



Current Report No 08

Date: 11 December 2012

Legal Grounds: Art. 56 section 1 of the Act on Public Offering – material contract

Subject:

**KDM SHIPPING ACQUIRES RUSSIAN LLC SHIPMAR TO INCREASE ITS DRY BULK CARGO VESSEL CAPACITY AND OBTAIN RUSSIAN FLAG**

Content of the report:

KD Shipping Co.Limited Inc. subsidiary of KDM Shipping Public Limited (the “Company”) on December 10, 2012 signed an agreement with Andrei Batin, private individual, on acquisition Russian LLC ShipMar with its registered office Moscow, ul. Sokolove-mesherskaya 31, the company that owns one dry bulk cargo vessel of river sea type of capacity of 1,497 deadweight tons, and all required licenses to run the shipping business in Russia as well as operating vessels under Russian flag for the consideration of USD 2,99 million financed from the IPO proceeds.

The acquisition of LLC ShipMar will allow the Company to commence its operations under the Russian flag and provide the access of Company’s vessels to the inland ports of Russia. The Company plans to transfer additional 3 dry bulk cargo vessels currently operating under Ukrainian flag to Russian flag. KDM Shipping has already started the process of obtaining Russian flag for those vessels. According to the Management’s current market intelligence, Russian inland ports in the current market conditions offer 20-30% higher margins than ports of Azov Sea from which Company currently operates.

The vessel owned by LLC ShipMar, named “Neva,” of a capacity of 1,497 Deadweight tons (DWT), is 78.7 meters long and has a draft of 4 meters, built in 1987. The vessel has all the permits for cabotage as well as sea transportation and is in good technical condition (according to the technical review conducted by the Company). The Management plans to use the vessel mainly for cabotage voyages LLC ShipMar is in possession of Russian seamen database which will facilitate fulfillment of the requirement imposed by Russian flag to have at least 40% of the crew of Russian nationality.