

KDM SHIPPING PUBLIC LIMITED

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (unaudited)**

For the six months ended 30 June 2017

KDM SHIPPING PUBLIC LIMITED
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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KDM SHIPPING PUBLIC LIMITED**BOARD OF DIRECTORS AND OTHER OFFICERS**

Board of Directors	Konstantyn Molodkovets - Executive Director, CEO Denys Molodkovets - Executive Director, CFO
Audit Committee	Denys Molodkovets - Head of Committee Konstantyn Molodkovets
Remuneration Committee	Konstantyn Molodkovets - Head of Committee Denys Molodkovets
Secretary	Boomer Secretarial Limited 3 Michael Koutsofta Str. 3031, Limassol Cyprus
Independent Auditors	KPMG Limited
Registered Office	3 Michael Koutsofta Str. 3031, Limassol Cyprus


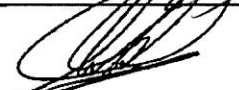
KDM SHIPPING PUBLIC LIMITED

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE PERSON RESPONSIBLE FOR THE PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with article 9 sections (3)(c) and (7) of the Transparency Requirements (Securities for Trading on a Regulated Market) Law of 2007 (the "Law"), 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 (the "Company") for the six months ended 30 June 2017, confirm that to the best of our knowledge:

- a) the condensed consolidated interim financial statements presented on pages 7 to 29:
- i) have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" 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 condensed consolidated interim 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 condensed consolidated interim 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	

Person responsible for the preparation of the condensed consolidated interim financial statements of the Company for the six months ended 30 June 2017:

Denys Molodkovets	
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Nicosia, 31 August 2017

KDM SHIPPING PUBLIC LIMITED**INTERIM MANAGEMENT REPORT**

The Board of Directors of KDM Shipping Public Limited (the "Company") presents to the members its interim management report together with the unaudited condensed consolidated interim financial statements of the Company and of its subsidiaries (together with the Company referred to as "the Group") for the six months ended 30 June 2017).

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

The Group's sales revenue for the first half of 2017 consisted mainly from freight segment and grain trading operations since ship repair segment did not contribute much to total revenue of the Group.

The Group's sales revenue from its freight segment is generated mainly from the transportation services for dry bulk cargoes, including such commodities as grain, metal products, cement, and other materials along the Black, Azov, Mediterranean and Caspian Sea regions' shipping routes.

The freight sales revenue for the first half of 2017 increased by approximately 10% compared to the corresponding previous period but this is not a substantial change as general market condition remained the same as in first half of 2016. As a result of management's cost-cutting efforts, cost of freight has decreased by 22%, which resulted in gross profit in the current period as compared to a loss in first half of 2016.

Grain trading segment sales revenue has decreased by approximately 40% due to the slow sales in first half of 2017, however net profit for the segment did not have such a negative impact. Gross profit for the corresponding previous period had an increase of 42%, as a result of an increase in the segment's gross margin by 3%.

Ship repair segment's revenue has also showed negative tendency. Difficult political and economical situation have significantly cut the order book, main customers as of now are Ukrainian ship owners with minor repairs. While both gross loss and costs for the segment have decreased by 37% and 67%, respectively, revenues have also decreased, by 77%.

Overall, performance of the Group remain low due to a large number of economical and political issues in the region of operation. It is management's belief that freight segment will improve its performance in the second half of 2017 after the implementation of new strategy that is aimed at cost cutting and profit enhancement.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in note 17 to the condensed consolidated interim financial statements.

UKRAINIAN BUSINESS AND ECONOMIC ENVIRONMENT

The ongoing political and economic instability in Ukraine which commenced at the end of 2013 and led to a deterioration of state finances, volatility of financial markets, illiquidity on capital markets, higher inflation and devaluation of the national currency against major foreign currencies has continued in 2016 and 2017, though to a lesser extent as compared to 2014 and 2015.

Inflation rate in Ukraine during 2016 reduced to 12% (as compared to 43% in 2015), while GDP returned to growth of 1% (after 9% decline in 2015). Devaluation of Ukrainian Hryvnia during 2016 has been moderate. In 2016 the National Bank of Ukraine ("NBU") has made certain steps to ease the currency control restrictions introduced in 2014 and 2015.

The final resolution and the effects of the political and economic crisis are difficult to predict but may have further severe effects on the Ukrainian economy.

KDM SHIPPING PUBLIC LIMITED**INTERIM MANAGEMENT REPORT** (continue)**UKRAINIAN BUSINESS AND ECONOMIC ENVIRONMENT** (continue)

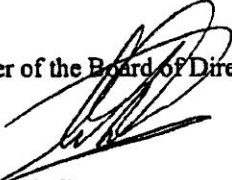
The uncertain economic conditions in Ukraine have affected the cash flow forecasts of the Group's management in relation to the impairment assessment for financial and non-financial assets. The Group's management has assessed whether any impairment provisions are deemed necessary for the Group's financial assets carried at amortised cost by considering the economic situation and outlook at the end of the reporting period.

Although, Group's management considers that all necessary actions are being performed to maintain financial stability of the Group in current situation, continuation of crisis may adversely affect results and financial position of the Group, but it is currently impossible to estimate the effect. These consolidated financial statements reflect current management estimation of Ukrainian business environment influence on the financial position of the Group. Situation development may differ from management expectations. These financial statements were not adjusted to reflect events after the reporting period.

RELATED PARTY BALANCES AND TRANSACTIONS

Disclosed in note 16 to the condensed consolidated interim financial statements.

By order of the Board of Directors,



Denys Molodkovets
Director, CFO

Nicosia, 31 August 2017



KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
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**INDEPENDENT AUDITORS' REPORT ON REVIEW OF
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

**to the members of
KDM SHIPPING PUBLIC LIMITED**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of KDM Shipping Public Limited (the "Company") and its subsidiary companies (together with the Company referred to as "the Group") as at 30 June 2017, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

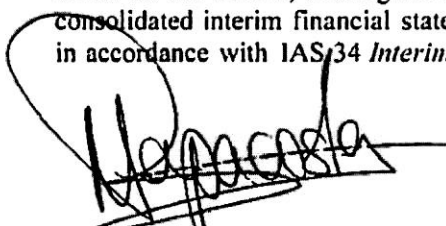
We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of matter

We draw attention to notes 2(d) and 2(f) to the condensed consolidated interim financial statements, which describe the political and social unrest and regional tensions in Ukraine. The impact of the events referred to in notes 2(d) and 2(f) about the continuing economic and political crisis in Ukraine and their final resolution cannot be determined and may adversely affect the Ukrainian economy and the operations of the Group and its ability to meet its obligations as they fall due.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements as at 30 June 2017 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



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

31 August 2017

KDM SHIPPING PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Note	30 June 2017 USD'000	30 June 2016 USD'000
Continuing operations			
Revenue		8 714	13 576
Cost of sales		<u>(8 495)</u>	<u>(13 835)</u>
Gross profit / (loss)		219	(259)
Other operating income	6	2 103	47
Selling and distribution expenses		-	(49)
Administrative expenses		(188)	(227)
Other operating expenses	7	<u>(363)</u>	<u>(1 917)</u>
Profit/(loss) from operating activities		<u>1 771</u>	<u>(2 405)</u>
Finance income		21	1
Finance costs		-	(68)
Net finance income / (expenses)		<u>21</u>	<u>(67)</u>
Profit/(loss) before taxation		1 792	(2 472)
Taxation		<u>(1)</u>	<u>37</u>
Profit/(loss) from continuing operations		<u>1 791</u>	<u>(2 435)</u>
Discontinued operation			
Loss from discontinued operation, net of tax	5	<u>-</u>	<u>(170)</u>
Profit/(loss) for the period		<u>1 791</u>	<u>(2 605)</u>
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Effect from translation into presentation currency		<u>719</u>	<u>39</u>
Total comprehensive income		<u>2 510</u>	<u>(2 566)</u>
Profit/(loss) attributable to:			
Owners of the Company		1 680	(2 610)
Non-controlling interests		<u>111</u>	<u>5</u>
		<u>1 791</u>	<u>(2 605)</u>
Total comprehensive income attributable to:			
Owners of the Company		2 399	(2 563)
Non-controlling interests		<u>111</u>	<u>(3)</u>
		<u>2 510</u>	<u>(2 566)</u>
Profit/(loss) per share			
Basic and fully diluted profit/(loss) per share (cent)	15	<u>0.19</u>	<u>(0.28)</u>
Profit/(loss) per share – Continuing operations			
Basic and fully diluted profit/(loss) per share	15	<u>0.19</u>	<u>(0.26)</u>

The notes on pages 11 to 29 are an integral part of these condensed consolidated interim financial statements.

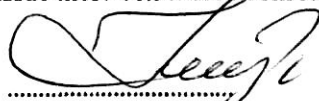
KDM SHIPPING PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

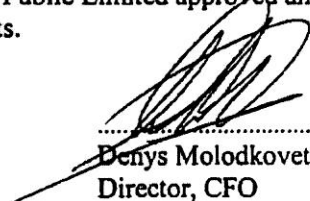
As at 30 June 2017

	Note	30 June 2017 USD'000	31 December 2016 USD'000
Assets			
Vessels, property, plant and equipment	8	8 660	8 957
Trade and other receivables	11	<u>1 509</u>	<u>-</u>
Non-current assets		<u>10 169</u>	<u>8 957</u>
Inventories	10	538	76
Trade and other receivables	11	7 138	6 036
Cash and cash equivalents		<u>21 270</u>	<u>23 490</u>
Current assets		<u>28 946</u>	<u>29 602</u>
Total assets		<u>39 115</u>	<u>38 559</u>
Equity			
Share capital	12	118	118
Share premium		23 570	23 570
Retained earnings		27 335	25 655
Foreign currency translation reserve		<u>(17 700)</u>	<u>(18 419)</u>
Equity attributable to owners of the Company		<u>33 323</u>	<u>30 924</u>
Non-controlling interests		<u>(791)</u>	<u>(902)</u>
Total equity		<u>32 532</u>	<u>30 022</u>
Liabilities			
Deferred tax liabilities		495	485
Other long-term liabilities		<u>39</u>	<u>39</u>
Non-current liabilities		<u>534</u>	<u>524</u>
Loans and borrowings	13	2 063	4 146
Short-term notes		29	29
Trade and other payables	14	<u>3 957</u>	<u>3 838</u>
Current liabilities		<u>6 049</u>	<u>8 013</u>
Total liabilities		<u>6 583</u>	<u>8 537</u>
Total equity and liabilities		<u>39 115</u>	<u>38 559</u>

On 31 August 2017, the Board of Directors of KDM Shipping Public Limited approved and authorised for issue these condensed consolidated interim financial statements.



Konstantyn Molodkovets
Director, CEO



Denys Molodkovets
Director, CFO

The notes on pages 11 to 29 are an integral part of these condensed consolidated interim financial statements.

KDM SHIPPING PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company						Total equity
	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	
Balance at 1 January 2016	118	23 570	(17 480)	33 853	40 061	31	40 092
Comprehensive income							
Loss for the period	-	-	-	(2 610)	(2 610)	5	(2 605)
Effect from translation into presentation currency	-	-	47	-	47	(8)	39
Total comprehensive expense	-	-	47	(2 610)	(2 563)	(3)	(2 566)
Balance at 30 June 2016	118	23 570	(17 433)	31 243	37 498	28	37 526
Balance at 1 January 2017	118	23 570	(18 419)	25 655	30 924	(902)	30 022
Comprehensive income							
Loss for the period	-	-	-	1 680	1 680	111	1 791
Effect from translation into presentation currency	-	-	719	-	719	-	719
Total comprehensive expense	-	-	719	1 680	2 399	111	2 510
Balance at 30 June 2017	118	23 570	(17 700)	27 335	33 323	(791)	32 532

The notes on pages 11 to 29 are an integral part of these condensed consolidated interim financial statements.

KDM SHIPPING PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWSFor the six months ended 30 June 2017

	Note	30 June 2017 USD'000	30 June 2016 USD'000
Cash flows from operating activities			
Loss for the period		1 791	(2 605)
Adjustments for:			
Depreciation of vessels, property, plant and equipment	8	367	585
Provision for impairment of receivables	11	-	1 346
Payables written-off		(2 000)	-
Impairment charge - assets held for sale		-	394
Interest income		(21)	(1)
Discount of notes issued		-	3
Taxation		(1)	107
Exchange differences		(103)	177
Cash flows from operations before working capital changes		<u>33</u>	<u>6</u>
Decrease in inventories	10	(462)	4 050
Increase in trade and other receivables	11	(2 183)	(2 959)
Increase in trade and other payables	14	119	264
Cash flows (used in)/from operations		<u>(2 493)</u>	<u>1 361</u>
Tax paid		-	-
Net cash flows (used in)/from operating activities		<u>(2 493)</u>	<u>1 361</u>
Cash flows from investing activities			
Payment for acquisition of vessels, property, plant and equipment	8	-	(62)
Proceeds from disposal of vessels, property, plant and equipment	8	6	-
Interest received		-	1
Net cash flows from/(used in) investing activities		<u>6</u>	<u>(61)</u>
Cash flows from financing activities			
Proceeds from non-bank loans	13	39	206
Repayment of non-bank loans	13	(122)	-
Net cash flows (used in)/from financing activities		<u>(83)</u>	<u>206</u>
Net (decrease)/increase in cash and cash equivalents		<u>(2 570)</u>	<u>1 506</u>
Cash and cash equivalents at the beginning of the period		23 490	19 864
Effect of translation into presentation currency		350	(276)
Cash and cash equivalents at the end of the period		<u>21 270</u>	<u>21 094</u>

The notes on pages 11 to 29 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 six months ended 30 June 2017****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 Company is currently listed on the main market of Warsaw Stock Exchange.

The Company was initially established under the name V.S. Marine Engineering Services Limited. On 21 December 2011, the Company was re-registered as a public limited company and changed its name to KDM Shipping Public Limited.

These condensed consolidated interim financial statements for the six months ended 30 June 2017 comprise the Company and its subsidiaries (together with the Company referred to as the "Group").

During 2016, the Group has discontinued its passenger transportation segment. Other principal activities of the Group remained the same as in the previous period, and are cargo freight, ship repair and trading in grain, corn, oil and barley.

The Group's subsidiaries country of incorporation, their principal activities and effective ownership percentage are disclosed in note 9 to the condensed consolidated interim financial statements.

On 9 August 2012, the shares of the Company were admitted on the regulated market of the Warsaw Stock Exchange. On 11 June 2013, following the second public offering 2 000 000 new shares subscribed at issue price of PLN 30 per share.

The parent company of the Group is KDM Shipping Public Limited, with an issued share capital of 9 296 000 ordinary shares with nominal value of EUR 0,01 per share. The shares were distributed as follows:

Owner	30 June 2017		31 December 2016	
	Number of shares	Ownership Interest %	Number of shares	Ownership Interest %
Konstantyn Molodkovets (KM Management Limited)	5 100 000	54,86	5 100 000	54,86
Denys Molodkovets (Denhold Management Limited)	1 197 321	12,88	1 197 321	12,88
Oleksyi Veselovskyy ⁽¹⁾	200 000	2,15	200 000	2,15
Konstantin Anisimov	1	-	1	-
Liudmila Molodkovets	1	-	1	-
Iurii Molodkovets	1	-	1	-
Public	2 798 676	30,11	2 798 676	30,11
	9 296 000	100,00	9 296 000	100,00

⁽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 six months ended 30 June 2017

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

These interim financial statements as at and for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2016 ('last annual financial statements'). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company's Board of Directors on 31 August 2017.

(b) Basis of measurement

These interim financial statements have been prepared under the historical cost convention.

(c) Use of judgements and estimates

In preparing these interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments 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 2016.

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Board of Directors.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised 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 in 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).

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the six months ended 30 June 2017****2. BASIS OF PREPARATION (continued)****(c) Use of judgements and estimates (continued)****Measurement of fair values (continued)**

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised 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 Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the relevant notes.

(d) Ukrainian business and economic environment

Main operating activities of the Group are not carried out in Ukraine; however, the Group's performance is affected by the development of the political situation in Ukraine and Russia. Laws and other regulatory acts affecting the activities of entities in Ukraine 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 unfavourable changes in political and economic environment.

The ongoing political and economic instability in Ukraine which commenced at the end of 2013 and led to a deterioration of state finances, volatility of financial markets, illiquidity on capital markets, higher inflation and devaluation of the national currency against major foreign currencies has continued in 2016 and 2017, though to a lesser extent as compared to 2014 and 2015.

Inflation rate in Ukraine during 2016 reduced to 12% (as compared to 43% in 2015), while GDP returned to growth of 1% (after decline in 2015). Devaluation of Ukrainian Hryvnia during 2016 has been moderate. In 2016 the National Bank of Ukraine ("NBU") has made certain steps to ease the currency control restrictions introduced in 2014 and 2015. Current restrictions are effective until rescinded by the NBU. The banking system remains fragile due to its weak level of capital, low asset quality caused by the economic situation, national currency devaluation, changing regulations and other factors.

The final resolution and the effects of the political and economic crisis are difficult to predict but may have further severe effects on the Ukrainian economy.

The uncertain economic conditions in Ukraine have affected the cash flow forecasts of the Group's management in relation to the impairment assessment for financial and non-financial assets. The Group's management has assessed whether any impairment provisions are deemed necessary for the Group's financial assets carried at amortised cost by considering the economic situation and outlook at the end of the reporting period.

Although, Group's management considers that all necessary actions are being performed to maintain financial stability of the Group in current situation, continuation of crisis may adversely affect results and financial position of the Group, but it is currently impossible to estimate the effect. These consolidated financial statements reflect current management estimation of Ukrainian business environment influence on the financial position of the Group. Situation development may differ from management expectations. These financial statements were not adjusted to reflect events after the reporting period.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

2. BASIS OF PREPARATION (continued)**(e) Functional and presentation currency**

The functional currency of most of the companies of the Group is US Dollar ("USD"). Transactions in currencies other than the functional currency of the Group's companies are treated as transactions in foreign currencies. The Group's management decided to use USD as the presentation currency for financial and management reporting purposes for the convenience of its principal users. Exchange differences arising from the translation to presentation currency are classified as equity and transferred to foreign currency translation reserve.

The exchange rates used in the preparation of these condensed consolidated interim financial statements are as follows:

Currency	30 June 2017	Weighted average for the 6 months ended 30 June 2017	31 December 2016	Weighted average for the 6 months ended 30 June 2016
UAH/USD	26,0417	26,7380	27,1739	25,4578
RUB/USD	58,8235	57,8035	61,3497	70,2583

(f) Going concern basis

These condensed consolidated interim financial statements have been prepared under the going concern basis, which assumes the realisation of assets and settlement of liabilities in the course of ordinary economic activity. Renewals of the Group's assets, and the future activities of the Group, are significantly influenced by the current and future economic environment in Ukraine. The Board of Directors and Management are closely monitoring the events in the current operating environment of the Group described in note 2 (d) to the condensed consolidated interim financial statements and has assessed the current situation and there is no indication of adverse effects while at the same time are taking all the steps to secure Group's short and long-term viability. To this effect, they consider that the Group is able to continue its operations as a going concern and that it will be able to meet its obligations as they fall due.

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

As from 1 January 2017, the Group adopted all changes to International Financial Reporting Standards (IFRSs) as adopted by EU which are relevant to its operations. This adoption did not have a material effect on the financial statements of the Group.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2017. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these Standards early.

(i) Standards and Interpretations adopted by the EU

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2018).

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

2. BASIS OF PREPARATION (continued)

(g) Standards and Interpretations (continued)

(ii) Standards and Interpretations not adopted by the EU (continued)

- IAS 7 (Amendments) "Disclosure Initiative" (effective for annual accounting periods beginning on or after 1 January 2017)
- IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual accounting periods beginning on or after 1 January 2017)
- Annual Improvements to IFRSs 2014-2016 Cycle (effective for annual accounting periods beginning on or after 1 January 2017)
- IFRS 2 (Amendments) "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods beginning on or after 1 January 2018)
- IFRS 4 (Amendments) "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual reports beginning on or after 1 January 2018)
- IFRS 15 (Clarifications) "Revenue from Contracts with Customers" (effective for annual periods beginning of or after 1 January 2018).
- IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual beginning on or after 1 January 2018).
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).

The Board of Directors expects that the adoption of these interim financial reporting standards in future periods will not have a material effect on the financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim financial statements are the same as those applied in the Group's last annual financial statements as at and for the year ended 31 December 2016.

4. OPERATING SEGMENTS

A reportable segment is a separable component of a business entity that produces goods or provides services to individuals (or groups of related products or services) in a particular economic environment that is subject to risks and generate revenues other than risks and income of those components that are peculiar to other reportable segments.

As disclosed in the annual consolidated financial statements for the year ended 31 December 2016, management discontinued its passenger transportation segment in August 2016. The Group's remaining three reportable segments are freight, ship repair and grain trading.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

4. OPERATING SEGMENTS (continued)

Analysis of the Group's reportable segments is as follows:

30 June 2017	Freight USD'000	Ship repair USD'000	Grain USD'000	Total USD'000	
External revenues	1 652	78	6 984	8 714	
Inter-segment revenue	-	-	-	-	
Cost of sales	<u>(1 507)</u>	<u>(157)</u>	<u>(6 831)</u>	<u>(8 495)</u>	
Gross profit/(loss)	145	(79)	153	219	
Expenses	1 552	(52)	52	1 552	
<i>Other material non-cash items</i>					
Impairment loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Loss from operating activities	1 697	(131)	205	1 771	
Net finance cost	<u>-</u>	<u>-</u>	<u>21</u>	<u>21</u>	
Loss before tax	1 697	(131)	226	1 792	
Tax	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	
Net profit/(loss) for the period	<u>1 696</u>	<u>(131)</u>	<u>226</u>	<u>1 791</u>	
Non-current assets	4 792	4 296	-	9 088	
Current assets	<u>22 461</u>	<u>732</u>	<u>6 834</u>	<u>30 027</u>	
Total assets	<u>27 253</u>	<u>5 028</u>	<u>6 834</u>	<u>39 115</u>	
Non-current liabilities	43	491	-	534	
Current liabilities	<u>4 101</u>	<u>660</u>	<u>1 288</u>	<u>6 049</u>	
Total liabilities	<u>4 144</u>	<u>1 151</u>	<u>1 288</u>	<u>6 583</u>	
30 June 2016	Freight USD'000	Ship repair USD'000	Passenger transportation (Discontinued) USD'000	Grain USD'000	Total USD'000
Revenue	1.505	345	60	11.726	13.636
Cost of sales	<u>(1.935)</u>	<u>(470)</u>	<u>(39)</u>	<u>(11.431)</u>	<u>13.875</u>
Gross (loss)/profit	(430)	(125)	21	295	(239)
Expenses	(1.596)	(154)	(48)	-	(1.798)
Operating expenses					
Impairment charge of vessels, property, plant and equipment	<u>-</u>	<u>-</u>	<u>(394)</u>	<u>-</u>	<u>(394)</u>
Operating (loss)/profit	(2.026)	(279)	(421)	295	(2.431)
Net finance cost	<u>(65)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(67)</u>
(Loss)/profit before taxation	(2.091)	(281)	(421)	295	(2.498)
Taxation	<u>-</u>	<u>37</u>	<u>(144)</u>	<u>-</u>	<u>(107)</u>
Net (loss) /profit for the period	<u>(2.091)</u>	<u>(244)</u>	<u>(565)</u>	<u>295</u>	<u>(2.605)</u>

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

4. OPERATING SEGMENTS (continued)

	Freight USD'000	Ship repair USD'000	Grain USD'000	Total USD'000
As at 31 December 2016				
Non-current assets	4 534	4 423	-	8 957
Current assets	24 793	114	4 695	29 602
Total assets	29 327	4 537	4 695	38 559
Non-current liabilities	33	491	-	524
Current liabilities	1 204	5 075	1 734	8 013
Total liabilities	1 237	5 566	1 734	8 537

Reconciliation of reportable segments profit or loss

	For the six months ended 30 June 2017 USD'000	For the six months ended 30 June 2016 USD'000
Total profit/(loss) before tax for reportable segments	1.791	(2.605)
Elimination of discontinued operations	-	565
Profit/(loss) before tax	1.791	(2.040)

Impairment test

The impairment loss was recognised in relation to Freight, Ship Repair and Passenger transportation segments which is analysed as follows:

	31 December 2016 USD'000
Vessels, property, plant and equipment	
Freight	(2.878)
Passenger transportation	(394)
Impairment loss	(3.272)

In the light of the deterioration of the activities of the ship repair and passenger transportation services, due to the political and economic environment in the Ukraine, the management estimated the recoverable amount of the related segments.

The recoverable amount of the segments was based on external valuation received for vessels, property, plant and equipment and on management assumption for the rest. The external valuator's method used was the value in use.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2017**5. DISCONTINUED OPERATION AND DISPOSAL GROUP HELD FOR SALE**

In August 2016, management discontinued its passenger transportation segment. The Group sold LLC Riverest Tur, the segment operating company, and all related assets. The related assets were previously classified as held-for-sale in the interim financial statements for the six months ended 30 June 2016.

In June 2016, management committed to a plan to sell the passenger transportation segment. As at 30 June 2016, this segment was presented as a disposal group held for sale. The sale was completed in August 2016.

As at 30 June 2016, the disposal group comprised assets of USD 1 814 thousand less liabilities of USD 314 thousand detailed as follows:

	30 June 2016 USD'000
Vessels, property, plant and equipment	1 720
Inventories	13
Cash and cash equivalents	3
Trade and other receivables	78
Trade and other payables	(120)
Deferred tax liabilities	(194)
	<u>1 500</u>

An impairment loss of USD 394 thousand writing down the carrying amount of the disposal group to its fair value less costs to sell has been included in other operating expenses.

Results of discontinued operation are as follows:

	30 June 2016 USD'000
Revenues	60
Expenses	(47)
Loss before tax	(26)
Tax	(144)
Loss from discontinued operation, net of tax	(170)

6. OTHER OPERATING INCOME

	30 June 2017 USD'000	30 June 2016 USD'000
Income from derecognition of liability (note 13)	2 000	-
Income from foreign exchange difference	103	-
Total other operating income	<u>2 103</u>	<u>-</u>

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the six months ended 30 June 2017****7. OTHER OPERATING EXPENSES**

	30 June 2017 USD'000	30 June 2016 USD'000
Loss from foreign exchange difference	-	168
Impairment of vessels, property, plant and equipment	-	394
Provision for impairment of receivables	-	1 343
Fines and penalties	-	4
Sundry expenses	363	8
Total other operating expenses	363	1 917

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2017

8. VESSELS, PROPERTY, PLANT AND EQUIPMENT

30 June 2017	Land and buildings USD'000	Vessels USD'000	Plant and equipment USD'000	Vehicles USD'000	Furniture and fittings USD'000	Other USD'000	Total USD'000
Cost							
Balance at 1 January 2017	5 440	14 296	991	20	45	72	20 864
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	(5)	-	-	(5)
Exchange differences	91	-	16	-	-	-	107
Balance at 30 June 2017	5 531	14 296	1 007	15	45	72	20 966
Depreciation and impairment losses							
Balance at 1 January 2017	2 974	8 505	310	9	42	67	11 907
Depreciation for the period	66	270	27	-	1	1	365
On disposals	-	-	-	(1)	-	-	(1)
Exchange differences	32	-	3	-	-	-	35
Balance at 30 June 2017	3 072	8 775	340	8	43	68	12 306
Carrying amounts							
Balance at 30 June 2017	2 459	5 521	667	7	2	4	8 660

Net book value of vessels used to secure the Group's bank loans is disclosed in note 13.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2017

8. VESSELS, PROPERTY, PLANT AND EQUIPMENT (continued)

31 December 2016	Land and buildings USD'000	Vessels USD'000	Plant and equipment USD'000	Vehicles USD'000	Furniture and fittings USD'000	Other USD'000	Total USD'000
Cost							
Balance at 1 July 2016	5 432	15 459	951	18	44	71	21 975
Additions	-	-	27	-	-	-	27
Disposals	-	(1 058)	-	-	-	(1)	(1 059)
Exchange differences	8	(105)	13	2	1	2	(79)
Balance at 31 December 2016	5 440	14 296	991	20	45	72	20 864
Depreciation and impairment losses							
Balance at 1 July 2016	2 914	5 499	284	8	40	65	8 810
Depreciation for the period	58	476	25	1	-	1	561
On disposals	-	(350)	-	-	-	-	(350)
Impairment charge	-	2 878	-	-	-	-	2 878
Exchange differences	2	2	1	-	2	1	8
Balance at 31 December 2016	2 974	8 505	310	9	42	67	11 907
Carrying amounts							
Balance at 31 December 2016	2 466	5 791	681	11	3	5	8 957

As at 31 December 2016 management carried out an impairment assessment of its transport vessels. As a result, impairment charge of USD 2 878 thousand was recognised in profit or loss for the year ended 31 December 2016.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

8. VESSELS, PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2016	Land and buildings	Vessels	Vessels under construction	Plant and equipment	Vehicles	Furniture and fittings	Other	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost								
Balance at 1 January 2016	5 630	15 579	3 182	993	56	64	76	25 580
Additions	-	-	40	20	-	-	2	62
Disposals	-	-	-	-	-	-	-	-
Exchange differences	(194)	(6)	(42)	(33)	(3)	(2)	(2)	(282)
Reclassification to assets held for sale	(4)	(114)	(3 180)	(29)	(35)	(18)	(5)	(3 385)
Balance at 30 June 2016	5 432	15 459	-	951	18	44	71	21 975
Depreciation and impairment losses								
Balance at 1 January 2016	2 943	5 075	1 196	270	15	55	67	9 621
Depreciation for the period	71	478	-	29	4	2	1	585
On disposals	-	-	-	-	-	-	-	-
Reclassification to assets held for sale	-	(51)	(1 196)	(6)	(11)	(16)	(3)	(1 283)
Exchange differences	(100)	(3)	-	(9)	-	(1)	-	(113)
Balance at 30 June 2016	2 914	5 499	-	284	8	40	65	8 810
Carrying amounts								
Balance at 30 June 2016	2 518	9 960	-	667	10	4	6	13 165

In June 2016 management decided to dispose of its passenger transportation segment. Impairment charge of USD 394 thousand was recognised in profit or loss. Net carrying amount of passenger vessels was reclassified as assets held for sale.

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

9. INVESTMENTS IN SUBSIDIARIES

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>30 June 2017 Effective holding %</u>	<u>31 December 2016 Effective holding %</u>
KD Shipping Co. Limited Inc.	Panama	Bareboat charterer of vessels	100,00	100,00
LLC Danapris	Ukraine	Ukrainian holding company	99,84	99,84
LLC Capital Shipping Company	Ukraine	Ship owner, safety and technical license	99,57	99,57
LLC Hylea-Servise	Ukraine	Ship repair services	99,57	99,57
Infoland Incorporated	Panama	Management services	100,00	100,00
LLC First Kherson Shipbuilding Yard (formerly LLC Kuybyshev KSRY)	Ukraine	Ship repair services	100,00	100,00
LLC Marine Management	Russian Federation	Ship operator	100,00	100,00
Bemax Marketing LTD	Marshall Islands	Dormant	100,00	100,00
Intention Development LTD	Marshall Islands	Dormant	100,00	100,00
Promo Ring LTD	Marshall Islands	Dormant	100,00	100,00
Star Value LTD	Marshall Islands	Dormant	100,00	100,00
Terra Empire LTD	Marshall Islands	Dormant	100,00	100,00
Unlimited Mark LTD	Marshall Islands	Dormant	100,00	100,00
KD Bulk	Marshall Islands	Dormant	100,00	100,00
KD Cargo	Marshall Islands	Dormant	100,00	100,00
KD Logistics	Marshall Islands	Dormant	100,00	100,00
KD Maritime	Marshall Islands	Dormant	100,00	100,00
Mak Agro Grains Cereals and Legumes Trading LLC	United Arab Emirates	Commodities trader	51,00	51,00

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2017**9. INVESTMENTS IN SUBSIDIARIES (continued)**

In August 2016 the Group sold its stake in LLC Riverest Tur since management has decided to discontinue the passenger transportation segment.

The Representative office of KDM Shipping Co Limited has been established without the right to conduct commercial activity in Ukraine.

In September 2016, the Group acquired a 51% stake in share capital of MAK Agro Grains Cereals and Legumes Trading LLC, a commodities trading company.

LLC Capital Shipping Company, LLC Danapris and LLC Hylea-Servise are in the process of liquidation.

Group subsidiaries incorporated in Marshall Islands are dormant companies and will be liquidated.

10. INVENTORIES

	30 June 2017 USD'000	31 December 2016 USD'000
Fuel	52	64
Materials	5	11
Work in progress	<u>481</u>	<u>1</u>
Total inventories	<u>538</u>	<u>76</u>

11. TRADE AND OTHER RECEIVABLES

	30 June 2017 USD'000	31 December 2016 USD'000
Trade receivables	1 730	1 678
<u>Less: Provision for impairment of trade receivables</u>	<u>-</u>	<u>-</u>
Trade receivables - net	1 730	1 678
Receivables from directors/owners	1 081	-
Prepayments	6 045	5 354
<u>Less: Provision for prepayments</u>	<u>(1 975)</u>	<u>(2 198)</u>
VAT recoverable	113	120
Other receivables	<u>1 653</u>	<u>1 082</u>
Total trade and other receivables	<u>8 647</u>	<u>6 036</u>
Non-current portion	1 509	-
Current portion	<u>7 138</u>	<u>6 036</u>
Total trade and other receivables	<u>8 647</u>	<u>6 036</u>

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

12. SHARE CAPITAL

	30 June 2017 Number of shares	30 June 2017 USD'000	31 December 2016 Number of shares	31 December 2016 USD'000
Authorised				
Ordinary shares of USD 0,01 each (EUR 0,01 each)	<u>20 000 000</u>	<u>265</u>	<u>20 000 000</u>	<u>265</u>
Issued and fully paid				
Balance at 30 June and 31 December	<u>9 296 000</u>	<u>118</u>	<u>9 296 000</u>	<u>118</u>

The owners of the parent company as at 30 June and 31 December are as follows:

	30 June 2017 USD'000	31 December 2016 USD'000
Konstantyn Molodkovets	65	65
Denys Molodkovets	15	15
Oleksyi Veselovsky	2	2
Public	<u>36</u>	<u>36</u>
	<u>118</u>	<u>118</u>

On 11 June 2013, the Company issued 2 000 000 new shares following the second public offering. The offer price for each Company's share was established at PLN 30 (USD 9,31/EUR 7,34) and the investors subscribed for 2 000 000 shares of the Company which represent 21,5% of the total issued share capital.

As a result of the above, the ordinary share capital increased to USD 118 thousand and is divided into 9 296 000 ordinary shares of EUR 0,01 each and share premium of USD 23 570 thousand net of transaction costs.

13. LOANS AND BORROWINGS

	30 June 2017 USD'000	31 December 2016 USD'000
Short-term liabilities		
Non-bank loans	63	146
Bank loans (Note)	<u>2 000</u>	<u>4 000</u>
Total loans and borrowings	<u>2 063</u>	<u>4 146</u>

Bank loans are secured by mortgage against the vessels with net book value of USD 2 222 thousand (31 December 2016: USD 2 549 thousand).

KDM SHIPPING PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the six months ended 30 June 2017****13. LOANS AND BORROWINGS (continued)**

Interest rates are as follows:

	30 June 2017	31 December 2016
Bank loans	3M Libor + 10,5%	3M Libor + 10,5%

Note:

The Group has derecognised one of its bank loans amounted to USD 2 000 thousand following a Court Decision ruled in Ukraine. The effect of this derecognition was recognised in profit or loss as part of other operating income (note 6).

14. TRADE AND OTHER PAYABLES

	30 June 2017 USD'000	31 December 2016 USD'000
Trade payables	965	2 514
Advances received	1 503	41
Other accounts payable	827	560
Salaries contributions and other related taxes	308	367
Payable to directors/owners	83	85
Other taxes payable	24	24
Deferred income	4	4
Interest payable	243	243
Total trade and other payables	3 957	3 838

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2017**15. EARNINGS/(LOSS) PER SHARE**

The calculation of earnings/(loss) per share for the six months ended 30 June 2017 and 30 June 2016 was based on the profit/(loss) attributable to ordinary owners and the weighted number of ordinary shares outstanding as follows:

Profit/(loss) attributable to ordinary owners:

	30 June 2017	30 June 2016
	USD'000	USD'000
Profit/(loss) for the period from continuing operations	1 791	(2 435)
Loss for the period from discontinued operation	<u>-</u>	<u>(170)</u>
Profit/(loss) for the period	<u>1 791</u>	<u>(2 605)</u>

Number of ordinary shares:

	30 June 2017	30 June 2016
	'000	'000
Weighted average number of ordinary shares	<u>9 296</u>	<u>9 296</u>
Total basic and fully diluted earnings/(loss) per share (USD)	<u>0,19</u>	<u>(0,28)</u>
Basic and fully diluted loss per share (USD) – Continuing operations	<u>0,19</u>	<u>(0,26)</u>

There are no options or instruments convertible into new shares and so basic and diluted earnings per share are the same.

16. RELATED PARTY BALANCES AND TRANSACTIONS

The majority of the Company's share capital is held by Konstantyn Molodkovets who owns 54,86% and Denys Molodkovets who owns 12,88%. During the six months ended 30 June 2017 30,11% of the Company's share capital is traded at the Warsaw Stock Exchange and is held by both institutional and retail investors.

In the ordinary course of its business, the Group has engaged and continue to engage in transactions with both related and unrelated parties.

For the purposes of these 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.

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

A. Key management;

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

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2017**16. RELATED PARTY BALANCES AND TRANSACTIONS (continued)****(i) Remuneration of key management**

Salary costs of key management for the six months ended 30 June 2017 and 2016 were as follows:

	30 June 2017 USD'000	30 June 2016 USD'000
Salaries	30	30
Contributions to pension funds	4	6
Total	<u>34</u>	<u>36</u>

Number of key management personnel was as follows:

	30 June 2017	31 June 2016
Number of key management personnel, persons	<u>20</u>	<u>21</u>

(ii) Transactions with related parties

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

	30 June 2017 USD'000	30 June 2016 USD'000
Revenue	-	607
Administrative expenses	(34)	(22)
Other operating (expenses)/income	-	(9)
Total	<u>(34)</u>	<u>576</u>

(iii) Amounts receivable from directors/owners

	30 June 2017 USD'000	31 December 2016 USD'000
Receivable from directors/owners	<u>1 081</u>	<u>-</u>

(iv) Amounts payable to directors/owners

	30 June 2017 USD'000	31 December 2016 USD'000
Payable to directors/owners	<u>161</u>	<u>167</u>

KDM SHIPPING PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2017**16. RELATED PARTY BALANCES AND TRANSACTIONS** *(continued)***(v) Amounts payable to related parties**

	30 June 2017 USD'000	31 December 2016 USD'000
Advances received	456	-
Non-bank loans	63	146
Total	<u>519</u>	<u>146</u>

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed to the following risks resulting from the use of financial instruments: credit risk, liquidity risk and market risk including foreign currency risk and interest rate risk of fair value.

For the six months ended 30 June 2017 USD 2 028 thousand (30 June 2016: USD 4 904 thousand) or 23% (30 June 2016: 36%) from the Group's revenue refers to the sales transactions carried out with one of the Group's clients.

Other aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the last annual financial statements as at and for the year ended 31 December 2016.

18. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period, which affect the condensed consolidated interim financial statements as at 30 June 2017.

On 31 August 2017, the Board of Directors of KDM Shipping Public Limited approved and authorised for issue, these condensed consolidated interim financial statements for issue.