation of the preventive maintenance systems through the installation of the Shipnet application software onboard our fleet. We have also reviewed our procedures based on the experience now accumulated. Our company pays great attention to environmental topics and during 2007 we have started setting our target on yet another important goal for the medium/long term horizon: energy saving policies.

Other Company Information

Pursuant to art 2428 of the Italian Civil Code, the company declares that:

- 1) It hasn't carried out any research and development activities.
- 2) It doesn't hold any of its own shares, or shares in companies it controls either directly or indirectly through trust companies

Significant post balance sheet events and management trends

In January 2008, the joint venture company MIDA Maritime Ltd, Dublin, was delivered a new building dry bulk vessel, ordered in 2005, and it has began operating.

Besides the events and activities set out in this report, no other significant events took place in the year in question.

The Chairman of the Board of Directors,
Paolo d'Amico

Consolidated Financial Statement

as at 31/12/2007



Assets

	31/12/2007	31/12/2006
A) Unpaid share capital		
B) Fixed Assets		
I. Intangible assets		
1) Set-up and expansion costs	227.078	162.038
2) Research and development and advertising	12.710	70.750
3) Software	719.021	816.081
4) Concessions, licenses, trademark and such	15.572	26.451
5) Goodwill	1.085.021	1.371.379
6) Fixed assets in progress and advances	257.624	
7) Other	6.446.935	3.900.411
-) Consolidation difference	6.701.287	7.567.900
	<u>15.465.248</u>	<u>13.915.010</u>
II. Tangible assets		
1) Real estate	40.341.541	39.009.313
2) Fleet and other	407.275.113	393.878.334
3) Industrial and commercial equipments	1.632	
4) Other tangible assets	4.288.694	5.082.825
5) Fixed assets in progress and advances	10.150.352	7.450.389
	<u>462.057.332</u>	<u>445.420.861</u>
III. Long-term investments		
1) Equity investments in:		
a) Subsidiaries	441.148	565.511
b) Associates	43.843	493.843
d) other companies	14.244.856	8.720.571
	<u>14.729.847</u>	<u>9.779.925</u>
2) Non-current receivables		
d) from others		
- beyond 12 months	523.766	699.218
	<u>523.766</u>	<u>699.218</u>
	15.253.613	10.479.143
Total fixed assets	492.776.193	469.815.014

Assets		31/12/2007	31/12/2006
C) Current assets			
I. Inventories			
1) Raw, subsidiary and consumable materials		9.402.975	6.918.701
3) Work in progress		254.000	
4) Finished product and goods		8.884.860	7.520.491
5) Advances			8.523
		18.541.835	14.447.715
II. Receivables			
1) From customers			
- within 12 months	174.668.520		85.668.595
		174.668.520	85.668.595
2) From subsidiaries			
- within 12 months	10.620		20.062
		10.620	20.062
4 bis) Tax receivables			
- within 12 months	1.807.042		1.073.083
- beyond 12 months	949.302		1.902.701
		2.756.344	2.975.784
4-ter) Advanced tax			
- within 12 months	55.021		57.040
		55.021	
5) From others			
- within 12 months	3.939.906		4.454.029
		3.939.906	4.454.029
		181.430.411	93.175.510
III. Financial assets other than fixed assets		51.202.625	14.939.070
IV Liquid assets			
1) Bank and post-office deposits		233.689.031	69.704.733
2) Cheques		6.428	775.839
3) Cash and cash equivalent		661.966	244.383
		234.357.425	70.724.955
Total current assets		485.532.296	193.287.250
D) Accrued income and prepaid expenses			
- sundry	14.155.163		8.950.097
		14.155.163	8.950.097
Total assets		992.463.652	672.052.361

Equity and Liabilities

		31/12/2007	31/12/2006
A) Equity			
I. Share Capital		15.000.000	15.000.000
III. Revaluation reserve		3.405.393	1.999.124
IV. Legal reserve		3.000.000	1.951.095
VII. Other reserves			
Extraordinary reserve	62.475.997		32.403.602
Non-distributable reserve (ex art. 2426)	10.635.223		10.635.223
Consolidation/translation reserve	36.014.858		1.014.759
		109.126.078	44.053.584
VIII. Retained earnings		112.240.451	111.272.655
IX. Net profit		253.145.473	96.440.739
Total Group shareholders' equity		495.917.395	270.717.197
Minority capital and reserves		77.541.957	8.364.943
Minority result		16.431.786	2.270.768
Total shareholders' equity		589.891.138	281.352.908
B) Provisions for risks and charges			
		1.689.263	9.997.267
C) Employee severance pay fund			
		5.570.745	5.410.819
D) Payables			
4) Payables to bank			
- within 12 months	20.953.279		51.322.733
- beyond 12 months	188.750.932		209.296.481
		209.704.211	260.619.214
5) Payables to other lenders			
- within 12 months	474.554		770.256
- beyond 12 months	6.801.518		4.937.048
		7.276.072	5.707.304
6) Acconti			
- within 12 months	506.484		22.964
		506.484	22.964
7) Payables to suppliers			
- within 12 months	152.697.672		75.449.816
- beyond 12 months			39.430
		152.697.672	75.489.246

(continue >)

Equity and Liabilities		31/12/2007	31/12/2006
9) Payables to subsidiaries			
- within 12 months			79.250
			<u>79.250</u>
10) Payables to associates			
- within 12 months			73.306
			<u>73.306</u>
12) Tax payables			
- within 12 months	3.087.556		8.878.580
- beyond 12 months	17.283		
		3.104.839	<u>8.878.580</u>
13) Payables to social security institutions			
- within 12 months	1.018.268		869.501
		1.018.268	<u>869.501</u>
14) Other payables			
- within 12 months	5.846.871		4.378.532
- beyond 12 months	99.478		
		5.946.349	<u>4.378.532</u>
Total payables		380.253.895	356.117.897
E) Accrued expenses and deferred income			
- sundry	15.058.611		19.173.470
		15.058.611	<u>19.173.470</u>
Total liabilities		992.463.652	672.052.361
Memorandum account		31/12/2007	31/12/2006
2) Third party guarantees in our favour		2.582	2.582
3) Our guarantees in favour of third parties			227.790
4) Others		9.281	9.281
Total memorandum account		11.863	239.653

Income statement

		31/12/2007	31/12/2006
A) Production value			
1) Revenue from sales and services		727.918.740	569.884.363
2) Changes in inventory of work in progress semi-finished and finished products		1.064.327	(1.074.335)
3) Changes in work in progress		254.000	
5) Other income and revenue:			
- sundry	11.857.917		14.894.780
		11.857.917	14.894.780
Total production value		741.094.984	583.704.808
B) Production cost			
6) Raw, subsidiary, consumable materials and goods		81.107.238	57.282.131
7) Services		117.162.239	182.552.830
8) Use of third party assets		177.092.228	191.879.338
9) Personnel			
a) Salaries and wages	46.896.935		36.592.821
b) Social security	5.253.363		4.958.871
c) Severance Pay	862.007		714.426
d) Retirement pension and such	252.311		206.417
e) Others	266.901		
		53.531.517	42.472.535
10) Amortization, depreciations and write-downs			
a) Amortization of intangibles assets	3.680.645		2.717.252
b) Depreciation of tangible assets	29.699.697		24.889.381
d) Write down of receivables	303.166		294.270
		33.683.508	27.900.903
11) Changes in inventories of raw and consumable materials		(32.703)	(101.983)
14) Sundry operating expenses		2.215.460	1.769.060
Total production costs		464.759.487	503.754.814
Difference (A-B)		276.335.497	79.949.994
C) Financial income and expenses			
15) Income from equity investments			
- from others	228.012		223.875
		228.012	223.875
16) Other financial income			
d) Income other than above:			
- from others	7.828.286		14.751.493
		7.828.286	14.751.493
		8.056.298	14.975.368

(continue >)

Income Statement		31/12/2007	31/12/2006
17) Interest payable and other financial expenses			
- other	23.398.317		20.487.793
		23.398.317	20.487.793
17-bis) Profit (loss) on exchange		1.624.106	(280.937)
Total financial income and expenses		(13.717.913)	(5.793.362)
D) Value adjustments on financial assets			
18) Write-up:			
a) on equity investments			6.549
			6.549
19) Write-down:			
a) on equity investments	9.345	9.345	
Total value adjustments on financial assets		(9.345)	6.549
E) Extraordinary income and expenses			
20) Income			
- capital gain on disposal and sundry	14.684.108		39.494.846
		14.684.108	39.494.846
21) Expenses			
- capital loss on disposal and sundry	2.551.791		287.807
		2.551.791	287.807
Total extraordinary items		12.132.317	39.207.039
Income before taxes (A-B±C±D±E)		274.740.556	113.370.220
22) Income tax for the year, current, deferred and advance			
a) Current Tax	11.336.548		14.458.763
b) Deferred (advance) taxes	(6.173.251)		199.950
		5.163.297	14.658.713
23) Profit for the year		269.577.259	98.711.507
23) Minority interest		16.431.786	2.270.768
23) Group interest		253.145.473	96.440.739

Notes to the Consolidated Financial Statements

as of 31/12/2007



Foreword and preparation criteria

The consolidated Financial Statements and these notes are reported in conformity with the valuation criteria set out in article 2426 of the Italian Civil Code (pursuant to art. 38 of Legislative Decree n°127/91) and are interpreted and supplemented by the accounting principles issued by the Italian National Council of Chartered Accountants and the OIC. Based on the principle of a going concern, the accounting policies adopted are the same as the previous year, integrated with any new principle introduced by Legislative Decree n°6/2003 of the company law, and they are incorporated in and made apart of these Consolidate Financial Statements.

We have also availed ourselves of the assistance of the Board of Statutory Auditors as well as that of the independent auditing company appointed as per provisions of the amended article 2409-bis and the following of the Italian Civil Code, with the respect to all the valuations requiring their aid.

The numbers reported are expressed in Euro, rounded off to the nearest unit figure and the reference date for all the consolidated companies is 31/12/2007.

These notes contain all the information necessary to give you a better understanding of the corporate consolidated facts reported in the financial statements as on 31/12/2007.

Consolidation area

The consolidation area includes the Parent Company (d'Amico Società di Navigazione SpA) and the companies in which it holds a controlling interest either directly or indirectly, and the referenced financial statements which are those approved by the respective Boards of Directors.

Some companies are not included in the consolidation area. These are companies in which the parent Company's stake is too small to make them eligible for inclusion or are otherwise deemed irrelevant based on their current level of activity.

Pursuant to article 26 of Legislative Decree n°127/91 please find a list of all the companies whose accounting figure have been consolidated with the indication of percentage held by the Parent Company, location and share capital.

Company name	City or State	Consolidation type	Share Capital (Euro)	% held by parent	% held by third parties
d'Amico Shipping Italia SpA	(a) Genoa	Full consolidation	15.000.000	100,0000	0,0000
d'Amico International S.a.	(a) Luxembourg	Full consolidation	3.100.000	99,9998	0,0002
d'Amico Capital Limited	(b) Ireland	Full consolidation	100	99,9998	0,0002
Cogema S.A.M	(b) Monte Carlo	Full consolidation	150.000	95,9998	4,0002
Comarfin S.A.M	(b) Monte Carlo	Full consolidation	300.000	99,6998	0,3002
d'Amico Dry Limited	(b) Ireland	Full consolidation	100.000	99,9998	0,0002
d'Amico Finance Limited	(b) Ireland	Full consolidation	100.000	99,9998	0,0002
d'Amico Finance S.a.	(b) Luxembourg	Full consolidation	32.000	99,9998	0,0002
d'Amico Ireland Limited	(b) Ireland	Full consolidation	50.000	99,9998	0,0002
d'Amico Shipping Singapore Pte Ltd	(b) Singapore	Full consolidation	47.252	99,9998	0,0002
d'Amico Shipping UK Ltd	(b) UK	Full consolidation	54.540	99,9998	0,0002
Nisda Maritime Limited	(b) Irlanda	Full consolidation	100	99,9998	0,0002
Hanford Investments Inc.	(b) Liberia	Full consolidation	1.076	94,9998	5,0002
Saint Andrew Estates Ltd	(c) Liberia	Full consolidation	530	94,9998	5,0002
Ishima Pte Limited	(b) Singapore	Full consolidation	47.252	99,9998	0,0002
Paul Maritime Company Limited	(b) Ireland	Full consolidation	2	99,9998	0,0002
Rudder S.A.M.	(b) Monte Carlo	Full consolidation	150.000	84,9998	15,0002
Sci Mon Retour	(b) France	Full consolidation	50.000	98,9998	1,0002
N.137 Seabright Holdings Ltd	(b) Canada	Full consolidation	622.950	99,9998	0,0002
Anglo Canadian Shipping Co.	(d) Canada	Full consolidation	1.066.612	99,9998	0,0002
Saemar S.a.	(b) Spain	Full consolidation	72.120	99,8298	0,1702
Medbulk Maritime Limited	(e) Ireland	Full consolidation	100.000	99,8298	0,1702
d'Amico International Shipping SA	(b) Luxembourg	Full consolidation	101.861.223	56,4299	43,5701
Glenda International Shipping Ltd	(f) Ireland	Proportionate consolidation	136	28,2149	71,7851
d'Amico Tankers Ltd	(f) Ireland	Full consolidation	100.000	56,4299	43,5701
d'Amico Tankers Monaco sam	(g) Monte Carlo	Full consolidation	150.000	56,3170	43,6830
d'Amico Tankers UK Ltd	(g) UK	Full consolidation	33.965	56,4299	43,5701
d'Amico Tankers Singapore Pte Ltd	(g) Singapore	Full consolidation	33.965	56,4299	43,5701
DM Shipping Ltd	(g) Ireland	Proportionate consolidation	67.930	28,7792	71,2208
Glenda International Management Ltd	(g) Ireland	Full consolidation	2	56,4299	43,5701
High Pool Tankers Limited	(g) Ireland	Full consolidation	2	56,4299	43,5701
VPC Logistic Ltd	(g) UK	Full consolidation	33.965	56,4299	43,5701
Sirius Management Shipping srl	(a) Genoa	Equity consolidation	101.490	60,0000	40,0000
Compagnia Generale Telemar SpA	(a) Rome	Full consolidation	7.000.000	58,0164	41,9836
Telemar UK Limited	(h) UK	Full consolidation	340.878	58,0164	41,9836
Bay Bridge Service	(i) Hong Kong	Full consolidation	871	50,7644	49,2356
Adci International LLC	(h) Usa	Full consolidation	170.233	37,5366	62,4634
Telemar Usa LLC	(h) Usa	Full consolidation	170.158	29,5884	70,4116
Telemar AB	(h) Sweden	Full consolidation	624.954	31,9090	68,0910
Telemar Yachting srl	(h) Italia	Full consolidation	100.000	58,0164	41,9836
Telemar Scandinavia AB	(l) Sweden	Full consolidation	564.317	17,5500	82,4500
LLC Telemar SPb	(l) Russia	Full consolidation	2.920	9,6525	90,3475
Navidec OY	(l) Finland	Full consolidation	625.536	17,5500	82,4500
Mida Maritime Company Limited	(a) Ireland	Full consolidation	60.632	51,0000	49,0000

- (a) *Directly controlled*
- (b) *Controlled by d'Amico International*
- (c) *Controlled by Hanford*
- (d) *Controlled by N.137 Seabright Holding Ltd*
- (e) *Controlled by Saemar*
- (f) *Controlled by d'Amico International Shipping SA*
- (g) *Controlled by d'Amico Tankers Ltd*
- (h) *Controlled by Compagnia Generale Telemar SpA*
- (i) *Controlled by Telemar UK*
- (l) *Controlled by Telemar AB*

You will notice in the above mentioned table that the 2007 Consolidation Area has changed compared to that of the previous year. This is principally due to the addition of d'Amico International Shipping SA shareholdings. This company is controlled by d'Amico International and, during of 2007, has been listed on Milan Stock Exchange. Please refer to the Directors' report for any other information on this listing.

Consolidation criteria

The financial statements of the companies have been made comparative with the application of the same accounting criteria used by the Parent Company in the preparation of its corporate financial statements.

As with the Parent Company, in full compliance with art.35 of legislative decree n° 127/91, where international accounting principles (IAS) have been adopted for the evaluation of specific items, these items have been reported and detailed in these notes with a view to achieving a better and more truthful understanding of the Consolidated Financial Statements.

The 2007 financial statements prepared in currencies other than the Euro have been translated according to the official exchange rates (UIC - Bank of Italy) by applying the following methods:

- the shareholders' equity was translated at the historical exchange rates at its formation;
- the other items included in the balance sheet have been translated at the year's end rates;
- the income statements items have been translated at the average exchange rate.

The differences originating from the above mentioned translations have been recorded in the specific shareholders' equity reserve.

The following table shows the principal exchange rates adopted in 2007 and 2006.

Currency	Av. exchange 2007	Av. exchange 2006	Exch. at 31/12/2007	Exch. at 31/12/2006
USA Dollar	1,37048	1,25560	1,4721	1,3170
Canadian Dollar	1,46785	1,42369	1,4449	1,5281
UK Pound	0,684337	0,68173	0,7334	0,6715
Singapore Dollar	2,06355	1,99415	2,1163	2,0202

After having aggregated all of the financial data on a line by line basis, we have eliminated the Profit and Losses and balance sheet transactions effected during the course of the year between companies included in the consolidation area, and the relevant inter-group profits. The differences arising from the elimination of the equity participations have been recorded in the consolidation differences and amortized over a period of 10 years, while negative differences are recorded in the specific shareholder's equity reserve.

Following is an overview of the principal valuation criteria applied.

Fixed assets

Intangible assets

These relate to assets with proven utility over various years and they are recorded at purchase cost, minus depreciation and write-down at diversified rates according to the type of cost and the estimated residual useful life. The dry docking costs represent the costs incurred while the vessels are in the ship yard for maintenance. They are amortized over the period between such dry-dock events (average 30 months). For the goodwill it has been adopted a ten year depreciation period, according to the useful life thereof. The costs already recorded relating to assets that will be delivered in the following years has been allocated to a "fixed assets in progress" category.

Tangibles assets

These are recorded at historical purchase cost, plus any accessory costs directly related added to the asset's value and the depreciation determined based on the asset's use and remaining useful life. Similarly to the Intangible assets, the costs already recorded relating to assets that will become operative in the future have been allocated to a "fixed assets in progress". The rates applicable to tangible assets are summarized in the following table:

Fixed assets	Rates
Real estate	3%
Fleet	from 4,5% al 6%
Other fixed assets	from 12% al 25%

Long term investments

The reported equity investments are those relating to companies excluded from the consolidation area and comprise both those valued according to the equity method and the shareholdings in related companies recorded at purchase or establishment cost.

Inventories

These include inventory or services at the end of the year end, and their value is reported at purchase cost or market value if depreciated according to their presumable future realizable value.

Receivables

These are reported, according to their present realized value, adjusting if necessary, the nominal value through allocation to specific reserves and in the case of foreign currency receivables, adjusting their value based on the year-end exchange rates. Amounts pertaining to intergroup items have been eliminated along with the corresponding payable items.

Long-term assets not included among fixed assets

These consist of portfolio securities and are reported at the lower of historical cost or market value at the end of the year.

Current assets

These are shown at their nominal value and where expressed in foreign currency these have been adjusted based on the exchange rates at the end of the year.

Financial instruments

In accordance with article 2427-bis (1) immediately following, and later in a specific note, information is provided on the size and nature of the financial instruments used by the group companies to cover risks related to exchange and interest rate fluctuations and charter contracts.

The derivatives primarily consist of:

- forward freight agreements (FFA) relating to transactions covering vessel charter reported at the date of settlement.
- currency options, forward foreign exchange and future contracts covering exchange rate fluctuations in connection with transactions.
- interest rate swaps (IRS), representing cash flow hedge instruments covering interest rates on loans.

The value of these derivatives is reported in the financial statements of the consolidated foreign based subsidiaries and is based on the fair value standard, in accordance with the international accounting standards. The interest rate swap agreements outstanding at year end are reported as cash flow hedge instruments at their current value, with the affects accounted for directly to specific reserves.



For consolidation purposes, the revaluations of transactions closed during the year have been accounted for in that period, while for those outstanding at year end we have followed the following procedure: positive revaluations have been eliminated while negative ones have been maintained. Differentials relating to the interest rates accruing on the agreements outstanding at the end of the year and to be settled in the following year of swaps, currency options', forwards, futures, have been included in the accruals and deferrals.

Own shares

No such shares are reported among the current assets.

Accruals and deferrals

These have been calculated based on the actual time period for income and expense items that affect more than one accounting period.

Provision for risks and charges

This provision includes the amounts set aside at the end of the year to cover any potential losses and for deferred taxes.

Severance pay fund

This item features the amounts, net of any advances paid out, actually due to employees based on current law and labour agreements in force for severance pay.

Payables

These are entered at their nominal value, adjusted to year-end exchange rates where expressed in foreign currencies. The figures relating to intra-group items have been eliminated together with the respective items in the receivables section.

Commitments, guarantees, risks

These items are entered at their contract value.

Costs and revenues

These are recorded on an accrual bases (except for dividends, which are recorded on a "cash basis") and for those produced by foreign-based companies reporting in a non-euro currency using the methods specified at the beginning of these notes.

The economic items resulting from transaction between companies included in the entire consolidation area have been eliminated.

Income tax and deferred taxes

Current taxes have been calculated in accordance with the applicable tax regulations and rates in effect in the country where each consolidated company is based, while the respective taxes payable are recorded net of any advances paid and with holdings incurred. Deferred taxes have

been calculated taking into account the period in which the differences will accrue. Advanced taxes haven't been reported, in accordance with the principle of prudence, if there is doubt that these may be recovered in the future.

Assets

B) Fixed assets

I. Intangible assets

Balance at 31/12/2007	Balance at 31/12/2006	Changes
15.465.248	13.915.010	1.550.238

Total transactions relating to intangibles assets

Description	Value on 31/12/2007	Value on 31/12/2006	Changes
Set up and expansions cost	227.078	162.038	65.040
Research, development and advertising	12.710	70.750	(58.040)
Industrial rights and patents	719.021	816.081	(97.060)
Concession, licences, trademarks	15.572	26.451	(10.879)
Goodwill	1.085.021	1.371.379	(286.358)
Fixed assets in progress	257.624		257.624
Other assets	6.446.935	3.900.411	2.546.524
Consolidation difference	6.701.287	7.567.900	(866.613)
	15.465.248	13.915.010	1.550.238

While most changes are to be considered physiological, the goodwill relates to the company's operations occurred in the previous year by consolidated Telemar. The "Other Assets" includes increased cost for regular dry-docking costs while the difference on consolidation come from the inclusion of the participation of Telemar and which will be depreciated in the consolidated balance of d'Amico in the coming years.

II. Tangible assets

Balance at 31/12/2007	Balance at 31/12/2006	Changes
462.057.332	445.420.861	16.636.471

Description	Value on 31/12/2007	Value on 31/12/2006	Changes
Real Estate	40.341.541	39.009.313	1.332.228
Fleet and other assets	407.275.113	393.878.334	13.396.779
Industrial and commercial equipment (machinery)	1.632		1.632
Other assets	4.288.694	5.082.825	(794.131)
Fixed assets in progress and advances	10.150.352	7.450.389	2.699.963
	462.057.332	445.420.861	16.636.471

Real estate

The changes occurring during the year are related to the capitalization of works for pre-existing real estate, minus the sale of the real estate in Via Conca, Rome, and the acquisition of three units in Rome. According to article 10, law n°72/1983, the 2007 consolidated balance sheet includes real estate revaluated in the past years for about 1.62 million Euro.

Fleet and other assets and fixed capital

These items include the vessels already accounted for in the consolidated financials of the company and a small share of about Euro 48,000 for Telemar assets.

The Fleet has been amortized according to an estimated residual value at their expected disposal date, and the amortization period varies from between 17 to 20 years.

The "Fixed assets in progress" item includes the costs capitalized at the end of the year for the ships under construction expected to be delivered in the future.

The following table gives an overview of item.

Description	Amount
Value on 31/12/2006	402.780.887
Additions	94.781.745
Disposal	(14.605.800)
Reclassification	(1.879.950)
Depreciation	(25.931.142)
Change differences	(37.768.469)
Balance at 31/12/2007	417.377.271

The additions are the result of the acquisition, within the Group Fleet, of 4 new ships. These are the M/V Medi Cork (d'Amico Dry), M/V Medi Cagliari (d'Amico Shipping Italia Spa), M/T High Priority and High Trust (d'Amico Tankers). Medi Cebu was sold by d'Amico Shipping Italia Spa.

The item "Reclassification" relates to a vessel under construction which is scheduled to be sold. Among the increases, we register the additional payments for the M/V Medi Sentosa owned by MIDA, and the first instalment paid according to the new building programme of GLEN-DA International Shipping.

Industrial and Commercial Equipment

Description	Amount
Balance at 31/12/2006	
Addition	1.632
Balance at 31/12/2007	1.632

This amount is related to the acquisition of some containers by d'Amico Shipping Italia.

Other Assets

Description	Amount
Balance at 31/12/2006	5.082.825
Addition	(794.131)
Balance at 31/12/2007	4.288.694

The other assets changes relate to the physiological variation of this category and to the annual amortization.

III. Long-term investments

Balance at 31/12/2007	Balance at 31/12/2006	Changes
15.253.613	10.479.143	4.774.470

Equity investments

Description	31/12/2007	31/12/2006	Changes
Subsidiaries	441.148	565.511	(124.363)
Associates	43.843	493.843	(450.000)
Other companies	14.244.856	8.720.571	5.524.285
	14.729.847	9.779.925	4.949.922

The figure relating to subsidiaries and associates concerns the equity investments not consolidated according to the line-by-line method, plus those whose addition to consolidation area was deemed irrelevant without prejudice to the truthful and correct representation of the consolidated financials.

To this regard, pursuant to Leg. Decree n. 127/91, following is a list of companies not included in the consolidation area.

Description	City or State	Interest held (%)
d'Amico Shipmanag. Germany gmbh	Germany	100,0000
Italmar Imobiliaria Ltda	Brazil	100,0000
MS Cielo di Parigi Verwaltung gmbh (a)	Germany	49,9999
MS High Wind Verwaltung gmbh	Germany	40,0000
d'Amico India Ltd (b)	India	60,3999
Telemar Shanghai Ltd	Shanghai	46,4131
Telemar Broadband Service AB (Non oper.) (c)	Sweden	31,9090
Italia Lines Ltd (Non oper.)	UK	100,0000
Italmar Ag.Mar.Com. Ltd (In liquidation)	Brazil	98,6400
Cidinest S.r.l. (In liquidation)	Genoa	16,6666

Held indirectly through:

(a) *d'Amico Società di Navigazione SpA and d'Amico International S.a.*

(b) *Sirius Ship Management srl and d'Amico International S.a.*

(c) *Telemar AB*

Participations in other companies regards mainly the investment by the holding company in "Tamburi Investment Partners" for 7.1 million Euro, reaching over 3% at the end of the year, in "Datalogic" for 5.8 million Euro (1.71%) and in the private equity fund Secontip for just over one million Euro.

C) Current assets

I. Inventories

Balance at 31/12/2007	Balance at 31/12/2006	Changes
18.541.835	14.447.715	4.094.120

These include bunker and lubricant stock (calculated using the FIFO method), plus the payments for the vessel under construction for MEDBULK scheduled to be sold in 2008 and other different materials not yet consumed owned by Telemar.

II. Receivables

Balance at 31/12/2007	Balance at 31/12/2006	Changes
181.430.411	93.175.510	88.254.901

The balance is divided according to the due date after the appropriate consolidation elisions. The difference with respect to last year is due to, among others, the increase in the consolidated activity, and the rise of the settlement value of open positions of financial instruments (FFA).

There are no receivables with a maturity of more than 5 years.

Description	Within 12 months	Beyond 12 months	Total
From clients	174.668.520		174.668.520
From subsidiaries	10.620		10.620
Tax receivable	1.807.042	949.302	2.756.344
Advance tax	55.021		55.021
From others	3.939.906		3.939.906
	180.481.109	949.302	181.430.411

III. Financial assets

Balance at 31/12/2007	Balance at 31/12/2006	Changes
51.202.625	14.939.070	36.263.555

The increase from the previous year is referred to the d'Amico International S.A investments in shares, bonds and funds of the proceeds from the listing of d'Amico International Shipping SA. The investments at December 31st 2007 have two kind of risks:

"Counterparty risk", with a low level risk depending on the correspondent bank and is estimated in 1-2%;

"Market risk", which again we consider a low level risk as well (2-4%) due to a portfolio diversification with a reduced implied volatility.

IV. The Liquid Assets

Balance at 31/12/2007	Balance at 31/12/2006	Changes
234.357.425	70.724.955	163.632.470

Description	31/12/2007	31/12/2006
Bank and Post Office deposits	233.689.031	69.704.733
Cheques	6.428	775.839
Cash and cash equivalents	661.966	244.383
	234.357.425	70.724.955

The balance refers to cash on hand held by the company and kept in banks at the end of the year. The items originally expressed in foreign currency are reported based on the exchange rates on December 31st 2007.

D) Accrued income and prepaid expenses

Balance at 31/12/2007	Balance at 31/12/2006	Changes
14.155.163	8.950.097	5.205.066

This item accounts for income and expenses whose period of recognition affect more than one year. There are no accruals and prepaid items lasting longer than 5 years.

Liabilities

A) Shareholders' equity

Balance at 31/12/2007	Balance at 31/12/2006	Changes
589.891.138	281.352.908	308.538.230

The following table shows the movements relating to the consolidated shareholders' equity

	Share Capital	Revaluation reserve	Legal Reserve	Other Reserve	Operating Result	Total Shareholders' equity
Group Sh.s' equity at 31.12.2006	15.000.000	1.999.124	1.951.095	155.326.239	96.440.739	270.717.197
Distribution of profits					(15.000.000)	(15.000.000)
Appointment of profits			1.048.905	80.391.834	(81.440.739)	0
Currency translation differences and other movements		1.406.269		(14.351.544)		(12.945.275)
Profit for the period					253.145.473	253.145.473
Group shareholders' equity 31.12.2007	15.000.000	3.405.393	3.000.000	221.366.529	253.145.473	495.917.395
Minority Sh.s' equity at 31 December 2006						10.635.711
2007 Minority Sh.s' equity movements						83.338.032
Total Shareholders' equity 31.12.2007						589.891.138

The substantial increase of minority shareholders' equity is related to the mentioned listing and successful sale of the 43.57% of d'Amico International Shipping SA.

The following report shows the reconciliation of the holding company equity with that of the consolidated companies.

Description	Total
Parent company's shareholders' equity	113.154.189
Difference between the book value and the pro-quota value of the interest held in the consolidated companies	374.295.675
Consolidation difference recorded among the assets (goodwill)	6.701.287
Adjustments for balance standardize	1.766.244
Group shareholders' equity	495.917.395
Minority shareholders' equity	93.973.743
Consolidated shareholders' equity	589.891.138

Description	Total
Parent company's operating result	19.813.001
Operating result of consolidated companies	253.555.877
Adjustment for alignment of accounting principles	18.538.239
Elimination of dividends	(21.583.815)
Adjustment for third party assets	(16.431.786)
Other consolidation adjustments	(746.043)
Group shareholders' equity	253.145.473
Minority shareholders' equity	16.431.786
Consolidated shareholders' equity	269.577.259

The above mentioned "Adjustment for alignment of accounting principles" is related to a dividend distributed by d'Amico International S.A. posted following international accounting standards with a deduction from the profit. Such entry has been removed from the d'Amico Società di Navigazione accounts and reported above in the "Elimination of dividends".

B) Provisions for risks and changes

Balance at 31/12/2007	Balance at 31/12/2006	Changes
1.689.263	9.997.267	(8.308.004)

The decrease is due to a reduction of provision for deferred taxes posted by d'Amico Tankers since this company has entered the "Tonnage tax" regime and such provision is no longer required.

C) Employee severance pay fund

Balance at 31/12/2007	Balance at 31/12/2006	Changes
5.570.745	5.410.819	159.926

The amounts indicated represent the consolidated TFR funds of the Italian companies, and the variance represents the new allocations minus any advances given out during the year.

D) Payables

Balance at 31/12/2007	Balance at 31/12/2006	Changes
380.253.895	356.117.897	24.135.998

Payables are reported at their nominal value minus any inter-group elimination, highlighting the amounts due beyond 12 months.

Description	Within 12 months	Beyond 12 months	Total 31/12/2007	Total 31/12/2006	Difference
To Banks	20.953.279	188.750.932	209.704.211	260.619.214	(50.915.003)
To other lenders	474.554	6.801.518	7.276.072	5.707.304	1.568.768
Advances	506.484		506.484	22.964	483.520
To suppliers	152.697.672		152.697.672	75.489.246	77.208.426
To subsidiaries				79.250	(79.250)
To associates				73.306	(73.306)
Tax payable	3.087.556	17.283	3.104.839	8.878.580	(5.773.741)
To social security institutions	1.018.268		1.018.268	869.501	148.767
Other payables	5.846.871	99.478	5.946.349	4.378.532	1.567.817
	184.584.684	195.669.211	380.253.895	356.117.897	24.135.998

The movements in banks loans are normally in line with the fleet movements. In our case these have also varied due to the US Dollar weakness.

For a clearer overview, we enclose the following table showing the bank loans at year end and detailing their nature and due date.

Description	Total	Society	Within 12 months	Beyond 12 months	Beyond 5 years	Object
Bank current accounts	4.752.100		4.702.925	49.175	0	
Loan Fortis	13.158.583	d'Amico Shipping Italia	1.184.294	4.737.178	7.237.111	Cielo di Monfalcone and Vancouver
Loan MCC	9.917.804	d'Amico Shipping Italia	815.162	3.260.648	5.841.994	Medi Tokio
Loan Commerzbank	8.830.922	d'Amico Shipping Italia	679.302	2.717.207	5.434.413	Medi Dubai
Loan MCC	9.408.328	d'Amico Shipping Italia	747.232	2.988.927	5.672.169	Medi Roma
Loan Banca Intesa	9.985.779	d'Amico Dry	883.092	4.415.461	4.687.226	Medi Nagasaki
Financial loans Calyon	6.215.595	d'Amico Dry	883.092	4.109.775	1.222.728	Cielo di Vaiano
Scotia Bank	11.548.100	d'Amico Dry	679.302	3.396.508	7.472.290	Medi Cork

(continue >)

Financial loans Calyon	121.243.122	d'Amico Tankers	0	121.243.122	0	Revolving
Loan CMB bank	1.112.878	Hanford Investments	1.112.878	0	0	Various properties
Loan CMB bank	4.485.000	Saint Andrews	220.000	1.100.000	3.165.000	Various properties
Credit line Credit Suisse	9.046.000	SCI Mon Retour	9.046.000	0	0	Various properties
Total	209.704.211		20.953.279	148.018.001	40.732.931	

In the first item are included small working capital lines of credit and incidental overdraft. The remaining debts should be considered physiological to the nature of our business. Also, regarding the suppliers, the increase during the period is due to an overall increase of the activity of the companies.

E) Accrued expenses and deferred income

Balance at 31/12/2007	Balance at 31/12/2006	Changes
15.058.611	19.173.470	(4.114.859)

These amounts represent items accruing into a different period, compared to the financial period in question.

On 31/12/2007 there were no accruals and deferred items lasting longer than 5 years.

Memorandum accounts

Description	31/12/2007	31/12/2006	Changes
2) Third party guarantees in our favour	2.582	2.582	
3) Our guarantees in favour of third party		227.790	(227.790)
4) Others	9.281	9.281	
	11.863	239.653	(227.790)

The amounts reported in the memorandum accounts have been netted of the intra-group balances and amounts already included among the payables. Also we have not included performance guarantees on charter contracts of indirectly controlled group companies, because of their nature and also because of the difficulty in estimating potential risks.

Income statement

A) Production value

Balance at 31/12/2007	Balance at 31/12/2006		Changes
741.094.984	583.704.808		157.390.176
Description	31/12/2007	31/12/2006	Changes
Revenue from sales and services	727.918.740	569.884.363	158.034.377
Changes to product stockpiles	1.064.327	(1.074.335)	2.138.662
Work on - going changes	254.000		254.000
Other revenue and proceeds	11.857.917	14.894.780	(3.036.863)
	741.094.984	583.704.808	157.390.176

The following table indicates the variances in the different categories of income compared to the prior year.

Description	31/12/2007	31/12/2006	Changes
Services rendered: bulk ship charters	479.486.312	412.614.236	66.872.076
Services rendered: liner ship charters	20.981.662	23.319.166	(2.337.504)
Intermediation, Brokerage, sundry assistance	212.141	943.539	(731.398)
Rents receivable	233.539	239.772	(6.233)
Revenues from contributions	2.978.881	3.454.952	(476.071)
Revenues "IPO"	146.958.133		146.958.133
Revenues from ship sale		59.265.130	(59.265.130)
Revenue from Telemar activity	85.119.064	75.588.591	9.530.473
Others	5.125.252	8.279.422	(3.154.170)
	741.094.984	583.704.808	157.390.176

As previously indicated, the 2007 turnover includes the IPO revenue for 147 million Euro following the listing of d'Amico International Shipping S.A. in May on the Milan Stock Exchange. It is accounted for as revenue as the transaction is considered ordinary income for d'Amico International.

There is no amount in 2007 for "Revenues from ship sale" because, as usual, this has been posted in the extraordinary items. The amount in 2006 of 59.2 million Euro has been included in the ordinary income because such is the activity of the company that reported such transactions. The same procedure is followed for the related costs.

B) Production costs

Balance at 31/12/2007	Balance at 31/12/2006	Changes
464.759.487	503.754.814	(38.995.327)

Description	31/12/2007	31/12/2006	Changes
Row and subsidiary materials end goods	81.107.238	57.282.131	23.825.107
Services	117.162.239	182.552.830	(65.390.591)
Use of third party assets	177.092.228	191.879.338	(14.787.110)
Salaries and wages	46.896.935	36.592.821	10.304.114
Social security	5.253.363	4.958.871	294.492
Severance pay	862.007	714.426	147.581
Retirement pay and similar	252.311	206.417	45.894
Other payments for personnel	266.901		266.901
Depreciation of intangibles	3.680.645	2.717.252	963.393
Depreciation of tangibles	29.699.697	24.889.381	4.810.316
Bad debts	303.166	294.270	8.896
Changes in inventories of row materials	(32.703)	(101.983)	69.280
Sundry operating costs	2.215.460	1.769.060	446.400
	464.759.487	503.754.814	(38.995.327)

The details of the production costs mentioned in the above table are directly related to the revenues from sales and services, and the increase in the same are considered in line with the increase of the consolidated activity that took place in 2007. As previously mentioned concerning the revenues, the reduction in Services is partially justified by the purchase in 2006 of the vessels to be sold by the trading company amounting to 56 million Euro.

C) Financial income and expenses

	Balance at 31/12/2007	Balance at 31/12/2006	Changes
	(13.717.913)	(5.793.362)	(7.924.551)
Description	31/12/2007	31/12/2006	Changes
Equity investments	228.012	223.875	4.137
Revenue other than before	7.828.286	14.751.493	(6.923.207)
Interest payable and other financial expenses	(23.398.317)	(20.487.793)	(2.910.524)
Exchange gains (losses)	1.624.106	(280.937)	1.905.043
	(13.717.913)	(5.793.362)	(7.924.551)

Income from equity investments is reported net of elisions and it refers to cash dividends received in 2007 from a company not included in the consolidation area.

The other income regards realised profit on derivative instruments used by foreign entities to cover risk arising from foreign exchange, interest rates and shipping products. The costs, while including both realised and unrealised losses on the previously mentioned instruments, are represented mainly by interest on loans and mortgages.

The item "Exchanges gains - losses" represents the gains and/or losses on foreign exchange plus the revaluation of assets and liabilities expressed in foreign currencies. We have not quantified the exchange risk herewith as the company's policy is to optimize such situation by matching

flows in the same currency and given the fact that most foreign companies account for in US Dollars.

Financial instruments

The exposure to credit risk, together with interest rate and foreign exchange risk, are part of the normal activity of the company. Derivative instruments are used to reduce such risks and during 2007 there were some put in place to cover the fluctuations in Foreign exchange, interest rates and shipping products.

"Interest Rate Risks"

Various interest rate swap contracts have been entered into to hedge the floating interest rates on bank loans. On 31/12/2007, there were two contracts that mature in 2011 with fixed rates of 4.69% and 4.89%, in 2014 with a fixed rate of 5.50%, and two that mature in 2016 with fixed rates of 5.85% and 6.35%.

"FFA"

As an integral part of its maritime activities, the group transacts FFA (paper market) in order to off-set any unexpected fluctuation in the physical market. Therefore, the group exposes itself to the risks in the paper market only if the freight market should move in the opposite direction, and the losses that may result from the open position of the latter would possibly be set off by the increased profit from the physical market.

The positions open on 31/12/2007 are reported among the receivables for 86,484,644 Euro, and among the payables for 86,628,618 Euro.

Transactions covering foreign exchange movements

Following the exercise of vessel purchase options for the years from 2008 onwards, we have entered into foreign exchange contracts on the Japanese yen. Also in this case the positive fair market value reported by the foreign companies has not been taken into consideration in these financials. In the following table, you will find the multiplicity of financial instruments put in place, with the relevant information grouped by category pursuant to article 2427 bis (1).

		Fair Value Adjustment	
		Positive	Negative
Derivative contracts			
Fair Value with respect to exchange fluctuations			
Forward exchanges	FEX	2.387	2.955
Fair Value with respect to charter			
Agreements on vessel charter	FFA	21.731	0

(continue >)

Fair Value with respect to interest rate			
Loans	SWAP		72.689
Fair Value on other transaction			
Other financial transactions	SHARES/BOND	194	639
Risk coverage derivatives			
Fair Value with respect to interest rates			
Loans	SWAP	0	2.524
Forward exchanges	FEX	0	654

D) Value adjustments on financial assets

Balance at 31/12/2007	Balance at 31/12/2006	Changes
(9.345)	6.549	(15.894)

The amount of the Changes refers to the consolidation of the controlled company Sirius Ship Management Srl of Genoa, in which the group holds 60%.

E) Extraordinary income and expenses

Balance at 31/12/2007	Balance at 31/12/2006	Changes
12.132.317	39.207.039	(27.074.722)

Description	31/12/2007	Previous year	31/12/2006
Total income	14.684.108	Total income	39.494.846
Total expenses	(2.551.791)	Total expenses	(287.807)
	12.132.317		39.207.039

In the "Extraordinary Income" item we have accounted for the non recurring items and the disposal of assets. Among these the M/V Medi Cebu (d'Amico Shipping Italia) has been sold during the year for a gain of 11.9 million Euros.

Income tax for the period

Balance at 31/12/2007	Balance at 31/12/2006	Changes
5.163.297	14.658.713	(9.495.416)

Tax	Balance at 31/12/2007	Balance at 31/12/2006	Changes
Current	11.336.548	14.458.763	(3.122.215)
Deferred	(6.173.251)	199.950	(6.373.201)
	5.163.297	14.658.713	(9.9495.416)

Current taxes represent the amount of taxes paid and due calculated based on the current rates and the regulations in the countries where the consolidated companies is resident. We would like to point out that d'Amico Shipping Italia and d'Amico Tankers have entered the Tonnage Tax in their respective countries (Italy and Ireland). Concerning d'Amico Tankers Limited we also would like to point out that such entry has allowed this company to adjust its deferred taxes by reversing the amount of US\$ 10 million accounted for up to 2006.

Employee figures

The companies' average Employment Structure is divided into occupational categories. The following changes could be considered physiological considering the group's development.

Occupational changes	31/12/2007	31/12/2006	Changes
Executives	54	51	3
Clerical Staff	419	375	44
Sea-going personnel	679	529	150
	1.152	955	197

Other information

As required by law, following is a list of the fees received by the companies' directors and auditors.

Office	Remuneration
Directors	5.583.178
Auditors	152.198

Events occurring after the preparation of the 2007 financial statement

No other significant events occurred in addition to the details set out in the reports and notes to the Consolidate Financial Statements.



These Financial Statements including the Balance Sheet, Income Statement and Notes, are consistent with the accounting records and provide a truthful and fair view of the economic and financial situation of the group.

The Chairman of the Board of Directors
Paolo d'Amico

Report of the Board of Statutory Auditors



Dear Shareholders,

We have examined the consolidated financial statements, the notes and the report of the board of directors for the year ending December 31st, 2007, as prescribed by article 2403 of Italian civil code and also referring to the principles stated by enunciated by the National Board of Chartered Accounts.

The criteria adopted by the Directors in their consolidation work have been consistently applied to the assets and liabilities of each consolidated companies and coherently consistent with those adopted in the past.

The consolidation, as prescribed by article n° 26 of Leg. Decree n°127/91, includes all companies with the exception of those considered irrelevant in the representation of the truthful consolidation statement of the group.

The figures provided well represent the situation of the Group at the end of the period and the financial documents we have examined and mentioned previously in this report provide all the information required for an accurate valuation of it.

While we remind you that the accounting control of the Consolidated Financial Statements of d'Amico Società di Navigazione SpA and the verification of the conformity to the law has been conferred to Moore Stephens Concorde, in line with art. 41 of the legislative n°127/1991, we hereby summarize the consolidated financial statements.

Assets

	31/12/2007	31/12/2006
Fixed Assets		
a) Fixed Assets	492.776.193	469.815.014
b) Current assets	485.532.296	193.287.250
c) Accrued income and prepaid expenses	14.155.163	8.950.097
Total assets	992.463.652	672.052.361

Equity and Liabilities

	31/12/2007	31/12/2006
a) Total Group shareholders' equity	495.917.395	270.717.197
(of which profit)	253.145.473	96.440.739
a) Total shareholders' equity	589.891.138	281.352.908
b) Provisions for risks and charges	1.689.263	9.997.267
c) Employee severance pay fund	5.570.745	5.410.819
d) Payables	380.253.895	356.117.897
e) Accrued expenses and deferred income	15.058.611	19.173.470
Total liabilities	992.463.652	672.052.361

Income statement

	31/12/2007	31/12/2006
a) Production value	741.094.984	583.704.808
b) Production cost	464.759.487	503.754.814
(A-B)	276.335.497	79.949.994
c) Financial income and expenses	(13.717.913)	(5.793.362)
d) Value adjustments on financial assets	(9.345)	6.549
e) Extraordinary income and expenses	12.132.317	39.207.039
Income before taxes (A-B±C±D±E)	274.740.556	113.370.220
22) Income tax for the year, current, deferred and advance	5.163.297	14.658.713
23) Profit for the year	269.577.259	98.711.507
23) Minority interest	16.431.786	2.270.768
23) Group interest	253.145.473	96.440.739

For the above, in agreement with the independent auditing firm, we express our opinion in favour of the approval of the Consolidated Financial Statements as of 31st December 2007.

The Board of Statutory Auditors
Gianfranco Taddeo
Gian Enrico Barone
Franco Guerrucci

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Uffici in Roma

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2007**

Auditors' Report (art. 2409-ter Civil Code)

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

1. We have audited the consolidated financial statements of d'Amico Società di Navigazione S.p.A. and its subsidiaries for the year ended December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. 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 established auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are reliable taken as a whole. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements as well as assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion. The audit of the financial statements of controlled and associated companies representing about 86% of consolidated assets and about 90% of consolidated revenues, is responsibility of other auditors, of which 81% of consolidated assets and 79% of consolidated revenues respectively, belonging to the Moore Stephens Network.

The opinion on previous year's consolidated financial statements which comparative figures are disclosed as required by the law, makes reference to our Report issued on 27th June 2007.

3. In our opinion, the consolidated financial statements of d'Amico Società di Navigazione S.p.A. as at December 31, 2007 comply with the standards which regulate their preparation and, accordingly, give a true and fair view of the financial position of the Group and of the results of its operations for the year then ended.

Milan, 30th May 2008

Moore Stephens Concorde S.r.l.
Giuseppe A. Barranco
Chairman

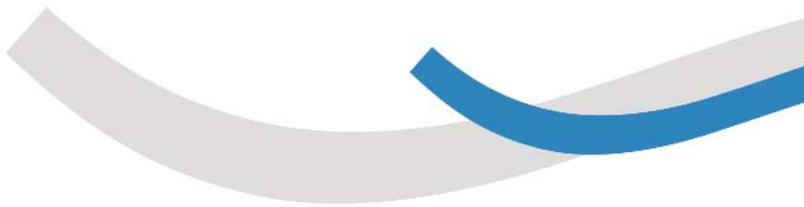
(English translation from the Italian original report issued in accordance with the Italian practice)

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l'attività di revisione
e organizzazione contabile
ai sensi della Legge
23-11-1939 N. 1966
e del R.D. 22-4-190 N. 531
Iscritta al Registro
dei Revisori Contabili
D. Lgs. N. 88/1992.

 A member Firm of Moore
Stephens International Ltd
Group of Independent Firms
 Gruppo
Professionale
Barranco



Group **Structure**
and **Fleet list** as at December 31st 2007



Group Structure



- Company Holding
- Shipping Company
- Real Estates Company
- Service Company
- Telecommunication Company
- Financial Company



Fleet List as at December 31st 2007



d'Amico Shipping Italia SpA

Vessels	Source	Type	Construction Year	TDW
Cielo di Monfalcone	Owned	OHBS	2002	37.420
Cielo di Vancouver	Owned	OHBS	2002	37.420
Medi Dubai	Owned	Handymax	2001	52.523
Medi Roma	Owned	Panamax	2001	74.255
Medi Tokio	Owned	Panamax	1999	74.356
Medi Cagliari	Owned	Panamax	1999	74.356
Cielo d'America	B/B Hire	Containers carrier	2002	33.900
Cielo d'Europa	B/B Hire	Containers carrier	2002	33.900
Cielo di Milano	B/B Hire	Handysize	2003	40.083
Cielo di Napoli	B/B Hire	Handysize	2002	40.081
Cielo di Roma	B/B Hire	Handysize	2003	40.096

d'Amico Dry Limited

Vessels	Source	Type	Construction Year	TDW
Medi Nagasaki	Owned	Handymax	2002	53.098
Medi Cork	Owned	Handymax	2004	53.500
Cielo di Vaiano	Owned	OHBS	1998	31.962
Medi Bangkok	T/C Hire	Handymax	2006	53.500
Medi Chennai	T/C Hire	Handymax	2005	55.500
Medi Dublin	T/C Hire	Handymax	2005	56.040
Medi Lisbon	T/C Hire	Handymax	2006	58.500
Medi Shanghai	T/C Hire	Handymax	2005	56.000
Cielo di Amalfi	T/C Hire	OHBS	2007	37.320
Cielo di Genova	T/C Hire	OHBS	2005	32.350
Epson Trader	T/C Hire	Panamax	2001	75.933
Medi Antwerp	T/C Hire	Panamax	2007	76.500
Medi Baltimore	T/C Hire	Panamax	2005	76.290
Medi Genova	T/C Hire	Panamax	2004	75.600
Medi Hong Kong	T/C Hire	Panamax	2006	82.790
Medi Kobe	T/C Hire	Panamax	2001	75.924
Medi Lausanne	T/C Hire	Panamax	2006	82.000
Medi Rotterdam	T/C Hire	Panamax	2002	75.735
Medi Singapore	T/C Hire	Panamax	2006	75.200
Medi Taipei	T/C Hire	Panamax	2003	76.500
Medi Venezia	T/C Hire	Panamax	2005	76.600
Medi Vitoria	T/C Hire	Panamax	2004	76.500
Washington Trader	T/C Hire	Panamax	2000	74.228
Medi Dubai	Intercompany T/C Hire	Handymax	2001	52.523
Cielo di Monfalcone	Intercompany T/C Hire	OHBS	2002	37.420
Cielo di Vancouver	Intercompany T/C Hire	OHBS	2002	37.420
Medi Cagliari	Intercompany T/C Hire	Panamax	2004	75.500

Fleet list

d'Amico Tankers Limited					
Fleet	Source	Type	Construction Year	TDW	
Cielo di Londra	Owned	Handysize	2001	35.985	
Cielo di Parigi	Owned	Handysize	2001	36.032	
Cielo di Salerno	Owned	Handysize	2002	36.032	
High Challenge	Owned	MR	1999	46.475	
High Courage	Owned	MR	2005	46.975	
High Endeavour	Owned	MR	2004	46.992	
High Endurance	Owned	MR	2004	46.992	
High Performance	Owned	MR	2005	51.303	
High Priority	Owned	MR	2005	46.847	
High Progress	Proprietà	MR	2005	51.303	
High Spirit	Owned	MR	1999	46.473	
High Trust	Owned	MR	2004	45.937	
High Valor	Owned	MR	2005	46.975	
High Venture	Owned	MR	2006	51.087	
High Wind	Owned	MR	1999	46.471	
Cielo di Guangzhou	B/B Hire	Handysize	2006	38.877	
High Century	T/C Hire	MR	2006	48.676	
High Consensus	T/C Hire	MR	2005	45.896	
High Energy	T/C Hire	MR	2004	46.874	
High Glory	T/C Hire	MR	2006	45.700	
High Glow	T/C Hire	MR	2006	46.846	
High Harmony	T/C Hire	MR	2005	45.913	
High Nefeli	T/C Hire	MR	2003	45.976	
High Peace	T/C Hire	MR	2004	45.888	
High Power	T/C Hire	MR	2004	46.874	
High Presence	T/C Hire	MR	2005	48.700	
High Priority	T/C Hire	MR	2005	46.847	
High Prosperity	T/C Hire	MR	2006	48.711	
High Trader	T/C Hire	MR	2004	45.879	
Cielo di Milano	Intercompany T/C Hire	Handysize	2003	40.083	
Cielo di Napoli	Intercompany T/C Hire	Handysize	2002	40.081	
Cielo di Roma	Intercompany T/C Hire	Handysize	2003	40.096	
Ocean Quest	25% Shared Handytankers	Handysize	2005	34.999	
Handytanker Liberty	33% Shared Handytankers	Handysize	2006	34.620	
Handytanker Unity	33% Shared Handytankers	Handysize	2006	34.620	
Orontes	33% Shared Handytankers	Handysize	2002	37.274	
Fox	50% Shared Handytankers	Handysize	2005	37.025	
Handytanker Spirit	50% Shared Handytankers	Handysize	2006	34.671	
Ohio	50% Shared Handytankers	Handysize	2001	37.999	
Tevere	50% Shared Handytankers	Handysize	2005	37.178	

Vessels under constructions					
Fleet	Owned by	Type	Estimate delivery	TDW	
Cielo di Livorno	Medbulk	OHBS	2008	37.000	
Medi Sentosa	Mida Maritime	Panamax	2008	83.000	
Nakai 724	DM Shipping	MR	2009	46.200	
Nakai 725	DM Shipping	MR	2009	46.200	
Hull S2199	Glenda Int. Shipping	MR	2009	46.000	
Hull S2186	Glenda Int. Shipping	MR	2010	46.000	
Hull S2187	Glenda Int. Shipping	MR	2011	46.000	

Company offices

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