

Current report No 17/2013

Date: 22.05.2013

Subject: KDM Shipping Public Limited announces its intention to conduct capital increase of up to 2,700,000 shares through a private placement

The board of directors (the "Board of Directors") of KDM Shipping Public Limited (the "Company") hereby informs of its intention to conduct a capital increase through private placement to a limited number of qualified institutional investors. The capital increase has been approved by the Extraordinary General Meeting of Company held on May 17, 2013 of which the Company informed in the current report No 16/2013. It is expected that the capital increase and the private placement will be conducted by end of June 2013.

As the Company informed in current report No 11/2013 the Company intends to increase its share capital and issue up to 2,700,000 ordinary shares in order to finance the Company's business development. In order to facilitate the settlement of the capital increase and accelerate the receipt of proceeds, the Company has decided to utilise the support of the principal shareholder, Mr. Kostiantyn Molodkovets (the "**Principal Shareholder**"), and has structured the transaction as described in the following paragraph.

The Principal Shareholder would propose to sell, to a limited number of qualified investors only (the "**Investors**"), up to 2,000,000 ordinary shares held by him (the "**Sale Shares**"). At the same time or shortly thereafter, the Company (pursuant to the general meeting approval) would execute a capital increase of up to 2,700,000 ordinary shares, out of which 700,000 newly issued ordinary shares (the "**Additional Investor Shares**") would be offered to the Investors and the remaining 2,000,000 newly issued ordinary shares would be subscribed and acquired by the Principal Shareholder (the "**Acquisition Shares**"). The issue price for the Acquisition Shares shall be equal to the issue price of the Additional Investor Shares. As a result of this transaction the total number of shares held by the Principal Shareholder will remain unchanged.

The private placement of both Sale Shares and Additional Investor Shares will be addressed to a limited number of institutional investors, in a manner not constituting a public offering of securities under the Prospectus Directive and applicable Cypriot and Polish regulations.

Legal Grounds: Art. 56 section 1 point 1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005

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