



**KDM SHIPPING 9 MONTHS 2012 FINANCIAL STATEMENTS:
EBITDA AT USD 10.5 MILLION, INCREASED BY 2.3%**

KDM Shipping Public Limited (KDM:PW), a leading Ukrainian maritime shipping company that is primarily involved in the niche segment of dry bulk river-sea freight in the Black, Azov and Mediterranean Sea regions, announces its condensed consolidated financial statements for the first 9 months of 2012 (ending 30 September).

FINANCIAL RESULTS – REVIEW

Selected financial data (in USD thousands)

	9M 2012	9M 2011	Change
Revenues	19,211	19,644	-2.2%
<i>Freight</i>	<i>13,189</i>	<i>14,791</i>	<i>-10.8%</i>
<i>Ship repair</i>	<i>3,029</i>	<i>3,018</i>	<i>0.4%</i>
<i>Passenger transport</i>	<i>2,993</i>	<i>1,855</i>	<i>61.3%</i>
Cost of sales	(9,142)	(9,317)	-1.9%
<i>Freight</i>	<i>(5,032)</i>	<i>(6,275)</i>	<i>-19.8%</i>
<i>Ship repair</i>	<i>(2,226)</i>	<i>(1,820)</i>	<i>22.3%</i>
<i>Passenger transport</i>	<i>(1,884)</i>	<i>(1,216)</i>	<i>54.9%</i>
Gross profit	10,069	10,353	-2.7%
<i>Gross margin</i>	<i>52.4%</i>	<i>52.7%</i>	<i>-0.6%</i>
EBITDA	10,531	10,295	2.3%
<i>EBITDA margin</i>	<i>54.8%</i>	<i>52.4%</i>	<i>4.6%</i>
Profit for the period	9,090	9,818	-7.4%
Net cash from operations	5,155	6,156	-16.3%

Kostiantyn Molodkovets, Chief Executive Officer of KDM Shipping, commented:

‘On behalf of KDM Shipping, I am pleased to report our consolidated 9 month financial results for the first 3 Quarters of 2012. Despite an unusually cold winter that froze large parts of the Black and Azov Seas at the beginning of this year, which constrained our ability to operate as a freight carrier in the region for over one month, we have otherwise improved our monthly performance year on year. This is demonstrated by our 9 month year-on-year earnings growth and earnings margin growth, which occurred despite the frozen winter period’s atypically higher operating costs, lower shipping revenues and increasing ship repair costs. Our performance is in line with Company targets for our current fleet size, and our main priority now is to identify quality new ships to increase our dry bulk cargo fleet.’

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On KDM Shipping Public Limited

KDM Shipping is one of the leaders of the Ukrainian shipping industry, primarily involved in the niche segment of dry bulk river-sea freight in the Black, Azov and Mediterranean Sea regions.

The Group's cargo fleet consists of 8 river-sea, dry cargo vessels of total 25,206 DWT, which due to their shallow draft allow the access to major river and sea ports in Black and Azov Sea regions. The Group also provides passenger river transport services in the Kiev region (operating the fleet of 8 passenger river vessels), as well as ship repair services at its own shipyard located in the city of Kherson.

The Group has developed a vertically integrated business model. The Group's main activity of dry-bulk shipping is supported by its own ship repair yard, its own ship agency in selected ports as well as its own crewing department, allowing the Group to benefit from certain cost efficiencies and to sustain competitive advantages.

The international economic rating of "League of the Best" in 2011, based on official data of the SSCU, ranked the Group seventh in terms of activity in freight river transport, third in terms of activity in maritime freight transport and fourth in building and repairing of ships, placing the Company among the leaders in various segments of the shipping industry.

KDM Shipping has been listed on the Warsaw Stock Exchange since August 2012.

More information at www.kdmshipping.com

KDM SHIPPING PUBLIC LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the 9 months ended 30 September 2012

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the 9 months ended 30 September 2012

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KDM SHIPPING PUBLIC LIMITED
BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS

Board of Directors	<p>Konstantyn Molodkovets - Executive Director, CEO (appointed on 22 February 2012)</p> <p>Denys Molodkovets - Executive Director, CFO (appointed on 22 February 2012)</p> <p>Ivaylo Georgiev Getsov, COO (appointed on 29 March 2012)</p> <p>Oleksiy Veselovskyy - Executive Director, COO (appointed on 22 February 2012 and passed away on 25 March 2012)</p> <p>Konstantin Anisimov - Non-executive Director (appointed on 22 February 2012)</p> <p>Mykhailo Chubai - Non-executive Director (appointed on 22 February 2012)</p> <p>Stelios Stylianides - Non-executive Director (resigned on 22 February 2012)</p>
Audit Committee	<p>Konstantin Anisimov – Head of Committee (appointed on 19 March 2012)</p> <p>Mykhailo Chubai (appointed on 19 March 2012)</p>
Remuneration Committee	<p>Mykhailo Chubai – Head of Committee (appointed on 19 March 2012)</p> <p>Konstantin Anisimov (appointed on 19 March 2012)</p>
Secretary	<p>Boomer Secretarial Limited 3 Michael Koutsofta Str. 3031, Limassol Cyprus</p>
Independent Auditors	<p>KPMG Limited</p>
Registered Office	<p>3 Michael Koutsofta Str. 3031, Limassol Cyprus</p>

KDM SHIPPING PUBLIC LIMITED

Declaration of the Members of the Board of Directors and the person responsible for the preparation of the condensed consolidated interim financial statements of the Company

We, the Members of the Board of Directors and the person responsible for the preparation of the condensed consolidated interim financial statements of KDM Shipping Public Limited for the 9 months ended 30 September 2012, based on our knowledge, which is the product of careful and conscientious work, declare that the particulars which are specified in the interim consolidated financial statements are true and complete.

Members of the Board of Directors:

Konstantyn Molodkovets	
Denys Molodkovets	
Ivaylo Georgiev Getsov	
Konstantin Anisimov	
Mykhailo Chubai	

Person responsible for the preparation of the condensed consolidated interim financial statements for the 9 months ended 30 September 2012:

Denys Molodkovets	
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21 November 2012

KDM SHIPPING PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 9 months ended 30 September 2012

	Note	9 months ended	
		30 September 2012 USD'000	30 September 2011 USD'000
Revenue		19.211	19.664
Cost of sales		(9.142)	(9.311)
Gross profit		<u>10.069</u>	<u>10.353</u>
Administrative expenses		(423)	(654)
Selling and distribution expenses		(61)	-
Other operating income/(expenses)		(263)	23
Operating profit		<u>9.322</u>	<u>9.722</u>
Finance income	5	-	78
Finance expenses	5	(225)	(248)
Net finance expenses		<u>(225)</u>	<u>(170)</u>
Profit before tax		9.097	9.552
Tax	6	(7)	266
Profit for the period		<u>9.090</u>	<u>9.818</u>
Other comprehensive income			
Effect of translation into presentation currency		(247)	(278)
Total comprehensive income for the period		<u>8.843</u>	<u>9.540</u>
Profit for the period attributable to:			
Owners of the Company		9.074	9.810
Non-controlling interest		16	8
Profit for the period		<u>9.090</u>	<u>9.818</u>
Total comprehensive income attributable to:			
Owners of the Company		8.840	9.590
Non-controlling interest		3	(50)
Total comprehensive income for the period		<u>8.843</u>	<u>9.540</u>
Basic and diluted earnings per share (USD)	12	<u>1,58</u>	<u>5,74</u>

The notes on pages 8 to 20 are an integral part of these condensed consolidated interim financial statements.

KDM SHIPPING PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2012

	Note	30 September 2012 USD'000	31 December 2011 USD'000
Assets			
Vessels, property, plant and equipment	7	33.668	30.070
Intangible assets		118	117
Total non-current assets		<u>33.786</u>	<u>30.187</u>
Inventories		413	421
Trade and other receivables		6.949	3.239
Cash and cash equivalents	10	7.873	80
Total current assets		<u>15.235</u>	<u>3.740</u>
Total assets		<u>49.021</u>	<u>33.927</u>
Equity			
Share capital	10	91	18
Share premium	10	7.812	-
Retained earnings		42.712	33.638
Translation reserve		(9.785)	(9.535)
Total equity attributable to owners of the Company		<u>40.830</u>	<u>24.121</u>
Non-controlling interest		67	48
Total equity		<u>40.897</u>	<u>24.169</u>
Liabilities			
Loans and borrowings	11	2.800	3.183
Deferred tax liabilities	6	2.646	2.643
Other long-term liabilities		244	229
Total non-current liabilities		<u>5.690</u>	<u>6.055</u>
Short term loans	11	412	501
Short term portion of long-term loans	11	1.200	817
Trade and other payables		822	2.383
Tax liability		-	2
Total current liabilities		<u>2.434</u>	<u>3.703</u>
Total liabilities		<u>8.124</u>	<u>9.758</u>
Total equity and liabilities		<u>49.021</u>	<u>33.927</u>

Konstantyn Molodkovets, CEO

Denys Molodkovets, CFO

The notes on pages 8 to 20 are an integral part of these condensed consolidated interim financial statements.

KDM SHIPPING PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 9 months ended 30 September 2012

	Attributable to owners of the Company					Non-controlling interests USD'000	Total equity USD'000
	Share capital USD'000	Share premium USD'000	Translation reserve USD'000	Retained earnings USD'000	Total USD'000		
Balance at 1 January 2012	18	-	(9.535)	33.638	24.121	48	24.169
Comprehensive income							
Profit for the period	-	-	-	9.074	9.074	16	9.090
Effect from translation into presentation currency	-	-	(250)	-	(250)	3	(247)
Total comprehensive income for the period	-	-	(250)	9.074	8.824	19	8.843
Transactions with owners, recognized directly in equity							
<i>Contributions by and distributions to owners</i>							
Issue of share capital on 22 February 2012	63	-	-	-	63	-	63
Issue of share capital on 09 August 2012	10	7.812	-	-	7.822	-	7.822
Total transactions with owners	73	7.812	-	-	7.885	-	7.885
Balance at 30 September 2012	91	7.812	(9.785)	42.712	40.830	67	40.897

The notes on pages 8 to 20 are an integral part of these condensed consolidated interim financial statements.

KDM SHIPPING PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont)

For the 9 months ended 30 September 2012

	Attributable to owners of the Company				Non-controlling interests USD'000	Total equity USD'000	
	Share capital USD'000	Share premium USD'000	Translation reserve USD'000	Retained earnings USD'000			Total USD'000
Balance at 1 January 2011	18	-	(9.305)	19.851	10.564	3.183	13.747
Comprehensive income							
Profit for the period	-	-	-	9.810	9.810	8	9.818
Effect from translation into presentation currency	-	-	(228)	-	(228)	(50)	(278)
Total comprehensive income for the period	-	-	(228)	9.810	9.582	(42)	9.540
Transactions with owners, recognized directly in equity							
<i>Contributions by and distributions to owners</i>							
Dividends paid	-	-	-	(721)	(721)	-	(721)
Total transactions with owners	-	-	-	(721)	(721)	-	(721)
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interest without change in control	-	-	-	3.132	3.132	(3.132)	-
Acquisition of subsidiary	-	-	-	-	-	(1)	(1)
Disposal of subsidiary	-	-	-	-	-	27	27
	-	-	-	3.132	3.132	(3.106)	26
Balance at 30 September 2011	18	-	(9.533)	32.072	22.557	35	22.592

The notes on pages 8 to 20 are an integral part of these condensed consolidated interim financial statements.

KDM SHIPPING PUBLIC LIMITED**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the 9 months ended 30 September 2012

	Note	9 months ended	
		30 September 2012 USD'000	30 September 2011 USD'000
Cash flows from operating activities:			
Profit for the period		9.090	9.818
Depreciation of vessels, property plant and equipment		1.209	573
Notes discounting		-	(78)
Discount of notes issued		16	10
Gain from disposal of subsidiary	9	-	(52)
Write-offs of the accounts receivable		464	123
Write off of financial investments		-	11
Interest expense	5	209	227
Tax	6	7	(266)
Cash generated from operating activities before working capital changes		10.995	10.366
Increase in trade and other receivables		(4.171)	(3.961)
Decrease/(increase) in inventories		8	(254)
(Decrease)/increase in trade and other payables		(1.676)	13
Cash generated from operating activities		5.156	6.164
Tax paid		(1)	(8)
Net cash from operating activities		5.155	6.156
Cash flows from investing activities			
Payment for acquisition of vessels, property plant and equipment	7	(4.918)	(5.627)
Payment for acquisition of intangible assets		-	(7)
Acquisition of subsidiaries, net cash outflow on acquisition	8	-	(63)
Disposal of subsidiaries, cash inflow on disposal	9	-	4
Net cash used in investing activities		(4.918)	(5.693)
Cash flows from financing activities			
Proceeds from short term loans		-	501
Dividends paid		-	(721)
Proceeds from issue of notes		-	192
Interest paid		(82)	(227)
Issued and paid share capital	10	7.885	-
Net cash (used in)/generated from financing activities		7.803	(255)
Effects of translation into presentation currency		(247)	(278)
Net increase in cash and cash equivalents		7.793	(70)
Cash and cash equivalents at the beginning of the period		80	77
Cash and cash equivalents at the end of the period		7.873	7

The notes on pages 8 to 20 are an integral part of these condensed consolidated interim financial statements.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the 9 months ended 30 September 2012

1. INCORPORATION AND PRINCIPAL ACTIVITIES

KDM Shipping Public Limited (formerly V.S. Marine Engineering Services Limited) (the "Company") was incorporated in Cyprus on 2 December 1999 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 3 Michael Koutsofta Str., 3031, Limassol, Cyprus.

The condensed consolidated interim financial statements as at and for the period ended 1 January 2012 to 30 September 2012 comprise the financial statements of the Company and its subsidiaries (together referred to as "the Group").

The principal activities of the Group are cargo transportation, passenger transportation, ship repair and shipbuilding.

On 9 August 2012 the shares of the Company were admitted on the regulated market of the Warsaw Stock Exchange (refer note 10 for details).

The Group's subsidiaries, country of incorporation, and effective ownership percentages are disclosed below:

<u>Name</u>	<u>Country of incorporation</u>	<u>30 September 2012 Holding%</u>	<u>31 December 2011 Holding%</u>
KD Shipping Co. Limited Inc.	Panama	100,00	100,00
LLC Danapris	Ukraine	99,84	99,84
LLC Capital Shipping Company	Ukraine	99,57	99,57
LLC Hylea-Servise	Ukraine	99,57	99,57
LLC CSC-Agent	Ukraine	99,84	99,58
LLC Riverest Tur	Ukraine	94,61	94,61

The parent company of the Group is KDM Shipping Public Limited (formerly V.S. Marine Engineering Services Limited), with an issued share capital of 7.296.000 ordinary shares with nominal value of €0,01 per share. The shares were distributed as follows:

Owner	30 September 2012		31 December 2011	
	Number of shares	Ownership Interest %	Number of shares	Ownership Interest %
Konstantyn Molodkovets	5.100.000	69,9	9.000	90
Denys Molodkovets	749.999	10,3	1.000	10
Miralex Inc	449.998	6,2	-	-
Oleksiy Veselovskyy ⁽¹⁾	200.000	2,7	-	-
Konstantin Anisimov	1	-	-	-
Liudmyla Molodkovets	1	-	-	-
Iurii Molodkovets	1	-	-	-
Public	796.000	10,9	-	-

⁽¹⁾ Since Mr. Veselovskyy passed away on 25 March 2012, these Shares in the Issuer constitute a part of estate to be transferred to heirs of Mr. Veselovskyy. The heir(s) will enter into possession of the Shares not earlier than after 6 months from the date of death, while the title to the shares will have passed to the relevant heir(s) as of the date of death.

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the 9 months ended 30 September 2012

2. BASIS OF PREPARATION**(a) Statement of compliance**

The condensed consolidated interim financial statements for the 9 months ended 30 September 2012 have been prepared in accordance with IAS 34 “Interim Financial Reporting” and the requirements of the Cyprus Companies Law, Cap. 113 and were not audited by the external independent auditors’ of the Group. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2011. These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements prepared in accordance with International financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

These condensed consolidated interim financial statements were approved by the Board of Directors on 17 November 2012.

(b) Judgments and estimates

Preparing the condensed consolidated interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2011.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the 9 months ended 30 September 2012

4. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different services and are managed separately. Information regarding the results of each reportable segment is included below:

9 months ended 30 September 2012	Freight USD'000	Ship repair USD'000	Passenger transport USD'000	Total USD'000
Revenue	13.189	3.029	2.993	19.211
Cost of sales	(5.032)	(2.226)	(1.884)	(9.142)
Gross profit	8.157	803	1.109	10.069
Expenses	(433)	(187)	(127)	(747)
Operating profit	7.724	616	982	9.322
Net finance cost	(225)	-	-	(225)
Profit before tax	7.499	616	982	9.097
Tax	-	(5)	(2)	(7)
Net profit for the period	7.499	611	980	9.090
As at 30 September 2012				
Non-current assets	10.423	12.092	11.271	33.786
Current assets	13.892	508	835	15.235
Total assets	24.315	12.600	12.106	49.021
Non-current liabilities	-	94	5.596	5.690
Current liabilities	316	302	1.816	2.434
Total liabilities	316	396	7.412	8.124
9 months ended 30 September 2011				
Revenue	14.791	3.018	1.855	19.664
Cost of sales	(6.275)	(1.820)	(1.216)	(9.311)
Gross profit	8.516	1.198	639	10.353
Expenses	(366)	(158)	(107)	(631)
Operating profit	8.150	1.040	532	9.722
Net finance cost	(170)	-	-	(170)
Profit before tax	7.980	1.040	532	9.552
Tax	-	48	218	266
Net profit for the period	7.980	1.088	750	9.818
As at 30 September 2011				
Non-current assets	4.140	10.787	11.649	26.576
Current assets	1.965	2.332	1.461	5.758
Total assets	6.105	13.119	13.110	32.334
Non-current liabilities	-	87	5.704	5.791
Current liabilities	686	1.981	1.285	3.952
Total liabilities	686	2.068	6.989	9.743

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the 9 months ended 30 September 2012****5. NET FINANCE EXPENSES**

	9 months ended	
	30 September 2012	30 September 2011
	USD'000	USD'000
Finance expenses		
Interest expense		
Loan interest	372	350
Capitalised interest	(163)	(123)
	<u>209</u>	<u>227</u>
Other finance expenses		
Write-offs of financial investments	-	11
Discount of notes issued	16	10
	<u>225</u>	<u>248</u>

6. TAXATION

	9 months ended	
	30 September 2012	30 September 2011
	USD'000	USD'000
Income tax	(2)	(4)
Deferred tax - credit	(5)	270
	<u>(7)</u>	<u>266</u>
Tax credit for the period	<u>(7)</u>	<u>266</u>

KDM SHIPPING PUBLIC LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the 9 months ended 30 September 2012

8. TAXATION (cont.)

Reconciliation of tax based on the taxable income and tax based on accounting profits:

	9 months ended	
	30 September 2012	30 September 2011
	USD'000	USD'000
Accounting profit before tax	9.097	9.552
Income tax, taxable at the rate of 21%	40	562
Income tax, taxable at the rate of 10%	-	(5)
Expenses not included in gross expenses for income tax	736	764
Changes in tax rate and law	(783)	(1.055)
Tax as per consolidated statement of comprehensive income-credit	(7)	266

Deferred tax liability

Deferred tax liability arises as follows:

	30 September 2012	31 December 2011
	USD'000	USD'000
Vessels, property, plant and equipment	2.646	2.643

7. VESSELS, PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2012, the Group acquired assets with a cost, excluding capitalised borrowing costs, of USD 4 918 thousand (9 months ended 30 September 2011: USD 5 627 thousand)

8. ACQUISITION OF SUBSIDIARY

In January 2011 the Company acquired 94,61% of the share capital of LLC Riverest Tur, an owner of passenger license in Ukraine.

Goodwill arising on consolidation:

	USD'000
Consideration paid	63
Plus: non-controlling interests	1
Plus: Fair value of the net liabilities acquired	46
Goodwill arising on consolidation	110

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the 9 months ended 30 September 2012**8. ACQUISITION OF SUBSIDIARY (cont.)**

The assets and liabilities acquired were as follows:

	Acquiree's carrying amount before acquisition USD'000	Fair value USD'000
Property, plant and equipment	1	1
Trade payables	(44)	(44)
Other payables	(3)	(3)
	<hr/>	<hr/>
Net liabilities	(46)	(46)
	<hr/> <hr/>	<hr/> <hr/>
Net cash outflow on acquisition of subsidiary		30 September 2011 USD'000
Consideration paid in cash		(63)
Cash and cash equivalents acquired		-
		<hr/>
		(63)
		<hr/> <hr/>

9. DISPOSAL OF SUBSIDIARIES

In January 2011 the Company disposed 84,38% of the share capital of LLC Hylea-Sydoservice, an owner of passenger license in Ukraine, 84,38% of the share capital of LLC Hylea-Mechanoservice, an owner of passenger license in Ukraine, and 82,17% of the share capital of LLC Capital River Port, a passenger service company operating in Ukraine.

The assets and liabilities disposed were as follows:

	USD'000
Property, plant and equipment	70
Inventories	2
Trade and other receivables	2
Prepayments and other current assets	2
Taxes recoverable and prepaid	1
Other long term liabilities	(2)
Trade and other payables	(135)
Other accounts payable	(3)
Deferred tax liabilities	(12)
	<hr/>
Net liabilities	(75)
Non-controlling interests	27
	<hr/>
Net liabilities disposed	(48)
	<hr/>
Cash consideration received	4
	<hr/>
Cash inflow on disposal	4
	<hr/> <hr/>

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the 9 months ended 30 September 2012**10. SHARE CAPITAL**

	30 September 2012	30 September 2012	30 September 2012	31 December 2011	31 December 2011	31 December 2011
	Number of shares	Nominal value USD'000	Share premium USD'000	Number of shares	Nominal value USD'000	Share premium USD'000
Authorised						
Ordinary shares of USD 0,01/1,75 each (Euro 0,01/1,71 each)	20.000.000	200.000 €	-	10.000	18	-
Issued and fully paid						
Balance at 1 January	10.000	18	-	10.000	18	-
Share split 22 February 2012	1.700.000	-	-	-	-	-
Issue of share capital 22 February 2012	4.790.000	63	-	-	-	-
Issue of share capital 09 August 2012	796.000	10	7.812	-	-	-
Balance at 30 September /31 December	7.296.000	91	7.812	10.000	18	-

Dividends

The following dividends were declared and paid by the Company for the period/year ended 30 September / 31 December:

	30 September 2012 USD'000	31 December 2011 USD'000
USD 352,3 per qualifying ordinary share	-	3.523
	-	3.523

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the 9 months ended 30 September 2012**10. SHARE CAPITAL (cont.)**

The owners of the parent company as at 30 September 2012 and 31 December 2011 were as follows:

	30 September 2012 USD'000	31 December 2011 USD'000
Kostiantyn Molodkovets	64	2
Denys Molodkovets	9	16
Miralex Inc.	6	-
Oleksiy Veselovskyy	2	-
Konstantin Anisimov	-	-
Liudmyla Molodkovets	-	-
Iurii Molodkovets	-	-
Public	10	-
	<hr/>	<hr/>
	91	18
	<hr/> <hr/>	<hr/> <hr/>

Authorised share capital

On 22 February 2012, it was resolved that the authorized share capital of the Company be increased from €17.100 divided into 1.710.000 ordinary shares of €0,01 each to €200.000 divided to 20.000.000 ordinary shares of €0,01 each by the creation of 18.290.000 new ordinary shares of nominal value €0,01 each. The new shares have the same rights as the existing shares.

Issued share capital

On 22 February 2012 it was resolved that the value of the shares of the Company's share capital is divided from €1,71 (USD 0,75) each to €0,01 (USD 0,01) each. As a result the currently existing 10.000 ordinary shares of nominal value €1,71 each, all of which have been issued and are fully paid up, be divided into 1.710.000 ordinary shares of €0,01 each, fully paid up.

Additionally, on the same date, it was resolved to issue and allot 4.790.000 shares of nominal value €0,01. As a result of the above, the issued share capital amounts to €65.000 (USD 81.000) and is divided into 6.500.000 ordinary shares of €0,01 each.

On 9 August 2012 by a way of an ordinary procedure to exchange trading on the parallel market 796.000 ordinary shares were listed on the Warsaw Stock Exchange. The value of these shares totals PLN 25.790.497 when computed at the issuing price of shares in public offering, set at PLN 32,40. The 796.003 shares are held by 144 shareholders and represent 10,9% of the shares of the Company that are to be admitted to exchange trading

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the 9 months ended 30 September 2012**11. LOANS AND BORROWINGS**

	30 September 2012 USD'000	31 December 2011 USD'000
Long term liabilities		
Bank loans	2.800	3.183
Short term liabilities		
Bank loans	1.612	1.318
Total	<u>4.412</u>	<u>4.501</u>

Maturity of non-current borrowings:

	30 September 2012 USD'000	31 December 2011 USD'000
Within one year	1.612	1.318
Between one and five years	2.800	3.183
After five years	-	-
	<u>4.412</u>	<u>4.501</u>

The accrued interest on loans and borrowings amounts to USD 186 thousand (31 December 2011: USD 59 thousand) and is included in other accounts payable.

In accordance with the loan agreement the repayments extended until 25 January 2013.

The bank loans are secured as follows:

- By mortgage against vessels of net book value of USD 6.383 thousand (31 December 2011: USD 5.479 thousand)
- By mortgage against buildings of net book value USD 5.922 thousand (31 December 2011: USD 5.562 thousand).

The weighted average effective interest rates at the reporting date were as follows:

	<u>30 September 2012</u>	<u>31 December 2011</u>
Bank loans	3M Libor +10,62239%	3M Libor + 9%

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the 9 months ended 30 September 2012**12. EARNINGS PER SHARE**

The calculation of earnings per share was based on the profit attributable to ordinary owners and the number of ordinary shares outstanding, calculated as follows:

Profit attributable to ordinary owners:

	30 September 2012 USD '000	30 September 2011 USD '000
Profit for the period	9.074	9.810
Number of ordinary shares:		
	30 September 2012 '000	30 September 2011 '000
Issued ordinary shares at 1 January	10	10
Effect of share split as a result of change in nominal value from €1,71 to €0,01 on 22 February 2012	1.700	1.700
Effect of 4.790.000 shares issued on 22 February 2012	3.881	-
Effect of 796.000 shares issued on 09 August 2012	154	-
Weighted average number of ordinary shares at 30 September	5.745	1.710
Total basic earnings per share	1.58	5.74

The earnings per share calculation for 30 September 2011 has been adjusted retrospectively to reflect the share split.

13. RELATED PARTY BALANCES AND TRANSACTIONS

The Company is controlled by Molodkovets Konstantyn and Molodkovets Denys, who directly or indirectly own 80% of the Company's share capital as at 30 September 2012 (31 December 2011: 100%).

For the purposes of these condensed consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group enters into transactions with both related and unrelated parties. It is generally not possible to objectively determine whether any transaction with a related party would have been entered into if the parties had not been related, or whether such transactions would have been effected on the same terms, conditions and amounts if the parties had not been related.

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the 9 months ended 30 September 2012**13. RELATED PARTY BALANCES AND TRANSACTIONS (cont.)**

According to these criteria the related parties of the Group are divided into the following categories:

- A. Key management;
- B. Companies which activities are significantly influenced by the Group's owners.

(i) Remuneration of key management

Salary costs of key management for the period/year ended 30 September 2012 and 31 December 2011 were as follows:

	30 September 2012 USD'000	31 December 2011 USD'000
Salaries	352	456
Contributions to pension funds	127	193
	<hr/>	<hr/>
	479	649
	<hr/> <hr/>	<hr/> <hr/>

Number of key management personnel for the period/year ended 30 September 2012 and 31 December 2011 was as follows:

	30 September 2012 USD'000	31 December 2011 USD'000
Number of key management personnel, persons	<hr/>	<hr/>
	18	23
	<hr/> <hr/>	<hr/> <hr/>

(ii) Transactions with related parties

Companies whose activities are significantly influenced by the Group's owners:

	30 September 2012 USD'000	31 December 2011 USD'000
Sales	-	57
Purchases	-	(281)
	<hr/>	<hr/>
	-	(224)
	<hr/> <hr/>	<hr/> <hr/>

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the 9 months ended 30 September 2012

(iii) Outstanding balances with related parties

Companies whose activities are significantly influenced by the Group's owners:

	30 September 2012 USD'000	31 December 2011 USD'000
Trade receivables	-	156
Other receivables	-	47
Trade payables	-	(204)
Other payables	(26)	(74)
	<hr/>	<hr/>
	(26)	(75)
	<hr/> <hr/>	<hr/> <hr/>

14. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2011.

15. CONTINGENT AND CONTRACTUAL LIABILITIES**a) *Economical environment***

Main operating activity of the Group is carried out internationally. However laws and other regulatory acts affecting some operating activities in Ukraine such as passenger transport and ship repair may be subject to changes during short periods of time. As a result, assets and operating activity of the Group may be exposed to the risk in case of any unfavorable changes in political and economical environment.

The Ukraine's economy returned to growth in 2011. Although significant economic uncertainties remain, Ukrainian economy experienced a 4,2% GDP growth in 2011 and further recovery is expected in 2012.

b) *Taxation*

As a result of instable economic situation in Ukraine, tax authorities in Ukraine pay more and more attention to the business circles. In connection with it, tax laws in Ukraine are subject to frequent changes. Above this, there are cases of their inconsistent application, interpretation and execution. Non-compliance with laws and norms may lead to serious fines and penalties accruals.

It should be mentioned that the Group took part in transactions which may be interpreted by tax authorities not in the way they are interpreted by the Group, as a result of which it may accrue additional significant tax liabilities and fines. Notwithstanding the fact that most of tax returns of the Group's companies for the mentioned periods were reviewed by the tax authorities without any significant discrepancies or imposition of additional tax liabilities, they remain open to subsequent investigations. According to effective laws, tax returns remain open and may be subject to the reviews during three years after their provision, but, in some cases, this limit is not applied.

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the 9 months ended 30 September 2012

15. CONTINGENT AND CONTRACTUAL LIABILITIES (cont.)

As a result of future tax reviews additional liabilities may be discovered which may not comply with tax reporting of the Group. Such liabilities may be represented by taxes, as well as fines and penalties; and their amounts may be significant. The Group considers that it operates in compliance with tax laws of Ukraine, although, a lot of new laws about taxes and transactions in foreign currency have been adopted recently, and their interpretation is rather ambiguous.

c) *Legal matters*

In the course of its economic activities the Group participates in legal proceedings with unconscionable counterparties. In most cases, the Group is the initiator of proceedings with the purpose of prevention from losses in the economic sphere or minimizing them.

The Group's management considers that legal proceedings on such matters will not have any significant influence on its financial position.

d) *Pension and other liabilities*

Most of the Group's employees receive pension benefits from the Pension Fund, Ukrainian state organization, in accordance with the regulations and laws of Ukraine. Group is obliged to deduct a certain percentage of salaries to the Pension Fund to pay pensions.

As at 30 September 2012 the Group had no liabilities for any supplementary pension payments, health care, insurance or other benefits after retirement to their working or former employees.

16. EVENTS AFTER THE REPORTING DATE

There were no material events other than in the ordinary course of business after the reporting period which affect the interim consolidated financial statements as at 30 September 2012.