d'Amico Società di Navigazione SpA

FINANCIAL STATEMENTS 2006

Financial Statements 2006

d'Amico
Società di Navigazione S.p.A

Financial
STATEMENTS
2006

Annual Reports and Financial Statements
at 31 december 2006
Board of Statutory Auditors' Report
Board of Indipendent Auditor's Report
56th Year of Activity
(English translation from the italian original report issued in accordance with the italian practice)

Registered Office in Palermo
Via Siracusa, 27
Registered under No. 00768720823
of the Registry of the Court of Palermo
Share Capital EUR 15,000,000 fully paid-up
Tax and VAT code 00768720823

Administration
and Head Office in
Rome - Corso d'Italia 35/b

d'Amico
Società di Navigazione S.p.A.

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Financial Statements

Consolidated Financial Statements

Directors' Report on the Consolidated Financial Statements as at December 31st 2006

Dear Shareholders,

we are submitting to you for approval the consolidated financial statements as at 31 December 2006 which confirm and illustrate the good economic results achieved and the position of our Group on the international market.
Before expanding and commenting the consolidated economic results, we would like to point out that Compagnia Generale Telemar together with its subsidiaries has entered the consolidation area for the first time. This has caused some difficulties in the comparability with the previous year. We have however described in detail the effects both in this report and in the supplementary notes attached hereto.

Activities carried out

The company group primarily carries out maritime ship-owning and transport activities, with the use of its own vessels or with chartered vessels taken in under "bare boat" or "time" charters. The entire fleet (as shown in the table here below) is chartered mainly under medium/long term time charters. Our Technical Department in Rome continues to play an important role within the group by providing ship management services to our company. Ishima Pte Ltd, based in Singapore, does the same for third party vessels.
Our Rome office also provides legal assistance and insurance for its subsidiaries; including assistance for their legal disputes and damage claims with insurers.
In addition to the ship-owning activities, investments and financial diversification have increased and are set to expand further in the future.

Consolidated economic results

Compared to the previous year, fixed assets have increased, rising from 405 to 470 million euros (of which 8.4 million relating to Telemar) showing a 46 million euros increase of the single item "Fleet" due to the investments made in 2005, while year-end bank borrowings, net of liquid assets, amounted to 198 million euros (compared to 190 a year earlier).
Consolidated turnover has also increased significantly rising to 584 million euros from 431 in 2005 (Telemar's 2006 contribution was about 75 million euros) and Group profit to 96 millions (3 of which from Telemar) compared to the 80 millions of the previous year. As you know, the consolidated income statement is mostly made up of dollars both in terms of costs and of income and there are no significant risks on currency exchanges.
However, it is obvious that the decrease in the US currency value (at the end of 2006 had dropped to 1.317 against the euro compared to 1.18 of 2005) affects the level of net result and of several individual items of the Income Statement.

Fleet

Our Group mainly operates in the following markets of reference:

- Product Tankers (vessels used for the transport of refined products), with a fleet that at year-end consisted of 40 ships managed, 16 of which owned and 4 "bare boat" charters, ranging in tonnage from 35,000 to 52,000 tdw thanks to which the Group holds a primary position among leading international operators in this market sector, mainly via d'Amico Tankers Ltd Dublin.
- Bulk Carriers (vessels used for the transport in bulk of coal, cereals, minerals, etc.) with a fleet that at 31 December consisted of 23 ships (3 of which owned) almost all of which built in the last 3-4 years, ranging in tonnage mostly from 50,000 to 76,000 tdw. The market for these ships is vast and not segmented, and d'Amico Dry Ltd, the Group's main operator in this sector, holds the position of a major international operator.
- A liner service is run between the Canadian Northern Pacific and the Mediterranean sea by Medbulk MLtd, Dublin through the use (at year end) of 5 open hatch vessels, 3 of which owned.
- The full containers line between Italy and Morocco, run by Navimed of Genoa.

Following is a summary of the fleet situation at the end of 2006:

- 21 owned ships + 6 long-term bareboat charters for a total tonnage of 1,230,000 tonnes deadweight;
- 38 long-term time charters without considering the short-term (spot) charters;
- average fleet age: less than 5 years;
- 4 ships under construction, with delivery dates in 2008-2009.

Market trends

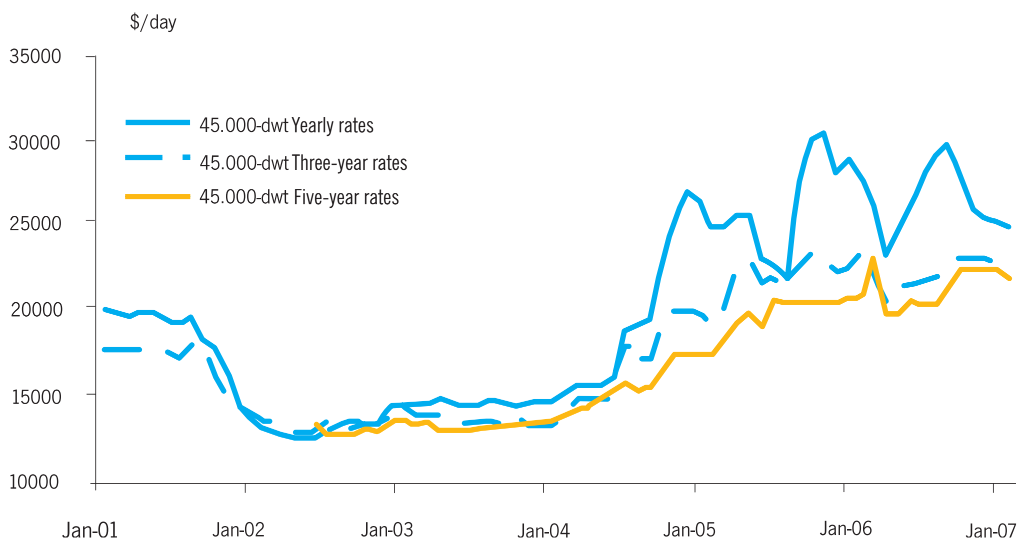
For information on main market trends ("product tankers" and "bulk carriers") please refer to the reports below.
Mention is made of the trend of the dollar against the euro that at the end of 2006 had dropped to 1.317 compared to 1.18 of 2005. These fluctuations have become quite common in the last few years and, to this regard, the company has pursued its policy aimed at balancing, from a currency perspective and as far as possible, costs and income of the period using the same currency.

Trends of the main markets of reference

Product tankers

In 2006, the market grew significantly with intense seasonal and occasional fluctuations. The factors affecting charter levels continue to be the growth in worldwide economy and the geographical distribution of oil refineries, especially the new ones built almost entirely in oil producing countries. The new constructions have not caused a turnabout in trend also due to the demolition of old ships in line with international safety regulations, not to mention the rising demand for ships for the transportation of plant oils.

Products Tanker Rate Timecharter



Dry-bulk cargo

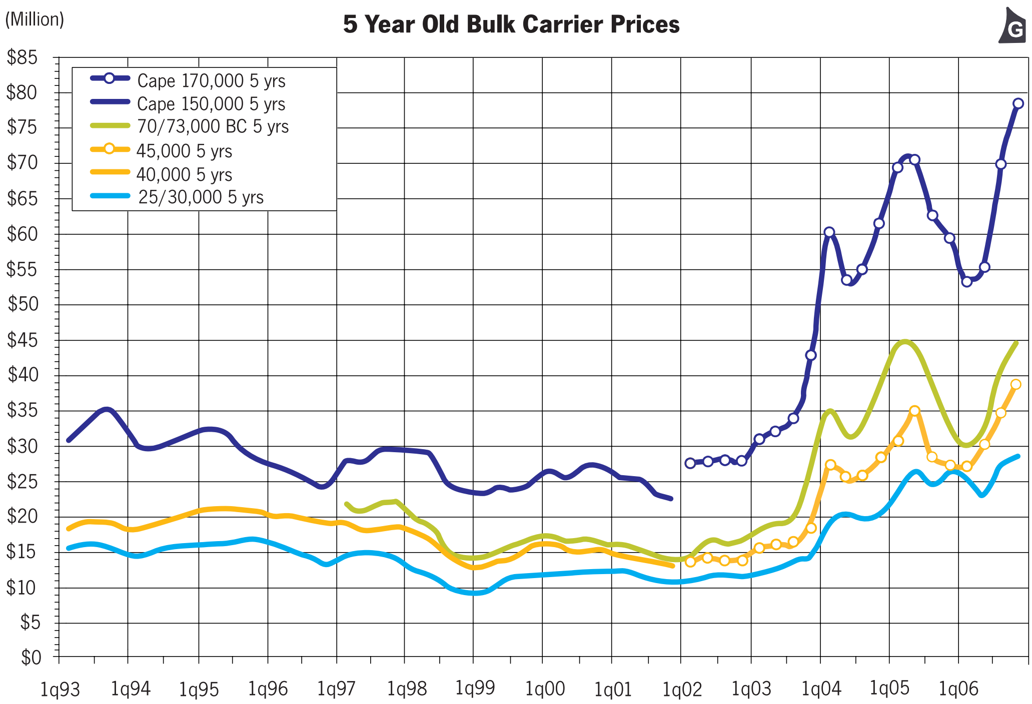
At the end of 2005, the expectations for 2006 pointed to a dropping market, possibly pulled down by the substantial increase (6%) of the bulkers fleet and to a slowing down in the world economy with ensuing decrease in transport demand.

In actual fact, the market remained contracted in the first few months of the year, in line with expectations. However, the market unexpectedly picked up considerably in the second half of the year, reaching freight rates equivalent to the corresponding average rates of 2005, and the last quarter proved to be extremely positive.

The recovery of the second half of 2006 is attributable mainly to an increase in iron ore exports by Australia and Brazil, a sector that had been partially frozen during the first four months of the year, in expectation of new hikes in prices and imports by the US of Chinese cement.

In conclusion, the demand for tonnage remained on historically very high levels throughout 2006 (with an average increase of about 5%) while the impact of charters on the market was only partially due to the fact that the "supplying" of new ships was high too (about 20 million tonnes deadweight, equivalent to 5.6% increase).

On average, in 2006, the charter market featured previously unheard-of high levels (Panamax average about 24,000 US$/day), the previous year's downward trend coming to an end. The average in 2005 and 2006 remained practically constant, albeit with opposite curve peaks (freight rates at the end of 2006 about 80% higher compared to the beginning of the year on average for all bulker segments).



Consolidation area

The companies included in the consolidation area with the line-by-line method are the directly controlled Navimed SpA, d'Amico International S.a. and Compagnia Generale Telemar, plus the companies controlled indirectly through the latter two subsidiaries, while Sirius Ship Management Srl has been consolidated using the equity method.

As mentioned earlier, the ownership in Compagnia Generale Telemar SpA increased in the first half of 2006 to exceed 58% and, therefore, from this year, the company is consolidated on a line-by-line basis.

Please refer to the Notes for a complete list of the consolidated companies. Conversely, following is a list of companies that are non-operational or in liquidation and that have not been included in the consolidation area because they were deemed irrelevant (under article 28 of Leg. Decree No. 127/91).

Company name	City or State	Group's stake (%)
d'Amico Shipmanag. Germany gmbh	Germany	100.0000
Italmar Imobiliaria Ltda	Brazil	100.0000
MS Cielo di Parigi Verwaltung gmbh	Germany	40.0000
MS High Wind Verwaltung gmbh	Germany	40.0000
Glenda International Shipping Ltd (a)	Ireland	99.9998
Handy Tankers K/S (a)	Denmark	33.3333
Sirius Maritime Management Ltd (b)	India	60.3900
Telemar Norge As (Non-operational) (c)	Norway	39.4511
Bay Bridge Service (d)	China	50.7643
Telemar Broadband Service AB (Non oper.) (e)	Sweden	31.9090
Italia Lines Ltd (Non-operational)	U.K.	100.0000
Italmar Ag.Mar.Com. Ltd (In liquidation)	Brazil	98.6400
Cidinvest S.r.l. (In liquidation)	Genoa	16.6666

Indirectly held through:
(a) d'Amico International S.a.
(b) Sirius Ship Management srl e d'Amico International S.a.
(c) Compagnia Generale Telemar SpA
(d) Telemar UK Ltd
(e) Telemar AB

Following are significant facts concerning the major consolidated companies.

d'Amico Società di Navigazione SpA

The Parent company ended the year 2006 with a profit of over 48 million euros, increasing the shareholders' equity to more than 108 million euros. The economic result expresses the increase in its maritime activity as well as the confirmation of the technical management/SQE described in greater detail further below. In addition to the operations mentioned above, the profit is also due to the positive returns on the purchase and resale of two ships in the course of the year.

As mentioned earlier, this item underwent considerable changes in 2006.
The amount charged to long-term investments includes only the shareholdings considered to be investments and, as such, deemed long term possessions.

d'Amico International

d'Amico International SA continues to carry out its subholding operations, monitoring the financial situation and any requirements of its subsidiaries. Based on investment and operating plans of these companies, it will mediate with banks to provide the necessary support. Special attention is focused on the irish based subsidiaries that carry out shipowning and operational activiy in international shipping markets. In the course of 2006 the net income of d'Amico International totalled 25,194,830 euros (28,538,737 in 2005).

d'Amico Tankers

d'Amico Tankers is one of the world's top 10 companies in the product tankers market, promising to become one of the sector's leading businesses. This company has furthered its fleet expansion plan in the two segments 35-40,000 tonnes deadweight and 46,000-51,000 tonnes deadweight. As at December 2006, the tonnage under management amounted to over 1.6 million tdw with company-owned ships (13), chartered or run under pooling agreements. The company's net income for 2006 amounts to about 85 million US dollars (56 in 2005) with a turnover of 300 million US dollars (249 in 2006).

d'Amico Dry

In 2006, the maritime sector in which this company operates (maritime transport of coal, mineral ore and wheat using Super-Handymax 52/58,000 t deadweight and Panamax 74/82,000 t deadweight bulk carriers) substantially held its high levels, resulting in a positive operating result of a little over 37 million US dollars with a turnover of about 188 million US dollars (figures practically equivalent to those of 2005). In 2006, the bulk carrier Medi Nagasaki of over 53 thousand tdw was purchased, bringing the consolidated fleet of d'Amico Dry Limited to a total of thirteen Panamax and eight Handymax vessels of very young age.

Medbulk Maritime Limited

The operating trend of Medbulk slowed down considerably in 2006, resulting in a negative result of about 7.8 million US dollars with a turnover of 36.7 million US dollars. Worthy of mention is the purchase, in the course of the year, of the ship Cielo di Vaiano having an approx. 32,000 tdw.

Navimed - d'Amico Shipping Italia SpA

With a view to optimizing the maritime activities run by this company and by the Parent, a resolution was reached on 18 December 2006, effective 1 January 2007, to transfer the maritime business activities of d'Amico società di Navigazione SpA to Navimed SpA. At the same time, it was also resolved to change the receiving company's name. Therefore, also effective as from 1 January 2007, the name will change from Navimed to d'Amico Shipping Italia SpA. Please refer to the report on the financial statements of the Parent company for further information regarding the accounting repercussions of this operation.

Compagnia Generale Telemar

This company has been a long-time shareholding of the Parent company and in 2006 it entered the consolidation area on a line-by-line basis after being turned into a majority share with a little over 58% at the end of 2006 (38% in 2005).
As you are aware, Telemar is a national leader and international co-leader in the maritime communications sector as well as in the field of design, assembly of and assistance for relating equipment. The consolidated financial statements of this "new" subsidiary closed with a Group profit of 2.7 million euros (3.3 in 2005), with a turnover of 76.2 million euros (80.6 a

year earlier). The decrease is due mainly to the steep depreciation of the US dollar against the euro occurring throughout 2006.

Long-term investments

In the course of 2006, the Parent company's shareholding in Tamburi Investments Partner was increased by about 1.5 million shares, bringing it to 2.2 million shares (equivalent to a stake of a little over 2%) with a total investment of about 4.3 million euros. Moreover, as at 31 December 2006 the Parent company's financial statements report the investment in Datalogic for a total of 4.2 million euros, equivalent to 1,168,675 shares that amount to a stake slightly over 1.16%, as well as a 5% investment in a new private equity fund (Secontip).

Technical/SQE Department

The activities of the Technical/SQE Department has continued to expand in 2006, achieving the following objectives:

- **Upgrading of environmental certification to the new ISO 14001:2004 standards and extension of such certification to all vessels run by the company.**
  The transfer over to the new ISO 14001:2004 standards was successfully completed with the certification body, and the new standards became effective on May 15, 2006. Today, all of the ships run by d'Amico operate with the complete SQE system, in compliance with the highest safety, service quality and environmental protection standards.
- **Achievement of the Qualship 21 certification.**
  Six tankers of the fleet have obtained Qualship 21 certification from the US Coast Guard. This is an important recognition awarded to non-US flagged ships, based on criteria that involve the evaluation not only of the ship itself but also of the company and Administration of origin.
- **Opening of a new office in India.**
  A new office has been opened in India for the recruitment and training of personnel. Its objective is to have direct control over the selection of crew that meet the minimum standards imposed by the company. Great care is given to the training through an "on board training" programme conducted by a specially trained commander and shore-based pre-embarkation training seminars.
- **Nomination of SeaTec.**
  In order to verify the correct application, awareness level and effectiveness of the SQE management system, it has been decided to retain an independent company to carry out a set of inspections on board our fleet. The assignment was awarded to SeaTec with head office in Scotland. SeaTec is specialized in the supply of a wide range of Marine Safety related services, and is recognized by the international Oil Majors.

Technical Assistance/SQE

During 2006, a total of 31 vessels were under technical management, of which 20 were product tankers and 11 container bulkers. In detail, 3 motor tankers – including one newly built ship – were put under management and 3 were removed. With regards to the bulkers/container ships, 5 vessels were put under management and 2 removed. The fleet managed at year end consists of 26 vessels (17 product tankers and 9 bulkers/container ships).
In 2006, the Major Oil Companies carried out 32 "vetting" inspections on the fleet, 31 of which produced positive reporting with the approval of the ship under inspection. The result was the recognition of an overall high standard of performance of the fleet in terms of safety, environmental protection and operational quality.
The company also decided to assign to an independent company, SeaTec with head office in Scotland, the task of carrying out on the fleet a set of on-board inspections in order to verify the correct application, awareness level and effectiveness of the SQE management system. The programme was launched in September and since then 3 ships have been inspected. According to SeaTec parameters, these inspections have resulted in evaluations ranging from good to very good.

Other company information

Pursuant to art. 2428 of the Italian Civil Code, this company hereby warrants and represents that:

- it has not carried out research and development activities;
- it does not hold own shares or shares in companies that control it either directly or indirectly through trust companies.

Significant events and management trends

The first months of 2007 saw the successful completion of the Milan Stock Exchange (Star segment) listing of d'Amico International Shipping SA - Luxembourg. As a result of this operation, all operations in the product tanker sector controlled until now by d'Amico International SA – and represented primarily by d'Amico Tankers Ltd Dublin – have been listed. Following the listing operation, d'Amico International Shipping is 56.43% controlled through d'Amico International SA.

Besides the events set out in this report and in the report on company operations prepared by the Parent company, no other significant events occurred in the year in question

The Chairman of the Board of Directors
Paolo d'Amico

Consolidated Financial Statements
as at December 31st 2006

Balance Sheet - Assets

		31/12/2006	31/12/2005
A) Unpaid share capital			
B) Fixed assets			
I. Intangible assets			
1) Set-up and expansion costs		162,038	6,285
2) Research & development and advertising		70,750	
3) Software		816,081	117,504
4) Concessions, licenses, trademarks and such		26,451	
5) Goodwill		1,371,379	420,022
6) Fixed assets in progress and advances			695,407
7) Other		3,900,411	1,715,735
-) Consolidation difference		7,567,900	
		13,915,010	2,954,953
II. Tangible assets			
1) Real estate		37,557,149	28,676,083
2) Fleet		395,330,498	349,301,329
4) Other tangible assets		5,082,825	4,426,369
5) Fixed assets in progress and advances		7,450,389	7,969,975
		445,420,861	390,373,756
III. Long-term investments			
1) Equity investments in:			
a) Subsidiaries	565,511		299,067
b) Associates	493,843		10,086,274
d) other companies	8,720,571		1,076,128
		9,779,925	11,461,469
2) Non-current receivables			
d) from others			
- beyond 12 months	699,218		490,273
		699,218	490,273
		10,479,143	11,951,742
Total fixed assets		**469,815,014**	**405,280,451**

Balance Sheet - Assets		31/12/2006	31/12/2005
C) Current assets			
I. Inventories			
1) Raw, subsidiary and consumable materials		6,918,701	6,347,017
4) Finished products and goods		7,520,491	
5) Advances		8,523	
		14,447,715	6,347,017
II. Receivables			
1) From clients			
- within 12 months	85,668,595		48,362,954
		85,668,595	48,362,954
2) From subsidiaries			
- within 12 months	20,062		1,802,807
		20,062	1,802,807
3) From associates			
- within 12 months			23,713
			23,713
4-bis) Tax receivable			
- within 12 months	1,073,083		1,627,684
- beyond 12 months	1,902,701		3,164,635
		2,975,784	4,792,319
4-ter) Advance tax			
- within 12 months	57,040		
		57,040	
5) From others			
- within 12 months	4,454,029		2,557,941
		4,454,029	2,557,941
		93,175,510	57,539,734
III. Financial assets other than fixed assets		14,939,070	6,707,117
IV. Liquid assets			
1) Bank and post-office deposits		69,704,733	50,136,288
2) Cheques		775,839	
3) Cash and cash equivalents		244,383	521,520
		70,724,955	50,657,808
Total current assets		**193,287,250**	**121,251,676**
D) Accrued income and prepaid expenses			
- Sundry	8,950,097		5,805,087
		8,950,097	5,805,087
Totale assets		**672,052,361**	**532.337.214**

Balance Sheet - Liabilities

		31/12/2006	31/12/2005
A) Shareholders' equity			
I. Share capital		15,000,000	15,000,000
III. Revaluation reserve		1,999,124	2,889,184
IV. Legal reserve		1,951,095	1,274,190
VII. Other reserves			
Extraordinary reserve	32,403,602		27,642,408
Non-distributable reserve as per Art. 2426	10,635,223		10,635,223
Consolidation/translation reserve	1,014,759		7,460,101
		44,053,584	45,737,732
VIII. Profit carried forward		111,272,655	46,751,151
IX. Profit for the period		96,440,739	80,289,466
Total group shareholders' equity		**270,717,197**	**191,941,723**
Minority capital and reserves		8,364,943	364,343
Minority profit for the year		2,270,768	12,312
Total shareholders' equity		**281,352,908**	**192,318,378**
B) Provisions for risks and charges			
2) Tax funds including deferred tax		8,960,304	5,064,402
3) Other provisions		1,036,963	18,388,377
Total provisions for risks and charges		**9,997,267**	**23,452,779**
C) Employee severance pay fund		**5,410,819**	**1,559,929**
D) Payables			
4) Payables to banks			
- within 12 months	51,322,733		55,398,932
- beyond 12 months	209,296,481		193,589,449
		260,619,214	248,988,381
5) Payables to other lenders			
- within 12 months	770,256		204,710
- beyond 12 months	4,937,048		3,386,340
		5,707,304	3,591,050
6) Advances			
- within 12 months	22,964		
		22,964	
7) Payables to suppliers			
- within 12 months	75,449,816		41,202,588
- beyond 12 months	39,430		483,810
		75,489,246	41,686,398

(cont'd >)

Balance Sheet - Liabilities		31/12/2006	31/12/2005
9) Payables to subsidiaries			
- within 12 months	79,250		65,399
		79,250	65,399
10) Payables to associates			
- within 12 months	73,306		406,549
		73,306	406,549
12) Tax payable			
- within 12 months	8,878,580		1,777,647
		8,878,580	1,777,647
13) Payable to social security institutions			
- within 12 months	869,501		662,820
		869,501	662,820
14) Other payables			
- within 12 months	4,378,532		3,467,520
		4,378,532	3,467,520
Total payables		**356,117,897**	**300,645,764**
E) Accrued expenses and deferred income			
- Sundry	19,173,470		14,360,364
		19,173,470	14,360,364
Total liabilities		**672,052,361**	**532,337,214**

Memorandum accounts		31/12/2006	31/12/2005
2) Third party guarantees in our favour		2,582	2,582
3) Our guarantees in favour of third parties		227,790	254,302
4) Others		9,281	9,281
Total memorandum accounts		**239,653**	**266,165**

Income Statement

		31/12/2006	31/12/2005
A) Production value			
1) Revenue from sales and services		569,884,363	424,046,887
2) Changes in inventory of work in progress, semi-finished and finished products		(1,074,335)	
5) Other income and revenue:			
- Sundry	14,894,780		7,227,751
		14,894,780	7,227,751
Total production value		**583,704,808**	**431,274,638**
B) Production costs			
6) Raw, subsidiary, consumable materials and goods		57,282,131	22,316,681
7) Services		182,552,830	68,216,378
8) Use of third party assets		191,879,338	176,350,564
9) Personnel			
a) Salaries and wages	36,592,821		18,575,295
b) Social security	4,958,871		3,020,397
c) Severance pay	714,426		360,447
d) Retirement pension and such	206,417		
		42,472,535	21,956,139
10) Amortization, depreciation and write-downs			
a) Amortization of intangible assets	2,717,252		3,816,962
b) Depreciation of tangible assets	24,889,381		21,240,578
d) Write-down of assets entered under current assets	294,270		191,541
		27,900,903	25,249,081
11) Changes in inventories of raw and consumable materials		(101,983)	(91,966)
12) Provision for risks			100,000
14) Sundry operating expenses		1,769,060	4,859,015
Total production costs		**503,754,814**	**318,955,892**
Difference (A-B)		**79,949,994**	**112,318,746**
C) Financial income and expenses			
15) Income from equity investments:			
- from associates			664,590
- from others	223,875		
		223,875	664,590
16) Other financial income:			
d) Income other than above:			
- from subsidiaries			30,880
- from others	14,751,493		4,789,069
		14,751,493	4,819,949
		14,975,368	5,484,539

(cont'd >)

Income Statement		31/12/2006	31/12/2005
17) Interest payable and other financial expenses:			
- other	20,487,793		34,970,259
		20,487,793	34,970,259
17-bis) Profit (loss) on exchange		(280,937)	(645,831)
Total financial income and expenses		**(5,793,362)**	**(30,131,551)**
D) Value adjustments on financial assets:			
18) Write-ups:			
a) on equity investments	6,549		
		6,549	
19) Write-downs:			
a) on equity investments			13,050
			13,050
Total value adjustments on financial assets		**6,549**	**(13,050)**
E) Extraordinary income and expenses			
20) Income:			
- capital gain on disposals and sundry	39,494,846		11,060,755
		39,494,846	11,060,755
21) Expenses:			
- capital loss on disposals and sundry	287,807		1,812,189
		287,807	1,812,189
Total extraordinary items		**39,207,039**	**9,248,566**
Income before taxes (A-B±C±D±E)		**113,370,220**	**91,422,711**
22) Income tax for the year, current, deferred and advance taxes:			
a) Current taxes	14,458,763		8,856,404
b) Deferred (advance) taxes	199,950		2,264,529
		14,658,713	11,120,933
23) Profit for the year		**98,711,507**	**80,301,778**
23) Minority interest in net profit		**2,270,768**	**12,312**
23) Group interest in net profit		**96,440,739**	**80,289,466**

Notes to the Consolidated Financial Statements as at 31/12/2006

Foreword and preparation criteria

These notes, interpreted and supplemented by the accounting principles issued by the C.N.D.C. – the *Italian National Council of Chartered Accountants* and the OIC, the Italian accounting standard setter, are reported in conformity with the valuation criteria set out in article 2426 of the Italian Civil Code (pursuant to Art. 35 of Legislative Decree No. 127/91). They have been prepared pursuant to article 38 of Legislative Decree No. 127/91 and according to the new principles introduced by Legislative Decree No. 6/2003 on company law reform, and they are incorporated in and made a part of these consolidated financial statements (balance sheet and income statement). We have also availed ourselves of the collaboration of the Board of Statutory Auditors as well as that of the independent auditing company appointed to audit the company as per the provisions of the amended article 2409-bis and following of the Italian Civil Code, with respect to all the valuations requiring their aid.

The data given in the documents indicated above, as well as the previous year's comparative figures, are expressed in euros rounded off to the nearest unit figure and the reference date for all the consolidated Companies is December 31st, 2006.

These notes contain all of the information needed to give you a clear picture of the corporate consolidated facts reported in the financial statements as at December 31st, 2006, using the same principles adopted in the preparation of the 2005 consolidated financial statements in consideration of the fact that the Company is an ongoing concern.

Consolidation area

In addition to the Parent Company d'Amico Società di Navigazione SpA, the consolidation area includes the companies in which it holds a controlling interest, either directly or indirectly, and the financial statements of reference of which are those approved by the respective general shareholders' meetings or, where lacking, the draft financial statements approved by the respective Boards of Directors. Pursuant to article 26 of Legislative Decree No. 127/91, following is a list of all the companies whose accounting figures have been consolidated on a line-by-line basis (in accordance with article 31 of the same Decree) with the indication of percentage held by the parent company, head office location and share capital.

These notes also provide a table with a list of companies not included in the consolidation area. This list includes the companies in which the Parent company's stake is too small to make them eligible for inclusion as well as the operational and non-operational subsidiaries the inclusion of which was deemed irrelevant. Finally, it should be noted that, as in previous years, Sirius Ship Management Srl has been inserted in the consolidation area on an equity basis.

Company name		City or State	Share capital	% held by parent	% held by third parties
Navimed Spa	(a)	Genoa	500.000	100,000	0,0000
d'Amico International S.a.	(a)	Luxembourg	3.100.000	99,9998	0,0002
Cogema S.A.M	(b)	Monte Carlo	150.000	95,9998	4,0002
Comarfin S.A.M	(b)	Monte Carlo	300.000	99,6998	0,3002
D'Amico Dry Limited	(b)	Ireland	100.000	99,9998	0,0002
D'Amico Finance Limited	(b)	Ireland	100.000	99,9998	0,0002
d'Amico Finance S.a.	(b)	Luxembourg	32.000	99,9998	0,0002
D'Amico Ireland Limited	(b)	Ireland	50.000	99,9998	0,0002
D'Amico Shipping Singapore Pte Ltd	(b)	Singapore	49.500	99,9998	0,0002
D'Amico Shipping UK Ltd	(b)	UK	59.568	99,9998	0,0002
D'Amico Tankers Limited	(b)	Ireland	100.000	99,9998	0,0002
DM Shipping Ltd	(b)	Ireland	75.930	50,9999	49,0001
Nisda Maritime Limited	(b)	Ireland	100	99,9998	0,0002
Hanford Investments Inc.	(b)	Liberia	1.076	94,9998	5,0002
Saint Andrew Estates Ltd	(c)	Liberia	530	94,9998	5,0002
High Pool Tankers Limited	(b)	Ireland	2	99,9998	0,0002
Ishima Pte Limited	(b)	Singapore	50.948	99,9998	0,0002
Glenda Int. Management Limited	(b)	Ireland	2	99,9998	0,0002
Paul Maritime Company Limited	(b)	Ireland	2	99,9998	0,0002
Rudder S.A.M.	(b)	Monte Carlo	150.000	84,9998	15,0002
Sci Mon Retour	(b)	France	50.000	98,9998	1,0002
N.137 Seabright Holdings Ltd	(b)	Canada	589.032	99,9998	0,0002
Anglo Canadian Shipping Co.	(d)	Canada	1.008.539	99,9998	0,0002
Saemar S.a.	(b)	Spain	72.120	99,8298	0,1702
Medbulk Maritime Limited	(e)	Ireland	100.000	99,8298	0,1702
Compagnia Generale Telemar SpA	(a)	Rome	7.000.000	58,0164	41,9836
Telemar UK Limited	(f)	UK	372.301	58,0164	41,9836
Adci International LLC	(f)	USA	190.281	37,5366	62,4634
Telemar Usa LLC	(f)	USA	190.197	29,5884	70,4116
Telemar AB	(f)	Sweden	652.681	31,9090	68,0910
Telemar Scandinavia AB	(g)	Sweden	589.354	31,9090	68,0910
Navidec OY	(g)	Finland	653.290	31,9090	68,0910
Mida Maritime Company Limited	(a)	Ireland	63.723	51,0000	49,0000

(a) *Directly controlled*
(b) *Controlled through d'Amico International*
(c) *Controlled through Hanford*
(d) *Controlled through No.137 Seabright Holding Ltd*
(e) *Controlled through Saemar*
(f) *Controlled through Compagnia Generale Telemar SpA*
(g) *Controlled through Telemar AB*

You will notice in the table above that the consolidation area has changed compared to that of the previous year. This is due, first of all, to the addition of Compagnia Generale Telemar (and of its own shareholdings) considering that at 31.12.2005 the company was "associated" and therefore included under the equity method. This addition makes comparison with the accounting data of the previous year slightly more complicated but will be explained in greater detail in these notes, where appropriate.

Finally, it should be noted that these consolidated financial statements result from the consolidation, on the part of d'Amico Società di Navigazione, of its directly controlled subsidiaries which, in turn and where applicable, have created their "own sub-consolidation" that includes the shareholdings falling within their "own" consolidation area.
This means that, to facilitate comprehension of these notes, the companies d'Amico International and Compagnia Generale Telemar shall be mentioned throughout not as individual companies but together with their respective consolidated companies.

Consolidation criteria

The financial statements of the consolidation area companies have been made comparative through the application of the same valuation criteria used by the Parent company in the preparation of its corporate financial statements. The items originally in different currencies have been translated at the exchange rate in force at the date of the relevant transaction. Balance sheet items outstanding at the closing of the financial accounts, the relevant exchange differences resulting from the alignment with the year's end exchange rates have been reported. The ensuing income-related results are reported, respectively, in the Income Statement under item 17 bis "Profit and loss on exchange".
The financial statements prepared in currencies other than the Euro have been translated according to the official exchange rates (UIC – Italian Exchange Office) 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 (29 December 2006);
- the income statement items have been evaluated at the average exchange rate in 2006.

The differences originating from the above-mentioned translations have been recorded in the dedicated Shareholders' equity reserve. After having aggregated all of the balances on a "line-by-line" basis, all the Profit & Loss and Balance Sheet transactions effected in the course of the year among the companies included in the consolidation area, and the relevant inter-group profits, have been eliminated.
Finally, the book value of the equity investments in consolidated companies (on a line-by-line basis) is offset against the corresponding fraction of shareholders' equity by allocating the Minority shareholders' equity and profit to a specific item of the Balance sheet and of the Income statement. The positive difference is entered in the "Consolidation difference" item and amortized over a period of 10 years., while the negative difference is allocated to the dedicated Shareholders' equity reserve.
The following table shows the principal exchange rates adopted in 2006 and 2005:

Currency	Av. Exch. 2006	Av. Exchange 2005	Exch. at 31/12/2006	Exch. at 31/12/2005
USA Dollar	1.25560	1.24409	1.3170	1.1797
Canada Dollar	1.42369	1.50873	1.5281	1.3725
UK pound	0.68173	0.683796	0.6715	0.6853
Singapore Dollar	1.99415	2.07024	2.0202	1.9628

As with the Parent company's financial statements, in full compliance with Art. 35 of Legislative Decree No. 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.
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 are recorded at purchase cost, minus depreciation and write-downs, at diversified rates according to the type of cost and the estimated residual useful life. The dry dock-related costs represent the costs incurred in the year for the routine maintenance of the ships. These costs have been capitalized and amortized over a period coinciding with the time intervening between one maintenance operation and the following one (on average 30 months). With regard to goodwill, a ten-year depreciation period has been adopted, according to the useful life thereof.

Tangible assets

These are recorded at historical purchase cost, increased by any accessory costs directly added to the assets' value and minus the depreciations determined based on the asset's use and remaining useful life. Ordinary maintenance costs instead have been charged directly to the Income statement. The "Fleet" has been amortized based on an estimate of the remaining value at their expected disposal date, and the amortization period ranges from between 17 to 20 years, according to the type of asset. 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 future years.

The depreciation 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.
Pursuant to art. 36 of Legislative Decree No. 127/91, the differences between the value assessed using the equity method and the value entered for the previous year is recorded under a specific item of the Income statement. At the end of these notes are tables listing the equity investments taken into account in the financial statements.

Inventories
These include the stock, at the end of the year, and their value is reported at purchase cost or, if not representative, at their market value depreciated according to their presumable future realizable value.

Receivables
These are reported based on their presumed realizable value, adjusting, if necessary, the nominal value via allocation to specific reserves and in the case of foreign-currency receivables, adjusting their value according to the year-end exchange rate. Amounts pertaining to inter-group 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, they have been adjusted based on the exchange rates at the end of the year.

Financial instruments
These consolidated financial statements contain various derivative financial instruments entered into by several foreign subsidiaries to cover risks related to exchange and interest rate fluctuations and charter rentals.
In accordance with article 2427-bis (1) of the Italian Civil Code, immediately following and further on (in a special note) information is provided on the size and nature of these financial instruments.
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 futures contracts covering exchange rate fluctuations in connection with trading;
- 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 subsidies based on the “fair value” standard, in accordance with the international accounting standards. For consolidation purposes, the effects of the adoption of this standard for the valuation of derivatives existing at the end of the year (FFA) have been prudentially eliminated – if higher than the relevant cost – while the losses accruing and not yet realized at the end of the year have been allocated to the provision for risk and charges. The interest

rate swap agreements anding at the end of the year are reported, in the foreign-based subsidies' financial statements, as cash flow hedge instruments at their current value, with the effects accounted directly to reserve. For consolidation purposes, the effects of these transactions not reported in the financial statements have been written off.
The bonuses and differentials relating to the interest rates accruing on the agreements outstanding at the end of the year and settled in the following year (swaps, currency options, forwards, futures), have been included among the accruals and deferrals.
The economic effects related to the transactions completed in the year have been reported in the Income statement.

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 regard 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, correctly revalued and net of any advances paid out, actually due to employees based on current law and labour agreements in force for severence pay.

Payables
These are entered at their nominal value, adjusted to year-end exchange rates where expressed in foreign currencies, highlighting the proportion beyond 12 months. 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 basis (except for dividends, which are recorded on a "cash basis") by translating those produced by foreign-based companies reporting in a non-euro currency using the method specified at the beginning of these notes.
The economic items resulting from transactions between companies included in the entire consolidation area have been eliminated and, therefore, are not included among the balances as at December 31st, 2006.

Following the eliminations made for consolidation purposes, these financial statements do not feature any economic items related to companies included in the full consolidation area.

Income tax and deferred taxes

Current taxes have been allocated 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 withholdings incurred. Deferred taxes have been calculated taking account of the period in which the differences will accrue. Advance taxes have not been reported, in accordance with the principle of prudence, if there is no reasonable certainty that they may be recovered in the future.

Assets

B) Fixed assets

I. Intangible assets

Balance at 31/12/2006	Balance at 31/12/2005	Changes
13.915.010	2.954.953	10.960.057

Total transactions relating to intangible assets

Description	Value 31/12/2006	Value 31/12/2005	Changes
Set-up and expansion costs	162,038	6,285	155,753
Research, development and advertising	70,750		70,750
Industrial rights and patents	816,081	117,504	698,577
Concessions, licences, trademarks	26,451		26,451
Goodwill	1,371,379	420,022	951,357
Fixed assets in progress and advances		695,407	(695,407)
Other assets	3,900,411	1,715,735	2,184,676
Consolidation difference	7,567,900		7,567,900
	13,915,010	**2,954,953**	**10,960,057**

The increase relating to the item “Goodwill” refers to the entry of Società Telemar in the total consolidation area. The item “Other assets” has increased as a result of the dry dock-related costs capitalized by the Parent company for maintenance operations on its ships.

Finally, the consolidation difference derives from the elimination of “Telemar” (plus a small stake in Mida) including its corresponding shareholders’ equity share, along with all of its consolidated companies. The difference, amounting to 8.4 million euros overall (of which 32 thousand relating to Mida) is reported net of the respective ten-year amortization quota.

II. Tangible assets

Balance at 31/12/2006	Balance at 31/12/2005	Changes
445,420,861	390,373,756	55,047,105

Description	Value 31/12/2006	Value 31/12/2005	Changes
Real estate	37,557,149	28,676,083	8,881,066
Fleet	395,330,498	349,301,329	46,029,169
Other assets	5,082,825	4,426,369	656,456
Fixed assets in progress and advances	7,450,389	7,969,975	(519,586)
	445,420,861	**390,373,756**	**55,047,105**

Real estate

Compared to the previous year, the increases in this item, before amortization, are due to property owned by the consolidated company SCI Mon Retour for about 4 million euros and to the value of the properties of Telemar for 5.1 million euros, consolidated for the first time according to a line-by-line method.

As already mentioned in "Consolidation area" above, it should be noted that the balance of the "Real estate" item as at 31/12/2005 does not include the value of the Telemar properties, due to the fact that last year it was consolidated using the equity method.

The item also includes a property owned by the Parent company (used as head office in Rome), as well as the already mentioned Telemar properties. These properties were purchased by means of financial leasing contracts (expiring between 2007 and 2010 for Telemar and in 2015 for d'Amico) and reported based on the financial method.

Fleet and fixed assets in progress

These items include the group, broken down into, (i) the ships already purchased or delivered at the end of the year in question (the "Fleet" proper), and (ii) the ships still under construction and the delivery of which is scheduled from 2007 (the "Fixed assets in progress").

The following table gives an overview of the item.

Description	Amount
Balance at 31/12/2005	**357,271,304**
Additions in the year	171,364,336
Removals in the year	(70,233,180)
Translation exchange rate difference	(34,220,316)
Reclassification	(3,703,461)
Depreciation for the year	(17,697,796)
Balance at 31/12/2006	**402,780,887**

The additions are the result of the inclusion within the group fleet of 7 new ships (High Venture, High Wind, Cielo di Parigi, Medi Roma, Medi Cebu, Medi Manila and Medi Sydney). The last two ships were then sold, in the course of 2006, along with another 4 ships (Cielo di Baffin, Cielo di Baltico, Cielo di Bothnia and Cielo di Biscaglia) and represent the disposals for the year. Reclassification, in addition to a small amount relating to the coming into operation of "Other assets" of 2005, regards the item "Inventories" of two contracts for ships under construction and which are scheduled to be delivered in 2007, referred to the companies Medbulk and Nisda.

Other assets

This asset includes all of the office equipment, broken down by categories, the various amortization rates of which have been listed at the beginning of these notes. The additions is mainly due to the consolidation of Telemar, as well as to the physiological turnover in this category of assets.

III. Long-term investments

Balance at 31/12/2006	Balance at 31/12/2005	Changes
10,479,143	11,951,742	(1,472,599)

Equity investments

Description	31/12/2006	31/12/2005	Changes
Subsidiaries	565,511	299,067	(266,444)
Associates	493,843	10,086,274	9,592,431
Other companies	8,720,571	1,076,128	(7,644,443)
	9,779,925	**11,461,469**	**1,681,544**

The figure relating to the subsidiaries and associates concerns the equity investments not consolidated according to the line-by-line method and namely, in addition to Sirius Ship Management srl, consolidated using the equity method, the non-operational companies, the companies in liquidation, plus those whose addition to the consolidation area was deemed irrelevant without prejudice to the truthful and correct representation of the consolidated situation. To this regard, pursuant to Leg. Decree No. 127/91, following is a list of shareholdings not included in the consolidation area.

Name	City or State	% held by Group
d'Amico Shipmanag. Germany gmbh	Germany	100.0000
Italmar Imobiliaria Ltda	Brazil	100.0000
MS Cielo di Parigi Verwaltung gmbh	Germany	40.0000
MS High Wind Verwaltung gmbh	Germany	40.0000
Glenda International Shipping Ltd (a)	Ireland	99.9998
Handy Tankers K/S (a)	Denmark	33.3333
Sirius Maritime Management Ltd (b)	India	60.3900
Telemar Norge As (non-operational) (c)	Norway	39.4511
Bay Bridge Service (d)	China	50.7643
Telemar Broadband Service AB (non-operational) (e)	Sweden	31.9090
Italia Lines Ltd (non-operational)	UK	100.0000
Italmar Ag.Mar.Com. Ltd (in liquidation)	Brazil	98.6400
Cidinvest S.r.l. (in liquidation)	Genoa	16.6666

Held indirectly through:

(a) *d'Amico International S.a.*
(b) *Sirius Ship Management srl e d'Amico International S.a.*
(c) *Compagnia Generale Telemar SpA*
(d) *Telemar UK Ltd*
(e) *Telemar AB*

The item "Other companies" mainly includes an investment made by the Parent company in "Tamburi Investments Partners" and in "Datalogic", which increased by over 7 million euros in 2006. The item "Receivables" refers to guarantee deposits received and to appropriately revalued receivables deriving from the payment of the advance payment of tax on the Employee Severance Pay fund pursuant to Law No. 662/96 by the Italian consolidated companies.

C) Current assets

I. Inventories

Balance at 31/12/2006	Balance at 31/12/2005	Changes
14,447,715	6,347,017	8,100,698

These include bunker and lubricant stock, two contracts for the construction of two ships to be sold in 2007 relating to the companies Medbulk and Nisda, and the Telemar inventories consisting of spare parts and finished products to be sold. The increase for the year is due not only to the above mentioned value of the ships under construction and to be sold but also to the Telemar inventories value that amounts to 4 million euros.

II. Receivables

Balance at 31/12/2006	Balance at 31/12/2005	Changes
93,175,510	57,539,734	35,635,776

After the appropriate eliminations made for consolidation purposes, the balance can be broken down according to due dates:

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total
From clients	85,668,595			85,668,595
From subsidiaries	20,062			20,062
Tax receivable	1,073,083	1,902,701		2,975,784
Advance tax	57,040			57,040
From others	4,454,029			4,454,029
	91,272,809	**1,902,701**		**93,175,510**

The receivables recorded in the financial statements are given at the presumed realisation value, minus the amount allocated to the bad debts fund. The method of translation of the foreign-currency amounts into euros is given in these notes. Given the large amount of receivables (and of countries in which the consolidated companies are based), it has not been deemed important to provide a breakdown by geographical area.

Receivables from customers, which are almost exclusively of a commercial nature, have increased compared to the previous year due to increased activities in 2006 and to the value of Telemar receivables, amounting to 16,159,582 euros, consolidated for the first time with the line-by-line method in this year.

The item “Receivables from subsidiaries”, about 20 thousand euros, refer receivables due from non-consolidated subsidiaries, while 1.9 million euros of the item “Tax receivable (beyond 12 months)” refers to tax credit, inclusive of accrued interest, due from the state to the parent company and that has dropped by 3.1 million euros compared to 2005. The item “from others” refers to other receivables from agencies or maritime personnel for advances paid out.

III. Financial assets

Balance at 31/12/2006	Balance at 31/12/2005	Changes
14,939,070	6,707,117	8,231,953

The increase compared to the previous year, is the result of an increase in transactions concerning the securities portfolio of the company "d'Amico Finance" at year end as well as of fixed-income credit instruments held directly by Telemar (717 thousand euros).

IV. Liquid assets

Balance at 31/12/2006	Balance at 31/12/2005	Changes
70,724,955	50,657,808	20,067,147

Description	31/12/2006	31/12/2005
Bank and post-office deposits	69,704,733	50,136,288
Cheques	775,839	
Cash and cash equivalents	244,383	521,520
	70,724,955	**50,657,808**

The balance refers to cash on hand held by the company or kept in banks at the end of the year. The increase compared to the previous year is mainly due to the inclusion of Telemar into the consolidation area.

D) Accrued income and prepaid expenses

Balance at 31/12/2006	Balance at 31/12/2005	Changes
8,950,097	5,805,087	3,145,010

This item highlights the income and expenses whose period of accrual has been deferred compared to 2006. As at 31/12/2006, there are no accruals and prepaid items lasting longer than 5 years.

Liabilities

A) Shareholders' equity

Balance at 31/12/2006	Balance at 31/12/2005	Changes
281,352,908	192,318,378	89,034,530

The following table shows the movements in 2006 relating to the consolidated shareholders' equity.

	Share capital	Revaluation reserve	Legal reserve	Other Reserves	Operating result	Total Shareholders' equity
Group Sh.s' equity at 31/12/2005	**15,000,000**	**2,889,184**	**1,274,190**	**92,488,883**	**80,289,466**	**191,941,723**
Distribution of profits					(8,100,000)	**(8,100,000)**
Appointment of profits			676,905	71,512,561	(72,189,466)	**0**
Currency translation differences and other movements		(890,060)		(8,675,205)		**(15,592,631)**
Profit for the period					96,440,739	**96,440,739**
Group Sh.s' equity	**15,000,000**	**1,999,124**	**1,951,095**	**155,326,239**	**96,440,739**	**270,717,197**
Minority Sh.s' equity at 31 December 2005						**352,031**
2006 Minority Sh.s' equity movements						**10,283,680**
Total Shareholders' equity						**281,352,908**

Seeing it is Telemar's first time in the consolidation area, its effect on the shareholders' equity only regards the minority share amounting to about 9.4 million euros.
The consolidated share capital, corresponding to that of the Parent company, consists of 6 million shares with a unit value of 2.5 euros.

The following tables show the correspondences of the Parent company's shareholders' equity and operating result with those of the relating consolidated companies.

Description	Total
Parent company's shareholders' equity	108,341,188
Difference between the book value and the pro-quota value of the interest held in the consolidated companies	151,548,426
Consolidation difference recorded among the assets (goodwill)	7,567,900
Effects related to the valuation of the equity investments according to the equity method	2,957,128
Elimination of the inter-group profits and other consolidation amounts	302,555
Group shareholders' equity	**270,717,197**
Minority shareholders' equity	10,635,711
Consolidated shareholders' equity	**281,352,908**

Description	Total
Parent company's operating result	48,351,268
Operating result of consolidated companies	78,059,595
Adjustments for alignment of accounting principles	(2,788,667)
Elimination of dividends	(24,345,396)
Adjustment for third party assets	(2,270,768)
Other consolidation adjustments	(565,293)
Group shareholders' equity	**96,440,739**
Minority shareholders' equity	2,270,768
Consolidated shareholders' equity	**98,711,507**

B) Provisions for risks and charges

Balance at 31/12/2006	Balance at 31/12/2005	Changes
9,997,267	23,452,779	(13,455,512)

Description	31/12/2005	31/12/2006	Changes
Taxes, including deferred	5,064,402	8,960,304	3,895,902
Others	18,388,377	1,036,963	(17,351,414)
	23,452,779	**9,997,267**	**(13,455,512)**

The drop of 17 million euros refers to the closing of the provision created in 2005 and relating to the risk of losses on leasing contracts.

C) Employee severance pay fund

Balance at 31/12/2006	Balance at 31/12/2005	Changes
5,410,819	1,559,929	3,850,890

The changes are as follows:

Changes	31/12/2005	Increases	"Telemar" increases	Decreases	31/12/2006
ESP fund, movements for the period	1,559,929	370,218	3,594,961	114,289	5,410.819

The fund represents the actual debt as at 31/12/2006 recorded by the Parent company and by Telemar payable to their (clerical and sea-going) employees on duty at the end of the year, not including any advance payments already made. The table also highlights the amounts pertaining to Telemar, that in the balance as at 31/12/2005 was not indicated due to its having been consolidated with the equity method.

D) Payables

Balance at 31/12/2006	Balance at 31/12/2005	Changes
356,117,897	300,645,764	55,472,133

Payables are reported at their nominal value minus any inter-group eliminations, highlighting the quotas beyond 12 months.

Description	Within 12 months	Beyond 12 months	Total 31/12/2006	Total 31/12/2005	Difference
To banks	51,322,733	209,296,481	260,619,214	248,988,381	11,630,833
To other lenders	770,256	4,937,048	5,707,304	3,591,050	2,116,254
Advances	22,964		22,964		22,964
To suppliers	75,449,816	39,430	75,489,246	41,686,398	33,802,848
To subsidiaries	79,250		79,250	65,399	13,851
To associates	73,306		73,306	406,549	(333,243)
Tax payable	8,878,580		8,878,580	1,777,647	7,100,933
To social security institutions	869,501		869,501	662,820	206,681
Other payables	4,378,532		4,378,532	3,467,520	911,012
	141,844,938	**214,272,959**	**356,117,897**	**300,645,764**	**55,472,133**

The payables to banks have increased compared to 2005, especially as regards the new loans taken out for the purchase of fixed assets (fleet). For a clearer overview, please consult the following table that also shows the only debts present in the consolidated financial statements falling due beyond 5 years.

Type of exposure/Bank	Asset financed	To	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Bank current accounts			6.618,128	4,556		6,622,684
Loan/Fortis	Cielo di Monfalcone & Cielo di Vancouver	d'Amico SpA	1,113,163	5,295,064	9,413,174	15,821,401
Loan/MCC	Medi Tokio	d'Amico SpA	911,162	3,644,647	7,441,154	11,996,963
Loan/Commerzbank	Medi Dubai	d'Amico SpA	759,301	3,037,206	6,833,713	10,630,220
Loan/MCC	Medi Roma	d'Amico SpA	835,232	3,340,926	7,175,399	11,351,557
Loan/Banco di Sicilia	Building in Rome	d'Amico SpA	7,029	33,645		40,674
Credit line/Efibanca	-	d'Amico Finance	15,186,029			15,186,029
Financial loans/Calyon	Var. ships (10 units)	d'Amico Tankers	10,022,779	50,113,895	65,451,784	125,588,458
Loan/Banca Intesa	Cielo di Parigi	d'Amico Tankers	1,063,022	5,315,110	7,289,294	13,667,426
Loan/Bank of Ireland	High Wind	d'Amico Tankers	1,063,022	5,315,110	7,289,294	13,667,426
Loan/Banca Intesa	Medi Nagasaki	d'Amico Dry	2,429,765	4,935,459	4,783,599	12,148,823
Loan/Bank of Ireland	Cielo di Vaiano	Medbulk	911,162	4,555,809	2,429,765	7,896,736
Loan/CMB bank	Var. properties	Hanford Inv.	182,939	1,112,878		1,295,817
Loan/CMB bank	Var. properties	Saint Andrews	220,000	1,100,000	3,385,000	4,705,000
Credit line/Credit Suisse	Var. properties	SCI Mon Retour	10,000,000			10,000,000

The increase in other items of the Payables item, most evident in those due to suppliers, is due not only to the addition of the Telemar company consolidated by the line-by-line method (about 12.5 million), but also to the natural and physiological increase in business and turnover of the Group in 2006. Payables to subsidiaries feature those due to companies not included in the full consolidation area, while those included among the tax payables include economic allocations pertaining to 2006 but the deadline for the payment of which is after 1 January 2007. Lastly, the item "to others" mainly includes the payables to personnel, to maritime agencies and to others sundry suppliers.
In view of the variety of the consolidated companies and their various international locations, it has not been deemed important to include a breakdown of the payables by geographical area.

E) Accrued expenses and deferred income

Balance at 31/12/2006	Balance at 31/12/2005	Changes
19,173,470	14,360,364	4,813,106

These amounts represent items accruing in to a different period, compared to the financial period in question. The increase is the result not only of the amount relating to Telemar (2.4 millions) but also of the increased amount of charters also "in between" the two years, 2005 and 2006. As at 31/12/2006, there are no accruals and deferred items lasting longer than 5 years.

Memorandum accounts

Description	31/12/2006	31/12/2005	Changes
2) Third party guarantees in our favour	2,582	2,582	
3) Our guarantees in favour of third parties	227,790	254,302	(26,512)
4) Others	9,281	9,281	
	239,653	**266,165**	**(26,512)**

These are the memorandum accounts at 31.12.2006 minus the necessary intra-group eliminations and without taking account of the amounts already included among the payables. Furthermore, we also wish to mention the fact that the performance bonds issued to indirectly-controlled group companies, in connection with the ship charter contracts entered into by these companies, have not been included in the memorandum accounts, due to both their nature and the impossibility to estimate the possible risks.

Income Statement

A) Production value

Balance at 31/12/2006	Balance at 31/12/2005	Changes
583,704,808	431,274,638	152,430,170

Description	31/12/2006	31/12/2005	Changes
Revenue from sales and services	569,884,363	424,046,,887	145,837,476
Changes to product stockpiles	(1,074,335)		(1,074,335)
Other revenue and proceeds	14,894,780	7,227,751	7,667,029
	583,704,808	**431,274,638**	**152,430,170**

The following table highlights the comparison of the various types of revenue with the previous year, specifying the amounts related to the consolidation of Telemar.

Description	31/12/2006	31/12/2005	Changes
Services rendered: bulk ship charters	412,614,236	394,465,407	18,148,829
Services rendered: liner ship charters	23,319,166	27,178,364	(3,859,198)
Intermediation, Brokerage, sundry assistance	943,539	305,715	637,824
Rents receivable	239,772	251,224	(11,452)
Revenues from contributions	3,454,952	1,902,187	1,552,765
Revenues from ship sale	59,265,130		59,265,130
Revenue from “Telemar” activities	75,588,591		75,588,591
Others	8,279,422	7,171,741	1,107,681
	583,704,808	**431,274,638**	**152,430,170**

It should be noted that the amount of 59.2 million euros relating to Revenues from ship sale refers to the corresponding amount invoiced by a consolidated company for the sale of a ship. The purchase, occurred in 2006, is reported among the operating costs seeing that it belongs to the core activities of said company.

B) Production costs

Balance at 31/12/2006	Balance at 31/12/2005	Changes
503,754,814	318,955,892	184,798,922

Description	31/12/2006	31/12/2005	Changes
Raw and subsidiary materials and goods	57,282,131	22,316,681	34,965,450
Services	182,552,830	68,216,378	114,336,452
Use of third party assets	191,879,338	176,350,564	15,528,774
Salaries and wages	36,592,821	18,575,295	18,017,526
Social security	4,958,871	3,020,397	1,938,474
Severance pay	714,426	360,447	353,979
Retirement pay and similar	206,417		206,417
Depreciation of intangibles	2,717,252	3,816,962	(1,099,710)
Depreciation of tangibles	24,889,381	21,240,578	3,648,803
Bad debts (current assets)	294,270	191,541	102,729
Changes in inventories of raw materials	(101,983)	(91,966)	(10,017)
Provision for risks		100,000	(100,000)
Sundry operating costs	1,769,060	4,859,015	(3,089,955)
	503,754,814	**318,955,892**	**184,798,922**

The production cost items detailed in the foregoing table are directly related to the revenues from sales and services and the upward changes (with the exclusion of almost 70 million euros relating to Telemar) are to be considered related to the increased consolidated turnover in 2006. As mentioned among the revenues, the item “Services” includes 55.9 million euros relating to the purchase of the ship then sold in 2006.

C) Financial income and expenses

Balance at 31/12/2006	Balance at 31/12/2005	Changes
(5,793,362)	(30,131,551)	24,338,189

Description	31/12/2006	31/12/2005	Changes
Equity investments	223,875	664,590	(440,715)
Revenue other than above	14,751,493	4,819,949	9,931,544
(Interest payable and other financial expenses)	(20,487,793)	(34,970,259)	14,482,466
Exchange gains (losses)	(280,937)	(645,831)	364,894
	(5,793,362)	**(30,131,551)**	**24.338.189**

Income from equity investments is the result of the collection of dividends from the companies not included in the consolidation area, minus the necessary eliminations for consolidation purposes. As mentioned at the beginning of these notes, the Group has entered into, through several foreign consolidated companies (indirectly controlled through d'Amico International), various derivative financial instruments to cover the risks related to exchange and interest rate fluctuations and charter rentals. The proceeds from such operations, which we remind you do not include the non-realized items, represent almost the whole part of other financial income. The expenses, that instead do include the non-realized items, represent a part of the Other financial expenses (4.7 million euros) while the remaining part mainly comprises interest payable on loans and mortgages (13.7 million euros).
The item "exchange gains (losses)" expresses the exchange rate differences incurred during the ordinary management in 2006, plus the adjustments to the year's end exchange rate of the items reported in foreign currencies. The curtailing of the year-end balance is the result of the company's currency optimization policy applied, where possible, to costs and proceeds reported in the same currency.
Lastly, the principal foreign currency used in these financial statements is the US dollar regarding which, in view of its trend in the first months of 2007, no exchange risks have been envisaged.

Financial instruments

As in the previous year, derivative financial instruments have been entered into in 2006 for the coverage of risks related to exchange and interest rate fluctuations and vessel charter. Exposure to this kind of risks falls within the normal activities of the Group, and the derivatives are used to to reduce its exposure to the risk of fluctuations in exchange rates and currencies.

Interest rate risks

The group has entered into swap contracts to cover the variable interest rates applicable to bank loans.
These swaps can be broken down into two categories: those falling due within March 2007 and featuring fixed rates of between 6.95% and 7.015%, and those falling due in 2011 with rates of between 4.69% and 4.89%.
The excess cash is invested in time deposits and the yield depends on the bank interest rates. The management does not provide for any cover with respect to this type of use.

FFA

As an integral part of its naval activities, the group operates with FFAs ("paper" market), in order to partially set off any unexpected fluctuations in the "physical" market. Therefore, the group exposes itself to the risks in the paper market only if it should move in an opposite direction, compared to the expected one, and the losses that might result from the open positions of the latter would possibly be set off by the increased profit from the physical market.

The positions open at December 31st, 2006 are reported among the receivables, minus the non-realized profits, for 26,739,435 euros, and among the payables for 31,970,354 euros. In consideration of the multiplicity of the financial instruments used, the relevant information has been grouped by category, as follows, pursuant to article 2427 bis(1).

		Fair Value Adjustment	
Derivative contracts		**Positive**	**Negative**
Fair Value with respect to exchange fluctuations			
Forward exchanges	FEX	**1,559,904**	**-2,932,856**
Forward exchange options	OPTION		**-304,951**
Fair Value with respect to charter			
Agreements on vessel charter	FFA	**27,838,987**	
Fair Value with respect to interest rates			
Loans	SWAP		**-72,689**
Fair Value on other transactions			
Sundry investments	SHARES/BOND		**-142,708**
Other financial transactions	OTHER	**23,918**	
Risk coverage derivatives			
Fair Value with respect to interest rates			
Loans	SWAP		**-407,031**

D) Value adjustments on financial assets

Balance at 31/12/2006	Balance at 31/12/2005	Changes
6,549	(13,050)	19,599

The figures indicated above refer to the consolidation using the equity method of the controlled company Sirius Ship Management srl of Genoa of which the Parent company holds a 60% stake.

E) Extraordinary income and expenses

Balance at 31/12/2006	Balance at 31/12/2005	Changes
39,207,039	9,248,566	29,958,473

Description	31/12/2006	31/12/2005
Total income	39,494,846	11,060,755
Total expenses	(287,807)	(1,812,189)
	39,207,039	**9,248,566**

The item "Extraordinary income" includes, in addition to the contingent assets and liabilities recorded in 2006, the capital gains deriving from the disposal of several company assets, among which we wish to highlight those deriving from the sale of the ships Medi Sydney and Medi Manila, sold by the Parent company to third parties and bringing in a capital gain of 15.3 million euros, and those deriving from the sale of the ships Cielo di Baffin, Cielo di Baltico, Cielo di Bothnia and Cielo di Biscaglia owned by d'Amico Tankers for a total of 23.9 million euros.

Income tax for the period

Balance at 31/12/2006	Balance at 31/12/2005	Changes
16,929,481	11,133,245	5,796,236

Tax	Balance at 31/12/2006	Balance at 31/12/2005	Changes
Current	14,458,763	8,856,404	5,602,359
Deferred	2,470,718	2,276,841	193,877
	16,929,481	**11,133,245**	**5,796,236**

Current taxes for 2006 are calculated according to the rates and regulations in force in the countries where the consolidated company is based. Deferred taxes are the result of the difference between the civil law and tax law principles, for fleet amortization purposes by d'Amico Tankers. In this specific case, we wish to highlight that the "useful life" of the above-mentioned ships for balance sheet purposes is 17 years, while according to tax law the said assets can be depreciated over a period of 8 years.

Employee figures

The following table shows the consolidated staff complement, broken down by occupational category, as at 31/12/2006:

Occupational category	31/12/2006	31/12/2005	Changes
Executives	51	21	30
Clerical staff	375	118	257
Sea-going personnel	529	545	-16
	955	**684**	**271**

The increase comprising the personnel referring to the Telemar "group" consists of 23 executives and 181 employees.

Other information

As required by law, following is a listing of the remuneration received by the company's directors and auditors.

Office	Remuneration
Directors	3,492,996
Auditors	109,174

Events occurring after the preparation of the 2006 financial statements

No significant events occurred in addition to the details set out in the report on operations attached to the Parent company's financial statements prepared according to civil law and to the consolidated financial statements.

These financial statements, comprising 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 as at December 31st, 2006.

The Chairman of the Board of Directors
Paolo d'Amico

Report of the Board of Statutory Auditors

Shareholders,

we have examined the Consolidated Financial Statements and relevant notes and the Directors' report of your Company as at 31 December 2006 and we can assure you that the Directors have applied uniform criteria in their consolidation work, by reporting all of the assets and liabilities of each single consolidated company and by adjusting any items reported using different criteria.
We have also verified that the Consolidated Financial Statements do not report shareholdings in companies accounted for on a line-by-line consolidation method, nor any receivables and payables between them or income and expenses resulting from intra-group transactions.
Therefore, these Consolidated Financial Statements provide a clear, truthful and correct picture of the Holding Company's asset-related, operational and financial position, considered not only as an autonomous entity but also as the holder of the unified equity and income of all of its subsidiaries.
Lastly, we have verified the correct timing of the corporate procedures applied for the collection of the necessary data from all of the Company's subsidiaries.
Following is a summary of the consolidated figures for 2006.

Balance Sheet - Assets

Fixed assets	
Intangible assets	13,915,010
Tangible assets	445,420,861
Long-term investments	10,479,143
	469,815,014
Current assets	
Inventories	14,447,715
Receivables	93,175,510
Financial activities other than fixed assets	14,939,070
Liquid assets	70,724,955
	193,287,250
Accrued income and prepaid expenses	8,950,097
Total assets	**672,052,361**

Balance Sheet - Liabilities

Shareholders' equity	
Share capital	15,000,000
Misc. reserves	159,276,458
Profit for the year	96,440,739
Total Group's shareholders' equity	**270,717,197**
Minority capital, reserves and result	10,635,711
Total shareholders' equity	**281,352,908**
Provisions for risks and charges	9,997,267
Employee severance pay	5,410,819
Payables	356,117,897
Accrued expenses and deferred income	19,173,470
Total liabilities	**672,052,361**

Income Statement

Production value	583,704,808
Production costs	(503,754,814)
Difference between production value and costs (A-B)	79,949,994
Financial income and expenses	(5,793,362)
Value adjustments on financial assets	6,549
Extraordinary income and expenses	39,207,039
Income tax	(14,658,713)
Profit for the year	98,711,507
Minority profits	2,270,768
Group profits	96,440,739

In conclusion, in agreement with the independent auditing firm, we express our opinion in favor of the approval of the Consolidated Financial Statements as at 31 December 2006.

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

MOORE STEPHENS CONCORDE
REVISORI CONTABILI

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CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006

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, 2006. 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 80% of consolidated assets and about 88% of consolidated revenues, is responsibility of other auditors, of which 73% of consolidated assets and 73% 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 30th May 2006.

3. In our opinion, the consolidated financial statements of d'Amico Società di Navigazione S.p.A. as at December 31, 2006 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, 27th June 2007

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

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

Società a
Responsabilità Limitata
Sede legale
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Capitale Sociale
Euro 50.000
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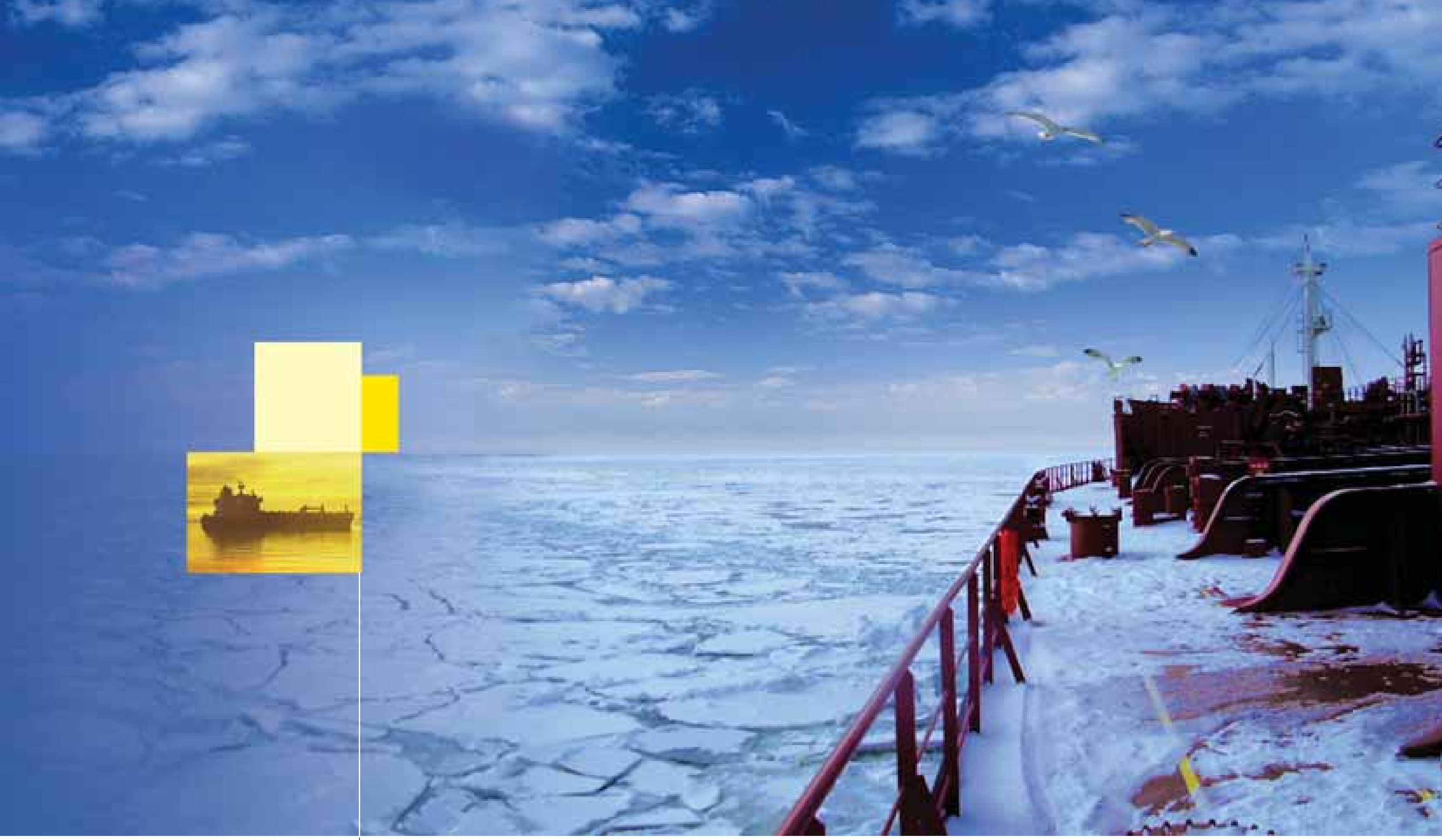
Partita IVA 00730070158
R.E.A. Milano N. 669647
Autorizzata ad esercitare
l'attività di revisione
e organizzazione contabile
ai sensi della Legge
23-11-1939 N. 1966
e del R.D. 22-4-1940 N. 531
Iscritta al Registro
dei Revisori Contabili
D. Lgs. N. 88/1992

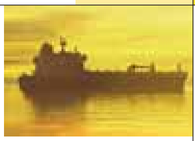
A member Firm of Moore
Stephens International Ltd
Group of Independent Firms

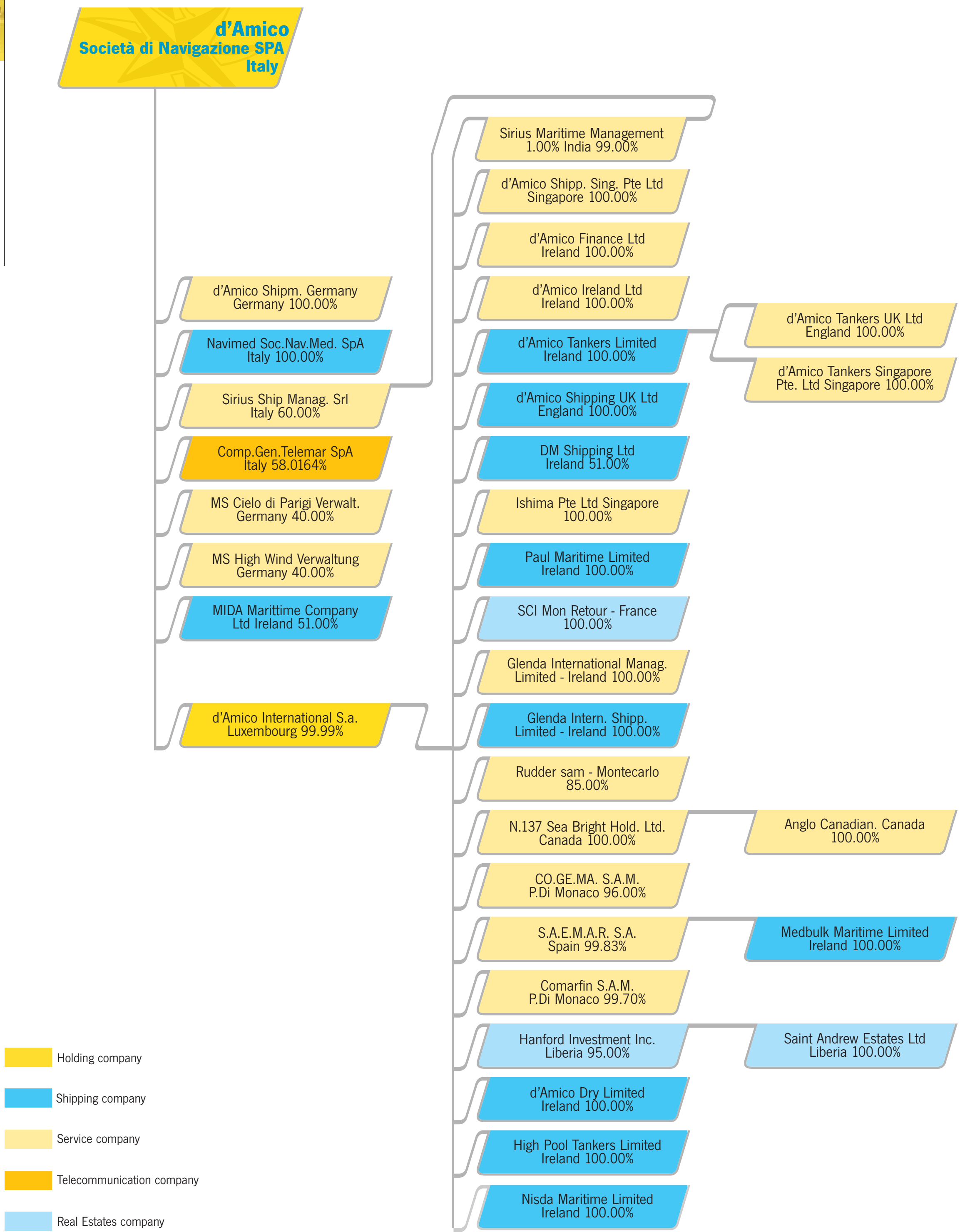
Gruppo
Professionale
Barranco



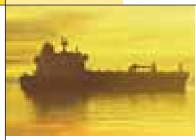
Group **Structure** and **Fleet list** as at December 31st 2006

Group **Structure**





Fleet list as at December 31st 2006



d'Amico Società di Navigazione Spa

Vessels	Source	Type	Construction year	TDW
Cielo di Monfalcone	Owned	OHBS	2002	37.420
Cielo di Vancouver	Owned	OHBS	2002	37.420
Medi Cebu	Owned	Handymax	2002	52.430
Medi Dubai	Owned	Handymax	2001	52.523
Medi Roma	Owned	Panamax	2001	74.255
Medi Tokio	Owned	Panamax	1999	74.356
Cielo d'America	B/B Hire	Porta Containers	2002	33.900
Cielo d'Europa	B/B Hire	Porta Containers	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
Epson Trader	T/C Hire	Panamax	2001	75.933
Medi Baltimore	T/C Hire	Panamax	2005	76.290
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 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 Lisbon	T/C Hire	Handymax	2006	58.500
Medi Melbourne	T/C Hire	Handymax	2004	53.500
Medi Osaka	T/C Hire	Handymax	2003	53.098
Medi Rotterdam	T/C Hire	Panamax	2002	75.735
Medi Shanghai	T/C Hire	Handymax	2005	56.000
Medi Singapore	T/C Hire	Panamax	2006	75.200
Medi Taipei	T/C Hire	Panamax	2003	76.500
Medi Vancouver	T/C Hire	Panamax	2004	75.500
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

Medbulk Maritime Limited

Vessels	Source	Type	Construction year	TDW
Cielo di Vaiano	Owned	OHBS	1998	31.962
Cielo di Genova	T/C Hire	OHBS	2005	32.350
Cielo di Siena	T/C Hire	OHBS	1986	30.975

d'Amico Tankers Limited

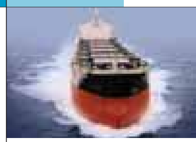
Vessels	Source	Type	Construction year	TDW
Cielo di Londra	Owned	Handysize	2001	35.985
Cielo di Parigi	Owned	Handysize	2001	36.032
Cielo di Salerno	Owned	Handysize	2002	36.032
High Challenge	Owned	MR	1999	46.475
High Courage	Owned	MR	2005	46.975
High Endeavour	Owned	MR	2004	46.992
High Endurance	Owned	MR	2004	46.992
High Performance	Owned	MR	2005	51.303
High Progress	Owned	MR	2005	51.303
High Spirit	Owned	MR	1999	46.473
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
High Trust	T/C Hire	MR	2004	45.937
Highseas	T/C Hire	MR	1989	45.018
Hightide	T/C Hire	MR	1989	45.018
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
Ohio	50% Shared Handytankers	Handysize	2001	37.999
Tevere	50% Shared Handytankers	Handysize	2005	37.178

Vessels under constraction

Vessels	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

Financial Statements

as at 31/12/2006



Balance sheet - Assets

		31/12/2006	31/12/2005
A) Unpaid share capital			
B) Fixed assets			
I. Intangible assets			
3) Software		744,256	117,504
6) Fixed assets in progress and advances			695,407
7) Other		2,216,527	776,766
		2,960,783	1,589,677
II. Materiali			
1) Real estate		6,603,897	6,713,551
2) Fleet		91,899,515	64,994,597
4) Other assets		1,873,487	2,096,977
5) Fixed assets in progress and advances			64,697
		100,376,899	73,869,822
III. Long-term investments			
1) Equity investments in:			
a) Subsidiaries	48,814,468		27,630,661
b) Associates	43,843		6,675,259
d) Other companies	8,720,571		1,072,477
		57,578,882	35,378,397
2) Non-current receivables			
d) From others			
- beyond 12 months	355,156		349,122
		355,156	349,122
		57,934,038	35,727,519
Total fixed assets		**161,271,720**	**111.187,018**

Balance Sheet - Assets		31/12/2006	31/12/2005
C) Current assets			
I. Inventories			
1) Raw, subsidiary and consumable materials		881,486	779,503
		881,486	779,503
II. Receivables			
1) From clients			
- within 12 months	3,553,096		3,221,521
		3,553,096	3,221,521
2) From subsidiaries			
- within 12 months	3,391,479		3,611,059
		3,391,479	3,611,059
3) From associates			
- within 12 months			23,713
			23,713
4-bis) Tax receivable			
- within 12 months	315,013		261,069
- beyond 12 months	1,902,701		3,164,635
		2,217,714	3,425,704
5) From others			
- within 12 months	821,908		890,903
		821,908	890,903
		9,984,197	11,172,900
III. Financial assets other than fixed assets			
IV. Liquid assets			
1) Bank and post-office deposits		1,508,965	5,933,162
3) Cash and cash equivalents		193,230	238,818
		1,702,195	6,171,980
Total current assets		**12,567,878**	**18,124,383**

D) Accruals and deferred expenses			
- sundry	1,664,447		2,640,779
		1,664,447	2,640,779
Total assets		**175,504,045**	**131,952,180**

Balance sheet - Liabilities

		31/12/2006	31/12/2005
A) Shareholders' equity			
I. Share capital		15,000,000	15,000,000
IV. Legal reserve		1,951,095	1,274,190
VII. Other reserves			
Extraordinary reserve	32,403,602		27,642,408
Non-distributable reserve as per Art. 2426	10,635,223		10,635,223
		43,038,825	38,277,631
IX. Profit for the period		48,351,268	13,538,099
Total shareholders' equity		**108,341,188**	**68,089,920**
B) Provisions for risks and charges			
3) Other provisions		1,036,963	1,036,963
Total provisions for risks and charges		**1,036,963**	**1,036,963**
C) Employee severance pay fund		**1,815,858**	**1,559,929**
D) Payables			
4) Payables to banks			
- within 12 months	3,845,615		3,021,248
- beyond 12 months	46,214,928		42,932,935
		50,060,543	45,954,183
5) Payables to other lenders			
- within 12 months	214,712		204,710
- beyond 12 months	3,139,763		3,386,340
		3,354,475	3,591,050
7) Payables to suppliers			
- within 12 months	5,611,382		3,448,530
		5,611,382	3,448,530
9) Payables to subsidiaries			
- within 12 months	2,368,952		3,498,478
		2,368,952	3,498,478
10) Payables to associates			
- within 12 months			406,549
			406,549

(cont'd >)

Balance Sheet – Liabilities		31/12/2006	31/12/2005
12) Tax payable			
- within 12 months	447,043		337,976
		447,043	337,976
13) Payables to social security institutions			
- within 12 months	549,985		574,418
		549,985	574,418
14) Other payables			
- within 12 months	1,053,324		911,321
		1,053,324	911,321
Total payables		**63,445,704**	**58,722,505**
E) Accrued expenses and deferred income			
- Sundry	864,332		2,542,863
		864,332	2,542,863
Total liabilities		**175,504,045**	**131,952,180**

Memorandum Accounts		31/12/2006	31/12/2005
2) Third party guarantees in our favor		2,582	2,582
3) Our guarantees in favor of third parties		238,648,443	203,464,195
4) Others		9,281	9,281
Total memorandum accounts		**238,660,306**	**203,476,058**

Income statements

		31/12/2006	31/12/2005
A) Production value			
1) Revenue from sales and services		66,978,854	51,066,455
5) Other income and revenue			
- Sundry	4,827,504		2,921,120
		4,827,504	2,921,120
Total production value		**71,806,358**	**53,987,575**

B) Production costs			
6) Raw, subsidiary, consumable materials and goods		2,196,678	1,567,232
7) Services		14,050,100	9,771,392
8) Use of third party assets		28,028,447	25,482,172
9) Personnel			
a) Salaries and wages	12,055,128		8,315,838
b) Social security	1,808,320		1,640,922
c) Severance pay	370,218		360,447
		14,233,666	10,317,207
10) Amortization, depreciation and write-downs			
a) Amortization of intangible assets	1,437,361		2,086,759
b) Depreciation of tangible assets	4,093,434		2,474,118
d) Write-down of assets entered under current assets	216,108		191,541
		5,746,903	4,752,418
11) Changes in inventories of raw, subsidiary, consumable materials and goods		(101,983)	(166,014)
12) Provision for risks			100,000
14) Sundry operating expenses		164,286	79,146
Total production costs		**64,318,097**	**51,903,553**
Difference (A-B)		**7,488,261**	**2,084,022**

(cont'd >)

C) Financial income and expenses			
15) Income from equity investments:			
- from subsidiaries	24,345,396		9,999,984
- from associates			575,670
- from other companies	70,281		
		24,415,677	10,575,654
16) Other financial income:			
d) Income other than above:			
- from subsidiaries	49,345		283,119
- from others	186,412		160,645
		235,757	443,764
		24,651,434	11,019,418
17) Interest payable and other financial expenses:			
- to subsidiaries	47,172		264,741
- to others	3,648,209		1,742,069
		3,695,381	2,006,810
17-bis) Profit (loss) on exchange		5,171,365	(3,252,173)
Total financial income and expenses		**26,127,418**	**5,760,435**

D) Value adjustments on financial assets			
Total value adjustments on financial assets			

E) Extraordinary income and expenses			
20) Income:			
- capital gain from disposals	15,358,458		7,803,761
- sundry	140,070		26,949
		15,498,528	7,830,710
21) Expenses:			
- capital loss from disposals	344,711		3,707
- sundry	161,528		1,905,961
		506,239	1,909,668
Total extraordinary items		**14,992,289**	**5,921,042**

Income before taxes (A-B±C±D±E)		**48,607,968**	**13,765,499**
22) Income tax for the year, current, deferred and advance taxes:			
a) Current taxes	256,700		227,400
		256,700	227,400
23) Profit (Loss) for the year		**48,351,268**	**13,538,099**

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REVISORI CONTABILI

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FINANCIAL STATEMENTS AS OF DECEMBER 31, 2006

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

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

1. We have audited the financial statements of d'Amico Società di Navigazione S.p.A. for the year ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the established auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 with regard to investments representing about 99% and about 27% of total investments and total assets respectively, is responsibility of other auditors, of which 55% of total investments and 15% of total assets 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 30th May 2006.

3. In our opinion, the financial statements of d'Amico Società di Navigazione S.p.A. as at December 31, 2006 comply with the standards which regulate their preparation and, accordingly, give a true and fair view of the financial position of the Company and of the results of its operations for the year then ended.

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

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Responsabilità Limitata
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Fax [illegible]
Capitale Sociale
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R. I. N. [illegible] Trib. Milano
Partita IVA [illegible]
R.E.A. Milano N. [illegible]
Autorizzata ad esercitare
l'attività di revisione
e organizzazione contabile
ai sensi della Legge
23-11-1939 N. 1966
e del R.D. 22-4-1940 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

4.1 In view of the next adoption of International Accounting Standards, the Company booked the costs in respect of the periodic maintenance of the vessels, on the basis of the International Accounting Standards in stead of the Italian Accounting Principles. Description of the standard applied and the effect on the operating result and on net equity at 31st December 2006, are disclosed in the Explanatory Notes.

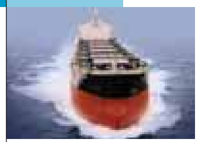
4.2 The Company has investments in subsidiaries and, in compliance with the legal requirements, has prepared the consolidated financial statements of the Group. Such financial statements represent an integration of the financial statements in order to give a better information of the financial position and the results of operations of the Company and of the Group. The consolidated financial statements have also been examined by us and, together wtih our audit report, presented to the Shareholders meeting for the approval.

Milan, 12th June 2007

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

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

d'Amico International S.a.



Balance sheet - Assets

		31/12/2006	31/12/2005
A) Unpaid subscribed capital			
B) Fixed assets			
I. Intangible assets			
II. Tangible assets			
III. Long-term investments			
1) Equity investments in:			
a) Subsidiaries	17,488,489		9,533,894
b) Associated companies	3,222		3,222
d) Other companies	450,000		450,000
		17,941,711	9,987,116
Total fixed assets		**17,941,711**	**9,987,116**
C) Current assets			
I. Inventories			
II. Receivables			
2) From subsidiaries			
- within 12 months	42,861,449		46,470,456
		42,731,699	46,470,456
4) From holding companies			
- within 12 months	144,165		
		144,165	
3) From others			
- within 12 months	25,112		152,500
		25,112	152,500
		42,900,976	46,622,956
III. Financial assets other than fixed assets			
			943,400
			943,400
IV. Liquid assets			
1) Bank and post-office deposits		1,352,872	274,475
		1,352,872	274,475
Total current assets		**44,253,952**	**47,840,831**

(cont'd >)

Balance sheet - Assets		31/12/2006	31/12/2005
D) Accruals and deferred expenses			
- sundry	72,772		42,230
		72,772	42,230
Total assets		**62,268,331**	**57,870,176**

Balance sheet - Liabilities

		31/12/2006	31/12/2005
A) Shareholders' equity			
I. Share capital		3,100,000	3,100,000
IV. Legal reserve		310,000	310,000
VIII. Retained earnings		33,551,558	25,012,821
IX. Profit for the year		25,194,830	28,538,737
Total shareholders' equity		**62,156,388**	**56,961,558**
B) Reserve for contingency		**37,230**	**579,000**
C) Severance pay fund			
D) Payables			
7) To suppliers			
- within 12 months	39,972		9,618
		39,972	9,618
9) To subsidiaries			
- within 12 months	34,680		
		34,680	
14) Other payables			
- within 12 months	60		280,000
		60	280,000
Total payables		**74,712**	**289,618**
E) Accruals and deferred income			
- sundry			40,000
			40,000
Total liabilities			**57,870,176**

Income statement

		31/12/2006	31/12/2005
A) Production value			
B) Production costs			
7) Services		1,092,749	1,311,371
Total production costs		**1,092,749**	**1,311,371**
Difference (A-B)		**(1,092,749)**	**(1,311,371)**
C) Financial income and expenses			
15) Income from equity investments		27,844,073	26,247,472
16) Other financial income		1,354,159	1,040,965
		29,198,232	27,288,437
17) Interest and other financial expenses		146,788	69
17-bis) Exchange profit (loss)		(2,791,848)	4,437,851
Total financial income and expenses		**26,259,596**	**31,726,219**
D) Value adjustments on financial assets			
19) Write-downs on equity investments			1,681,339
Total Value adjustements on financial assets			**(1,681,339)**
E) Extraordinary income and expenses			
20) Income		177,320	
21) Expenses		112,107	51,772
Total extraordinary items		**65,213**	**(51,772)**
Income before taxes (A-B±C±D±E)		**25,157,600**	**28,681,737**
22) Income tax for the period		37,230	143,000
23) Profit for the year		**25,194,830**	**28,538,737**

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