



KDM SHIPPING PUBLIC LIMITED
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2015

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REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2015

C O N T E N T S

	<u>Page</u>
Officers and Professional Advisors	1
Board of Directors' report	2 & 3
Independent Auditors' report	4 - 6
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 24
Additional information	

KDM SHIPPING PUBLIC LIMITED**OFFICERS AND PROFESSIONAL ADVISORS**

Board of Directors	Kostiantyn Molodkovets - Executive Director, CEO
	Denys Molodkovets - Executive Director, CFO
	Konstantin Anisimov - Non-executive Director (resigned on 25 August 2015)
	Mykhailo Chubai - Non-executive Director (resigned on 25 August 2015)
Secretary	Boomer Secretarial Limited
Independent Auditors	KPMG Limited
Bankers	UBS AG
	AS RIETUMU BANKA
Registered Office	3 Michael Koutsofta Str. 3031, Limassol Cyprus

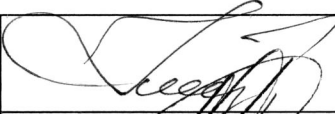

KDM SHIPPING PUBLIC LIMITED

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIAL RESPONSIBLE FOR THE DRAFTING OF THE FINANCIAL STATEMENTS

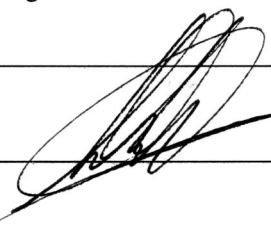
In accordance with article 9(3)(c) and (7) of the Transparency Requirements (Securities Listed for Trading on a Regulated Market) Law of 2007 (the "Law"), as amended from time to time, we, the Members of the Board of Directors and the Company official responsible for the drafting of the financial statements of KDM Shipping Public Limited (the "Company") for the year ended 31 December 2015, confirm that to the best of our knowledge:

- a) the annual financial statements presented on pages 7 to 24:
 - i) have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and the provisions of article (9), section (4) of the Law, and
 - ii) give a true and fair view of the assets and liabilities, the financial position and the profits or losses of KDM Shipping Public Limited and of the entities included in the financial statements, as a whole and
- b) the report of the Board of Directors provides a fair review of the developments and performance of the business as well as the position of KDM Shipping Public Limited and of the entities included in the financial statements, as a whole, together with a description of the major risks and uncertainties that they face.

Members of the Board of Directors:

Konstantyn Molodkovets	
Denys Molodkovets	

Company official responsible for the drafting of the financial statements of the Company for the year ended 31 December 2015:

Denys Molodkovets	
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Nicosia, 25 April 2016

KDM SHIPPING PUBLIC LIMITED**BOARD OF DIRECTORS' REPORT**

The Board of Directors of KDM Shipping Public Limited (the "Company") presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company which remained the same as in the previous year is the holding of investments in ship management entities situated in Ukraine and Panama.

FINANCIAL RESULTS

The Company's financial results for the year ended 31 December 2015 are set out on page 7 to the financial statements. The net loss for the year attributable to the owners of the Company amounted to US\$161.194 (2014: loss US\$94.634).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY

The current financial position as presented in the financial statements is not considered satisfactory and the Board of Directors is making an effort to reduce the Company losses.

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 18 to the financial statements.

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

SHARE CAPITAL

There were no changes in the share capital of the Company during the year.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2015 and at the date of this report are presented on page 1.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

KDM SHIPPING PUBLIC LIMITED**BOARD OF DIRECTORS' REPORT** *(continued)***EVENTS AFTER THE REPORTING PERIOD**

Any significant events that occurred after the end of the reporting period are described in note 21 to the financial statements.


RELATED PARTY TRANSACTIONS

Disclosed in note 17 to the financial statements.

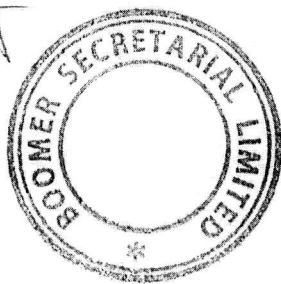
INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,


Boomer Secretarial Limited
Secretary

Nicosia, 25 April 2016





KPMG Limited
Chartered Accountants
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P.O. Box 21121, 1502 Nicosia, Cyprus
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4

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
KDM Shipping Public Limited

Report on the financial statements

We have audited the accompanying financial statements of parent company KDM Shipping Public Limited (the "Company") on pages 7 to 24, which comprise the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Board Members

N.G. Syrimis, A.K. Christofides, P.G. Loizou, A.M. Gregoriades, A.A. Demetriou,
D.S. Vakis, A.A. Apostolou, S.A. Loizides, M.A. Loizides, S.G. Sofocleous,
M.M. Antoniadis, C.V. Vasiliou, P.E. Antoniadis, M.J. Halios, M.P. Michael,
P.A. Peleties, G.V. Markidos, M.A. Papacosta, K.A. Papanicolaou, A.I. Shianimoutis,
G.N. Tziortzis, H.S. Charalambous, C.P. Anayiotos, I.P. Ghalanos, M.G. Gregoriades,
H.A. Kakoulis, G.P. Savva, C.A. Kalas, C.N. Kallis, M.H. Zavrou, P.S. Elia,
M.G. Lazarou, Z.E. Hadjizacharias, P.S. Theophanous, M.A. Karantoni, C.A. Markidos,
G.V. Andreou, J.C. Nicolaou, G.S. Prodromou, A.S. Sofocleous, G.N. Syrimis, T.J. Yiasemides

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F +357 26 943062

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Polis Chrysochou
P.O. Box 66014, 8330
T +357 26 322098
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of parent company KDM Shipping Public Limited as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

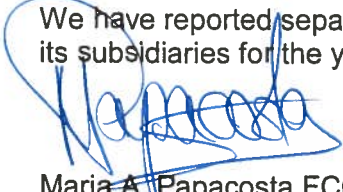
Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 as amended from time to time, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 3 is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 as amended from time to time and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015.



Maria A. Papacosta FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

25 April 2016

KDM SHIPPING PUBLIC LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOMEFor the year ended 31 December 2015

	Note	2015 US\$	2014 US\$
Other operating income	4	762	137.247
Administrative expenses		(149.954)	(183.207)
Other operating expenses	5	<u>(17.506)</u>	<u>(43.250)</u>
Operating loss	6	<u>(166.698)</u>	<u>(89.210)</u>
Finance income		9.651	338
Finance expenses		<u>(4.147)</u>	<u>(5.762)</u>
Net finance income/(cost)	7	<u>5.504</u>	<u>(5.424)</u>
Loss before tax		(161.194)	(94.634)
Tax	8	<u>-</u>	<u>-</u>
Loss for the year		<u>(161.194)</u>	<u>(94.634)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive expense for the year for the year attributable to owners		<u>(161.194)</u>	<u>(94.634)</u>

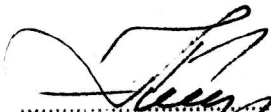
The notes on pages 11 to 24 are an integral part of these financial statements.

KDM SHIPPING PUBLIC LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 US\$	2014 US\$
Assets			
Investments in subsidiaries	10	<u>25.310.000</u>	<u>25.310.000</u>
Total non-current assets		<u>25.310.000</u>	<u>25.310.000</u>
Trade and other receivables	11	-	8.079
Receivables from own subsidiaries	17	37.991	37.991
Directors' current accounts - debit balances	17	-	9.427
Cash and cash equivalents	12	<u>8.238</u>	<u>10.753</u>
Total current assets		<u>46.229</u>	<u>66.250</u>
Total assets		<u>25.356.229</u>	<u>25.376.250</u>
Equity			
Share capital	13	117.128	117.128
Share premium		23.571.234	23.571.234
Accumulated losses		<u>(260.370)</u>	<u>(99.176)</u>
Total equity		<u>23.427.992</u>	<u>23.589.186</u>
Liabilities			
Bank overdrafts	12	40	60
Trade and other payables	14	102.566	95.708
Payables to own subsidiaries	17	1.694.645	1.556.107
Directors' current accounts - credit balances	17	20.000	20.000
Owners' current accounts - credit balances	17	110.986	110.986
Tax liability	15	-	4.203
Total current liabilities		<u>1.928.237</u>	<u>1.787.064</u>
Total equity and liabilities		<u>25.356.229</u>	<u>25.376.250</u>

On 25 April 2016 the Board of Directors of KDM Shipping Public Limited approved and authorised these financial statements for issue.


 Kostiantyn Molodkovets
 Executive Director, CEO


 Denys Molodkovets
 Executive Director, CFO

The notes on pages 11 to 24 are an integral part of these financial statements.

KDM SHIPPING PUBLIC LIMITED

STATEMENT OF CHANGES IN EQUITYFor the year ended 31 December 2015

	Share capital US\$	Share premium US\$	Accumulated losses US\$	Total US\$
Balance at 1 January 2014	<u>117.128</u>	<u>23.571.234</u>	<u>(4.542)</u>	<u>23.683.820</u>
Comprehensive income				
Loss for the year	<u>-</u>	<u>-</u>	<u>(94.634)</u>	<u>(94.634)</u>
Balance at 31 December 2014	<u>117.128</u>	<u>23.571.234</u>	<u>(99.176)</u>	<u>23.589.186</u>
Balance at 1 January 2015	117.128	23.571.234	(99.176)	23.589.186
Comprehensive income				
Loss for the year	<u>-</u>	<u>-</u>	<u>(161.194)</u>	<u>(161.194)</u>
Balance at 31 December 2015	<u>117.128</u>	<u>23.571.234</u>	<u>(260.370)</u>	<u>23.427.992</u>

Share premium is not available for distribution.

The notes on pages 11 to 24 are an integral part of these financial statements.

KDM SHIPPING PUBLIC LIMITED

STATEMENT OF CASH FLOWSFor the year ended 31 December 2015

	Note	2015 US\$	2014 US\$
Cash flows from operating activities			
Loss for the year		(161.194)	(94.634)
Adjustments for:			
Unrealised exchange loss	7	1.477	2.069
Cash used in operations before working capital changes		(159.717)	(92.565)
Decrease in trade and other receivables		8.079	343.250
Decrease in directors' current accounts		9.427	20.000
Decrease in owners' current accounts		-	28.000
Increase/(decrease) in trade and other payables		6.858	(447.923)
Increase in payables to own subsidiaries		138.538	-
Cash generated from/(used in) operations		3.185	(149.238)
Tax paid		(4.203)	-
Net cash used in operating activities		(1.018)	(149.238)
Cash flows from investing activities			
Payment for acquisition of investments in subsidiaries	10	-	(2.458.642)
Net cash used in investing activities		-	(2.458.642)
Cash flows from financing activities			
Unrealised exchange (loss)		(1.477)	-
Net cash used in financing activities		(1.477)	-
Net decrease in cash and cash equivalents		(2.495)	(2.607.880)
Cash and cash equivalents at beginning of the year		10.693	2.618.573
Cash and cash equivalents at end of the year	12	8.198	10.693

The notes on pages 11 to 24 are an integral part of these financial statements.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. INCORPORATION AND PRINCIPAL ACTIVITIES

KDM Shipping Public 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 principal activity of the Company which remained the same as in the previous year is the holding of investments in ship management entities situated in Ukraine and Panama.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113 and are for the year ended 31 December 2015.

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from the registered office of the Company.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2015 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention.

(c) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU)

During the current year the Company adopted all the changes to International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, Standards, Revised Standards and Interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the financial statements of the Company.

(d) Use of estimates and judgements

The preparation of financial statements in accordance with IFRSs requires from Management the exercise of judgement, to make estimates and assumptions that influence the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

2. BASIS OF PREPARATION *(continued)*

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(e) Functional and presentation currency

The financial statements are presented in United States Dollars (US\$) which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all the years presented in these financial statements.

Consolidated financial statements

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are stated at cost less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

Finance expenses

Interest expense and other borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency translation

(i) Functional currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

Tax

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised in profit or loss on the straight-line method over the useful lives of each part of an item of property, plant and equipment. The annual depreciation rates used for the current and comparative periods are as follows:

	%
Computer hardware	20
Motor vehicles	20
Furniture, fixtures and office equipment	10

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment (continued)

of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

(i) Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(ii) Trade and other payables

Trade payables are stated at their nominal values.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the contractual rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in such derecognized financial assets that is created or retained by the Company is recognised as a separate asset or liability

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Impairment of non-financial assets

Assets (other than biological assets, investment property, inventories and deferred tax assets) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, cash at bank and bank overdrafts.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2015**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting period.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. OTHER OPERATING INCOME

	2015 US\$	2014 US\$
Payables written off	<u>762</u>	<u>137.247</u>
	<u><u>762</u></u>	<u><u>137.247</u></u>

5. OTHER OPERATING EXPENSES

	2015 US\$	2014 US\$
Receivables written off	<u>17.506</u>	<u>43.250</u>
	<u><u>17.506</u></u>	<u><u>43.250</u></u>

6. OPERATING LOSS

	2015 US\$	2014 US\$
Operating loss is stated after charging the following items:		
Directors' fees	28.000	48.000
Independent auditors' remuneration for the statutory audit of annual accounts	5.988	6.678
Independent auditors' remuneration for other assurance services	44.102	53.072
Independent auditors' remuneration for tax advice	544	607
Independent auditors' remuneration for the audit of consolidated financial statements	<u><u>50.951</u></u>	<u><u>60.505</u></u>

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2015**7. NET FINANCE INCOME AND EXPENSES**

	2015 US\$	2014 US\$
Exchange profit	<u>9.651</u>	<u>338</u>
Finance income	<u>9.651</u>	<u>338</u>
Net foreign exchange transaction losses	(1.477)	(2.407)
Sundry finance expenses	<u>(2.670)</u>	<u>(3.355)</u>
Finance expenses	<u>(4.147)</u>	<u>(5.762)</u>
Net finance income/(cost)	<u><u>5.504</u></u>	<u><u>(5.424)</u></u>

8. TAXATIONReconciliation of tax based on the taxable income and tax based on accounting losses:

	2015	2015 US\$	2014	2014 US\$
Accounting loss before tax		<u>(161.194)</u>		<u>(94.634)</u>
Tax calculated at the applicable tax rates	12,50 %	(20.149)	12,50 %	(11.829)
Tax effect of expenses not deductible for tax purposes	(1,61)%	2.590	(19,45)%	18.406
Tax effect of allowances and income not subject to tax	0,81 %	(1.311)	0,05 %	(52)
Tax effect of tax losses brought forward	<u>5,78 %</u>	<u>(9.315)</u>	<u>6,89 %</u>	<u>(6.525)</u>
Tax as per statement of profit or loss and other comprehensive income - charge	<u>- %</u>	<u>-</u>	<u>- %</u>	<u>-</u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Due to tax losses sustained in the year, no tax liability arises on the Company. Tax losses may be carried forward for five years. Group companies may deduct losses against profits arising during the same tax year. As at 31 December 2015, the balance of tax losses which is available for offset against future taxable profits amounts to US\$225.480 (€206.410) for which no deferred tax asset is recognised in the statement of financial position.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

9. PROPERTY, PLANT AND EQUIPMENT

2015/2014	Motor vehicles	Furniture, fixtures and office equipment	Computer hardware	Total
	US\$	US\$	US\$	US\$
Cost				
Balance at 1 January	137.497	4.805	4.748	147.050
Balance at 31 December	137.497	4.805	4.748	147.050
Depreciation				
Balance at 1 January	137.497	4.805	4.748	147.050
Balance at 31 December	137.497	4.805	4.748	147.050
Carrying amounts				
Balance at 31 December	-	-	-	-

10. INVESTMENTS IN SUBSIDIARIES

	2015 US\$	2014 US\$
Balance at 1 January	25.310.000	14.370.000
Additions	-	10.940.000
Balance at 31 December	25.310.000	25.310.000

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2015 Holding %	2014 Holding %	2015 US\$	2014 US\$
KD Shipping Co. Limited Inc.	Panama	Freight business	100	100	25.010.000	25.010.000
LLC Danapris	Ukraine	Investment holding company	99,84	99,84	300.000	300.000
					25.310.000	25.310.000

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2015**11. TRADE AND OTHER RECEIVABLES**

	2015 US\$	2014 US\$
Other receivables	<u>-</u>	<u>8.079</u>
	<u>-</u>	<u>8.079</u>

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 18 to the financial statements.

12. CASH AND CASH EQUIVALENTS

	2015 US\$	2014 US\$
Cash at bank and in hand	<u>8.238</u>	<u>10.753</u>

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2015 US\$	2014 US\$
Cash and cash equivalents	8.238	10.753
Bank overdrafts	<u>(40)</u>	<u>(60)</u>
	<u>8.198</u>	<u>10.693</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 18 to the financial statements.

13. SHARE CAPITAL

	2015 Number of shares	2015 US\$	2014 Number of shares	2014 US\$
Authorised				
Ordinary shares of USD 0,01/1,75 each (EUR 0,01/1,71 each)	<u>20.000.000</u>	<u>20.000.000</u>	<u>20.000.000</u>	<u>20.000.000</u>
Issued and fully paid				
Balance at 31 December	<u>9.296.000</u>	<u>117.128</u>	<u>9.296.000</u>	<u>117.128</u>

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2015****14. TRADE AND OTHER PAYABLES**

	2015 US\$	2014 US\$
Accruals	96.335	81.463
Other creditors	<u>6.231</u>	<u>14.245</u>
	<u>102.566</u>	<u>95.708</u>

The exposure of the Company to liquidity risk in relation to trade and other payables is reported in note 18 to the financial statements.

15. TAX LIABILITY

	2015 US\$	2014 US\$
Special contribution to the defence fund	<u>-</u>	<u>4.203</u>

16. OPERATING ENVIRONMENT OF THE COMPANY

The Cyprus economy has been adversely affected during the last few years by the economic crisis. The negative effects have to some extent been resolved, following the negotiations and the relevant agreements reached with the European Commission, the European Central Bank and the International Monetary Fund (IMF) for financial assistance which was dependent on the formulation and the successful implementation of an Economic Adjustment Program. The agreements also resulted in the restructuring of the two largest (systemic) banks in Cyprus through a “bail in”.

The Cyprus Government has successfully completed earlier than anticipated the Economic Adjustments Program and exited the IMF program on 7 March 2016, after having recovered in the international markets and having only used €7.25 of the total €10 billion earmarked in the financial bailout. Under the new Euro area rules, Cyprus will continue to be under surveillance by its lenders with bi-annual post-programme visits until it repays 75% of the economic assistance it received.

Although there are signs of improvement, especially in the macroeconomic environment of the country's economy, significant challenges remain that could affect the estimates of the Company's cash flows and its assessment of impairment of financial and non-financial assets.

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2015**17. RELATED PARTY TRANSACTIONS**

The majority of the Company's share capital is held by Molodkovets Kostiantyn who owns 54,86%, Molodkovets Denys who owns 12,88%, ING Powszechne Towarzystwo Emerytalne S.A. which owns 11,39%, PZU TFI S.A. which owns 9,97% and Oleksyi Veselovsky 2,15%. During the year ended 31 December 2015 8,75% of the Company's share capital is traded at the Warsaw Stock Exchange and is held by both institutional and retail investors.

The transactions and balances with related parties are as follows:

(i) Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2015 US\$	2014 US\$
Directors' fees	<u>28.000</u>	<u>48.000</u>
	<u>28.000</u>	<u>48.000</u>

(ii) Receivables from own subsidiaries

<u>Name</u>	<u>Nature of transactions</u>	2015 US\$	2014 US\$
LLC Danapris	Finance	<u>37.991</u>	<u>37.991</u>
		<u>37.991</u>	<u>37.991</u>

The above amounts do not bear any interest and have no specified repayment date.

(iii) Directors'/owners' current accounts - debit balances

<u>Name</u>	2015 US\$	2014 US\$
Liudmyla Molodkovets	<u>-</u>	<u>9.427</u>
	<u>-</u>	<u>9.427</u>

The above director resigned in 2010 and the credit balance was written off in her current account.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2015**17. RELATED PARTY TRANSACTIONS** *(continued)***(iv) Payables to own subsidiaries**

	2015 US\$	2014 US\$
KD Shipping Co Limited Inc	<u>1.694.645</u>	<u>1.556.107</u>
	<u><u>1.694.645</u></u>	<u><u>1.556.107</u></u>

(v) Directors'/owners' current accounts - credit balances

	2015 US\$	2014 US\$
Kostiantyn Molodkovets	27.272	27.272
Denys Molodkovets	83.714	83.714
Mykhailo Chubai	10.000	10.000
Konstantin Anisimov	<u>10.000</u>	<u>10.000</u>
	<u><u>130.986</u></u>	<u><u>130.986</u></u>

The directors'/owners's current accounts are interest free, and have no specified repayment date.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Financial risk factors**

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

A. Financial risk management**(i) *Credit risk***

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

The carrying amount of financial assets represents the maximum credit exposure. The maximum

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2015**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(continued)**(i) Credit risk (continued)*

exposure to credit risk at the reporting date was:

	2015 US\$	2014 US\$
Trade and other receivables	-	8.079
Cash at bank	8.238	10.425
Receivables from own subsidiaries	37.991	37.991
Directors'/owners' current accounts - debit balance	-	9.427
	<u>46.229</u>	<u>65.922</u>

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Credit quality of financial assets

The cash at bank is mostly placed at financial institutions with Aa3 credit rating using MOODY's credit ratings.

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and are undiscounted, and include estimated interest payments:

31 December 2015	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	Between 3- 12 months US\$	Between 1-5 years US\$
Bank overdrafts	40	40	40	-	-
Other creditors	6.231	6.231	6.231	-	-
Directors'/owners' current accounts - credit balance	<u>130.986</u>	<u>130.986</u>	<u>130.986</u>	<u>-</u>	<u>-</u>
	<u>137.257</u>	<u>137.257</u>	<u>137.257</u>	<u>-</u>	<u>-</u>

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2015**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(continued)**(ii) Liquidity risk (continued)*

31 December 2014	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	Between 3- 12 months US\$	Between 1-5 years US\$
Bank overdrafts	60	60	60	-	-
Other creditors	14.245	14.245	14.245	-	-
Payable to own subsidiary	1.694.645	1.694.645	1.694.645	-	-
Directors'/owners' current accounts - credit balance	<u>130.986</u>	<u>130.986</u>	<u>130.986</u>	<u>-</u>	<u>-</u>
	<u><u>1.839.936</u></u>	<u><u>1.839.936</u></u>	<u><u>1.839.936</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through the strive to improve the debt to equity ratio. The Company's overall strategy remains unchanged from last year.

19. FAIR VALUES

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting period.

20. CONTINGENT LIABILITIES

The Company had no contingent liabilities as at 31 December 2015.

21. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

On 25 April 2016 the Board of Directors of KDM Shipping Public Limited authorised these financial statements for issue.

KDM SHIPPING PUBLIC LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2015

ADDITIONAL INFORMATION

	Schedule
Income statement	1
Administrative expenses	2
Finance income/cost	3
Computation of wear and tear allowances	4
Computation of corporate tax	5
Certificate	6

KDM SHIPPING PUBLIC LIMITED

INCOME STATEMENTFor the year ended 31 December 2015

		2015 US\$	2014 US\$
	Schedule		
Other operating income		762	137.247
Administrative expenses	2	(149.954)	(183.207)
Other operating expenses		<u>(17.506)</u>	<u>(43.250)</u>
Operating loss		<u>(166.698)</u>	<u>(89.210)</u>
Finance income	3	9.651	338
Finance costs	3	<u>(4.147)</u>	<u>(5.762)</u>
Net finance income/(cost)		<u>5.504</u>	<u>(5.424)</u>
Loss before tax		(161.194)	(94.634)
Tax		<u>-</u>	<u>-</u>
Loss for the year		<u>(161.194)</u>	<u>(94.634)</u>

KDM SHIPPING PUBLIC LIMITED

ADMINISTRATIVE EXPENSESFor the year ended 31 December 2015

	2015 US\$	2014 US\$
Schedule		
Annual levy	404	425
Independent auditors' remuneration for the statutory audit of annual accounts	5.988	6.678
Independent auditors' remuneration for other assurance services	44.102	53.072
Independent auditors' remuneration for tax advice	544	607
Other professional fees	7.985	-
Directors' fees	28.000	48.000
Irrecoverable VAT	11.980	13.920
Independent auditors' remuneration for audit of consolidated financial statements	<u>50.951</u>	<u>60.505</u>
1	<u>149.954</u>	<u>183.207</u>

KDM SHIPPING PUBLIC LIMITED

FINANCE INCOME/COSTFor the year ended 31 December 2015

	2015 US\$	2014 US\$
Schedule		
Finance income		
Realised foreign exchange profit	9.651	-
Unrealised foreign exchange profit	<u>-</u>	<u>338</u>
	<u>9.651</u>	<u>338</u>
Finance expenses		
Sundry finance expenses		
Bank charges	2.670	3.355
Net foreign exchange transaction losses		
Unrealised foreign exchange loss	<u>1.477</u>	<u>2.407</u>
	<u>4.147</u>	<u>5.762</u>
Net finance income/(cost)	1 <u><u>5.504</u></u>	<u><u>(5.424)</u></u>

KDM SHIPPING PUBLIC LIMITED

COMPUTATION OF WEAR AND TEAR ALLOWANCES

For the year ended 31 December 2015

Year	%	COST			ANNUAL ALLOWANCES					Net value 31/12/2015
		Balance 1/1/2015	Additions for the year	Disposals for the year	Balance 31/12/2015	Balance 1/1/2015	Charge for the year	On disposals	Balance 31/12/2015	
		US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<u>Motor vehicles</u>										
Cost		-	-	-	137.497	-	-	-	-	137.497
2004		137.497	-	-	137.497	-	-	-	-	137.497
<u>Furniture, fixtures and office equipment</u>										
Cost		10	3.411	-	3.411	3.411	-	-	3.411	-
2000		10	46	-	46	46	-	-	46	-
2003		10	568	-	568	568	-	-	568	-
2004		10	780	-	780	702	78	-	780	-
2006		10	4.805	-	4.805	4.727	78	-	4.805	-
<u>Computer hardware</u>										
Cost		20	4.005	-	4.005	4.005	-	-	4.005	-
2000		20	743	-	743	743	-	-	743	-
2006		20	4.748	-	4.748	4.748	-	-	4.748	-
Total			147.050	-	147.050	9.475	78	-	9.553	137.497

KDM SHIPPING PUBLIC LIMITED**COMPUTATION OF CORPORATE TAX**For the year ended 31 December 2015

		US\$	US\$
Net loss before tax per income statement	Schedule 1		(161.194)
<u>Add:</u>			
Unrealised foreign exchange loss		1.477	
Annual levy		404	
Notional profit on receivable from own subsidiaries		1.330	
Write off of other receivables		<u>17.506</u>	
			<u>20.717</u>
			(140.477)
<u>Less:</u>			
Annual wear and tear allowances	4	78	
Realised foreign exchange profit		9.651	
Write off of other payables		<u>762</u>	
			<u>(10.491)</u>
Net loss for the year			<u>(150.968)</u>
			€
Converted into € at US\$ 1,088700 = €1			(138.668)
Loss brought forward			<u>(76.873)</u>
			(215.541)
Unutilised loss up to the year 2010 not carried forward			<u>8.432</u>
Net loss to be carried forward			<u>(207.109)</u>

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	Profits/(losses) for the tax year	Gains Offset		Gains Offset		Gains Offset	
	€	Amount €	Year	Amount €	Year	Amount €	Year
2010	(1.572)	-		-		-	
2011	(68.441)	-		-		-	
2012	191.812	-		-		-	
2013	116.546	-		-		-	
2014	42.996	-		-		-	
2015	(138.668)	-		-		-	

Net loss to be carried forward (207.109)

KDM SHIPPING PUBLIC LIMITED

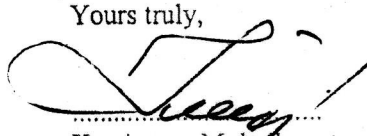
CERTIFICATE

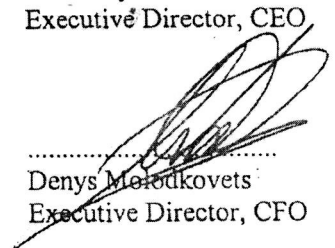
For the year ended 31 December 2015

We hereby certify, to the best of our knowledge and belief, that:

- 1) The proceeds of all sales and all other income have been properly recorded as such in the books produced to KPMG Limited.
- 2) All expenses for the year under review represent expenses incurred wholly and exclusively for the Company's business and have been properly recorded as such in the books produced to KPMG Limited.
- 3) All transactions affecting the business for the year under review have been properly recorded in the books produced to KPMG Limited.
- 4) All reserves are properly shown and all necessary provisions have been duly made and shown as such in the books produced to KPMG Limited.
- 5) All assets and liabilities have been properly taken up as at 31 December 2015 in the books produced to KPMG Limited.
- 6) All investments in non listed titles were presented to KPMG Limited at their fair value, as determined by the Company.
- 7) The Company had no contingent liabilities as at 31 December 2015.
- 8) No events have occurred and no facts have been discovered since the year-end, which could materially affect the true and fair view of these financial statements as at 31 December 2015.

Yours truly,


Kostiantyn Molodkovets
Executive Director, CEO


Denys Molodkovets
Executive Director, CFO

Nicosia, 25 April 2016

