

**KDM SHIPPING PUBLIC LIMITED ("the Company")**

**Notice of Extraordinary General Meeting of the Company**

Notice is hereby given that the Extraordinary General Meeting of the Company will be held at the office of Dr. K. Chrysostomides & Co. LLC at 1, Lampousas Street 1095 Nicosia, Cyprus at 10 a.m. (EEST) on 17 May 2013.

The agenda for the Extraordinary General Meeting, containing proposals made by the Board of Directors of the Company is as follows:

1. Opening of the General Meeting.

2. Special Business

To consider and if thought fit to pass the following resolutions:

- (i) That in accordance with the provisions of Section 59A of the Cyprus Companies Law Cap. 113 (the "**Law**"), the issued share capital of the Company be increased from EURO 72,960.00 (divided into 7,296,000 shares of nominal value of EURO 0.01 each) to up to EURO 99,960.00 (divided into 9,996,000 shares of nominal value EURO 0.01 each) by the creation of up to 2,700,000 new shares of a nominal value of EURO 0.01 each ranking *pari passu* with the existing shares of a nominal value of EURO 0.01 each in the capital of the Company (the "**Additional Shares**").
- (ii) That in accordance with the provisions of Sections 60B(5) and 59A of the Law, the Directors of the Company be and are authorised to allot any number of the shares up to 700,000 shares of a nominal value of EURO 0.01 each to such institutional investors as the Directors of the Company shall determine and at a price derived on the basis of customary bookbuilding process that will be organized amongst institutional investors, such price to be determined by the Company's Board of Directors. The authority granted to the Board of Directors pursuant to this present resolution must be exercised by the Directors by 31st December 2013 at the latest.
- (iii) That in accordance with the provisions of Sections 60B(5) and 59A of the Law, the Directors of the Company be and are authorised to allot any number of the shares up to 2,000,000 shares of a nominal value of EURO 0.01 each to Mr. Kostiantyn Molodkovets subject to mandatory condition that the exactly same number of existing shares is sold by Mr. Kostiantyn Molodkovets (or a company beneficially owned by him) to institutional investors prior to any such allotment at a price equal to the price paid by such investors which in turn shall be derived on the basis of customary bookbuilding process that will be organized amongst institutional investors, such price to be determined by the Company's Board of Directors. The authority granted to the Board of Directors pursuant to this present resolution must be exercised by the Directors by 31st December 2013 at the latest.
- (iv) That in accordance with the provisions of Sections 60B(5) and 59A of the Law, the Directors of the Company be authorised to issue and allot any number of the Additional Shares up to a total of 2,700,000 shares, as if section 60B of the Law did not apply to such allotment, to Mr. Kostiantyn Molodkovets and such institutional investors as the directors deem appropriate as and when required and that the pre-

emption rights conferred by section 60B of the Law to the Members of the Company be and are hereby waived and disappplied. The authority granted to the Board of Directors pursuant to this present resolution must be exercised by the Directors by 31st December 2013 at the latest.

- (v) That the registration of the additional shares (up to 700,000 shares) of the Company, to be offered to institutional investors, with the securities deposit operated by the Polish National Depository of Securities (*Krajowy Depozyt Papierów Wartościowych S.A.*) as well as applying for admission those shares to the regulated market operated by the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*) pursuant to the relevant prospectus exemption, be and is hereby approved. Listing of the remaining 2,000,000 newly issued shares, subscribed by Mr Kostiantyn Molodkovets, is not contemplated at the moment.

3. Any other business (for discussion).

4. Closing of the General Meeting.

April 25 April, 2013.

By order of the Board

**KOSTIANTYN MOLODKOVETS**  
Director of the Company



## NOTES TO THE NOTICE OF THE EXTRAORDINARY GENERAL MEETING:

### ENTITLEMENT TO PARTICIPATE IN THE EXTRAORDINARY GENERAL MEETING

- (1) Any person who is a shareholder of the Company on the Record Date (as defined below) is entitled to participate in the Extraordinary General Meeting. Each ordinary share is entitled to one vote.
- (2) The Record Date for determining the right to vote at the Extraordinary General Meeting has been fixed as the close of business on 15 May 2013. Transactions which will be settled after the Record Date will not be considered in determining the right to vote at the Extraordinary General Meeting. According to the relevant Cypriot law provisions the record date should be fixed on the day falling not earlier than 2 business days prior the general meeting. Therefore, the Record Date for determining the right to vote at the Extraordinary General Meeting has been fixed as the close of business on 15 May 2013. Transactions which will be settled after the Record Date will not be considered in determining the right to vote at the Extraordinary General Meeting.
- (3) Any shareholder wishing to participate in the Extraordinary General Meeting should deliver to the Company a depositary certificate or a scan of the depositary certificate issued by a custodian bank or investment firm who maintains the securities account for such shareholder and on which the Company's shares held by such shareholder are registered. The depositary certificate should confirm the number of Company's shares held by the shareholder as the close of business on the Record Date. The depositary certificate or scan of the depositary certificate should be delivered to the Company **not later than 5 pm EEST/4 pm CEST 16<sup>th</sup> May 2013. In practice it means that shareholders of the Company have time starting from 15<sup>th</sup> May 2013 till 5pm EEST/4 pm CEST 16<sup>th</sup> May 2013 to ask for depositary certificates and send the scans to the Company and the only feasible way to do it is via email or via fax.** The depositary certificate or scan of the depositary certificate delivered to the Company as provided in this point is the sole and conclusive evidence of the right to participate in the Extraordinary General Meeting. Depositary certificates or scans of the depositary certificates delivered after the deadline indicated above will not entitle the shareholder to participate in the Extraordinary General Meeting. The shareholders are advised to contact their investment firm or custodian bank to receive information on formal requirements of, and documents to be submitted to, such investment firm or the custodian bank for the purpose of issuing the depositary certificate.
- (4) Shareholders and/or their proxies who will attend the Extraordinary General Meeting are requested to carry with them their identity card or other proof of identification in order to register on the Extraordinary General Meeting. Shareholders who are corporations are requested to carry a copy of a document confirming authorization of individuals acting on behalf of the corporation.

### ATTENDING THE EXTRAORDINARY GENERAL MEETING THROUGH PROXIES

- (5) A shareholder is entitled to appoint a proxy to attend and vote on his behalf. Shareholder may appoint any person as their proxy. Such proxy need not be a shareholder of the Company. A shareholder who on the Record Date owned shares in the Company that are registered in

more than one securities account may, in respect of the Extraordinary General Meeting, appoint separate proxy holders to exercise its rights under the shares registered in each of the accounts. A proxy holder holding proxies from several shareholders may cast votes differently for each shareholder. Shareholders who appoint a person as a proxy to vote on their behalf, but wish to specify how their votes be cast, should tick the relevant boxes on the Form of Proxy.

- (6) Any company which is a shareholder of the Company on the Record Date may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Extraordinary General Meeting, and the person so authorised shall be entitled to exercise the same powers on behalf of the company which he represents as that company could exercise if it were an individual shareholder of the Company.
- (7) The instrument appointing a proxy, which is enclosed and has been posted on the Company's website [www.kdmshipping.com](http://www.kdmshipping.com), must be delivered to the Company **not later than 5 pm EEST/4 pm CEST 16<sup>th</sup> May 2013**. In addition, the proxy should present the instrument appoint a proxy in original at the Extraordinary General Meeting.
- (8) If such appointer is a company, the instrument appointing a proxy must bear the name of the company, and be signed by its duly authorised officer/s.
- (9) Each shareholder may cancel a proxy by delivering to the Company a document expressly cancelling the proxy. Such cancellation will be effective if the document is delivered to the Company not later than 6 hours before the time of the Extraordinary General Meeting. The document cancelling the proxy must comply with formalities required of the instrument appointing the proxy. In addition, each shareholder may cancel the proxy in person at the Extraordinary General Meeting.
- (10) The Articles of the Company do not provide for participation in the General Meeting by electronic means without the Shareholder attending the Meeting in person at the place where the Meeting is held. Similarly, the Articles do not provide for participation in voting by distance voting.

#### **VOTING PROCEDURES AT THE EXTRAORDINARY GENERAL MEETING**

- (11) A resolution put to the vote of the Extraordinary General Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:
  - (a) by the Chairman, or
  - (b) by at least ten shareholders present in person or by proxy, or
  - (c) by any shareholder or shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting, or
  - (d) by a shareholder or shareholders holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

- (12) If a poll is duly demanded, it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.
- (13) An ordinary resolution is a resolution passed at a general meeting by a simple majority of members of the Company entitled to vote at the meeting who are present in person or by proxy.
- (14) A resolution by a Company shall be a special resolution passed at a general meeting by majority of not less than three-fourths of the number of members of the Company entitled to vote at the meeting who are present in person or by proxy, for which relevant notice has been given pursuant to Article 135 of the Companies Law, Cap 113 specifying the intention to propose the resolution as a special resolution.

#### **MINORITY RIGHTS AT THE EXTRAORDINARY GENERAL MEETING**

- (15) Pursuant to article 127B of Companies Law Cap 113, shareholders of the Company have the right to table a draft resolution for inclusion in the agenda of a general meeting provided that:
  - (a) the shareholder or group of shareholders hold at least 5% of the issued share capital of the Company, representing at least 5% of the voting rights of shareholders entitled to vote at the meeting for which an item has been added on the agenda, and
  - (b) the shareholders' request to put an item on the agenda or resolution (as described above) is received by the Company's at least 42 days prior to the meeting. Due to the fact that this term already lapsed and that Company is listed on the Warsaw Stock Exchange, by way of exception from this regulation, the Company will accept shareholders' request to put an item on the agenda or resolution if the Company receive such request no later than 29 April 2013.
- (16) Pursuant to section 128C of the Companies Law Cap. 113, shareholders have a right to ask questions related to items on the agenda and to have such questions answered by the Board of Directors of the Company subject to any reasonable measures the Company may take to ensure the identification of shareholders. An answer is not required if (a) it would interfere unduly with preparation for the meeting or the confidentiality or business interests of the Company or (b) an answer has already been given on the Company's website in the form of a "Q&A" or (c) the Chairman deems that it is undesirable in the interests of good order of the meeting that the question be answered.

Before the Extraordinary General Meeting, shareholders may submit questions to the Company in writing, together with evidence of their shareholding, at least four business days before the meeting (i.e. by 13<sup>th</sup> May 2013).

#### **LANGUAGES**

- (17) The Extraordinary General Meeting will be conducted in English and the resolutions will be adopted in English.

- (18) Any documents delivered or presented to the Company in connection with or at the Extraordinary General Meeting (including the depository certificates) should be in English or should be accompanied by a certified translation into English.

## **SHARE CAPITAL AND VOTING RIGHTS**

- (19) As at 25 April 2013, the outstanding issued share capital of the Company is EURO 72,960.00 divided into 7,296,000 shares of nominal value of EURO 0.01 each. The total number of voting rights in the Company is 7,296,000.

## **AVAILABLE DOCUMENTS**

- (20) The notice to the Extraordinary General Meeting with the Form of Proxy shall be made available in electronic form on the website of the Company [www.kdmshipping.com](http://www.kdmshipping.com) and in hard copy at the Company's registered office.

## **CONTACT DETAILS**

- (21) Any documents to be delivered by the Shareholders to the Company in connection with the Extraordinary General Meeting, and in particular:

- depository certificates;
- scans of the depository certificates;
- instruments appointing proxies;
- draft resolutions for inclusion in the agenda of the Extraordinary General Meeting;
- questions;

should be delivered:

- (a) in hard copy by mail, courier or in person to the Company at 6a Pirogova street, 01030 Kiev, Ukraine, Attention: Ms. Kateryna Badiaieva; or
- (b) by fax to +380 44 569 47 16, Attention: Ms. Kateryna Badiaieva; or
- (c) electronically by an e-mail message with the document attached in PDF format to the following email address: [K.Badiaieva@kdmshipping.com](mailto:K.Badiaieva@kdmshipping.com)

## **INQUIRIES**

- (22) Any questions or inquiries regarding the procedure to participate in the Extraordinary General Meeting should be addressed to Ms. Kateryna Badiaieva at [K.Badiaieva@kdmshipping.com](mailto:K.Badiaieva@kdmshipping.com). The Company will strive to respond to all questions and inquiries as soon as practicable.

*Legal grounds: art. 56 Section 1 and 6 of the Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies of July 29th 2005 (Dz.U. of 2005, No 184, item 1539) in conjunction with Cyprus Companies Law Cap.113 (as amended).*

**DRAFT RESOLUTIONS WHICH WILL BE PROPOSED AT KDM SHIPPING PUBLIC LIMITED  
(THE “COMPANY”) EXTRAORDINARY GENERAL MEETING on MAY 17, 2013**

**ORDINARY RESOLUTIONS**

**RESOLUTION No. 1**

That in accordance with the provisions of Section 59A of the Cyprus Companies Law Cap. 113 (the “**Law**”), the issued share capital of the Company be increased from EURO 72,960.00 (divided into 7,296,000 shares of nominal value of EURO 0.01 each) to up to Euro 99,960.00 (divided into 9,996,000 shares of nominal value EURO 0.01 each) by the creation of up to 2,700,000 new shares of a nominal value of EURO 0.01 each ranking *pari passu* with the existing shares of a nominal value of EURO 0.01 each in the capital of the Company (the “**Additional Shares**”).

**RESOLUTION No. 2**

That in accordance with the provisions of Sections 60B(5) and 59A of the Law, the Directors of the Company be and are authorised to allot any number of the shares up to 700,000 shares of a nominal value of EURO 0.01 each to such institutional investors as the Directors of the Company shall determine and at a price derived on the basis of customary bookbuilding process that will be organized amongst institutional investors, such price to be determined by the Company’s Board of Directors. The authority granted to the Board of Directors pursuant to this present resolution must be exercised by the Directors by 31st December 2013 at the latest.

**RESOLUTION No. 3**

That in accordance with the provisions of Sections 60B(5) and 59A of the Law, the Directors of the Company be and are authorised to allot any number of the shares up to 2,000,000 shares of a nominal value of EURO 0.01 each to Mr. Konstantyn Molodkovets subject to mandatory condition that the exactly same number of existing shares is sold by Mr. Kostiantyn Molodkovets (or a company beneficially owned by him) to institutional investors prior to any such allotment at a price equal to the price paid by such investors which in turn shall be derived on the basis of customary bookbuilding process that will be organized amongst institutional investors, such price to be determined by the Company’s Board of Directors. The authority granted to the Board of Directors pursuant to this present resolution must be exercised by the Directors by 31st December 2013 at the latest.

**RESOLUTION No. 4**

That in accordance with the provisions of Sections 60B(5) and 59A of the Law, the Directors of the Company be authorised to issue and allot any number of the Additional Shares up to a total of 2,700,000 shares, as if section 60B of the Law did not apply to such allotment, to Mr. Kostiantyn Molodkovets and such institutional investors as the directors deem appropriate as and when required and that the pre-emption rights conferred by section 60B of the Law to the Members of the Company be and are hereby waived and disapplied. The authority granted to the Board of Directors pursuant to this present resolution must be exercised by the Directors by 31st December 2013 at the latest.

**RESOLUTION No. 5**

That the registration of the additional shares (up to 700,000 shares) of the Company, to be offered to institutional investors, with the securities deposit operated by the Polish National Depository of Securities (*Krajowy Depozyt Papierów Wartościowych S.A.*) as well as applying for admission those shares to the regulated market operated by the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*) pursuant to the relevant prospectus exemption, be and is hereby approved. Listing of the remaining 2,000,000 newly issued shares, subscribed by Mr. Kostiantyn Molodkovets, is not contemplated at the moment.



# KDM SHIPPING PUBLIC LIMITED

(the "Company")

## FORM OF PROXY FOR EXTRAORDINARY GENERAL MEETING

I/We ....., of ....., with I.D. No./Registration Number/Passport Number ....., being shareholder/s of KDM SHIPPING PUBLIC LIMITED (the "Company") as of the Record Date as indicated in the Notice of the Extraordinary General Meeting of the Company, eligible to vote from .....(insert total number) ordinary shares of the Company, hereby appoint the Chairman of the Meeting **or instead of him/her** (see note 1 below) Mr./Ms. .... with I.D. No./ Passport Number ..... from .....as my/our proxy to represent me/us at the Extraordinary General Meeting of the Company to be held at the office of Dr. K. Chrysostomides & Co. LLC at 1, Lampousas Street 1095 Nicosia, Cyprus at 10 a.m. (EEST) on 17 May 2013 and at any adjournment of the meeting. The proxy is authorized to participate on my/our behalf at the Extraordinary General Meeting of the Company, to sign the list of attendance and to vote on my/our behalf ..... (insert number of shares) shares **or** all shares\* as follows:

\* **delete as appropriate**

### ORDINARY RESOLUTIONS

1. That in accordance with the provisions of Section 59A of the Cyprus Companies Law Cap. 113 (the "Law"), the issued share capital of the Company be increased from EURO 72,960.00 (divided into 7,296,000 shares of nominal value of EURO 0.01 each) to up to Euro 99,960.00 (divided into 9,996,000 shares of nominal value EURO 0.01 each) by the creation of up to 2,700,000 new shares of a nominal value of EURO 0.01 each ranking *pari passu* with the existing shares of a nominal value of Euro 0.01 each in the capital of the Company (the "Additional Shares").

FOR                      AGAINST                      ABSTAIN                      COMMENTS

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2. That in accordance with the provisions of Sections 60B(5) and 59A of the Law, the Directors of the Company be and are authorised to allot any number of the shares up to 700,000 shares of a nominal value of Euro 0.01 each to such institutional investors as the Directors of the Company shall determine and at a price derived on the basis of customary bookbuilding process that will be organized amongst institutional investors, such price to be determined by the Company's Board of Directors. The authority granted to the Board of Directors pursuant to this present resolution must be exercised by the Directors by 31st December 2013 at the latest.

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3. That in accordance with the provisions of Sections 60B(5) and 59A of the Law, the Directors of the Company be and are authorised to allot any number of the shares up to 2,000,000 shares of a nominal value of Euro 0.01 each to Mr. Konstantyn Molodkovets subject to mandatory condition that the exactly same number of existing shares is sold by Mr. Kostiantyn Molodkovets (or a company beneficially owned by him) to institutional investors prior to any such allotment at a price equal to the price paid by such investors which in turn shall be derived on the basis of customary bookbuilding process that will be organized amongst institutional investors, such price to be determined by the Company's Board of Directors. The authority granted to the Board of Directors pursuant to this present resolution must be exercised by the Directors by 31st December 2013 at the latest.

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**ORDINARY RESOLUTIONS**

	FOR	AGAINST	ABSTAIN	COMMENTS
4. That in accordance with the provisions of Sections 60B(5) and 59A of the Law, the Directors of the Company be authorised to issue and allot any number of the Additional Shares up to a total of 2,700,000 shares, as if section 60B of the Law did not apply to such allotment, to Mr. Kostiantyn Molodkovets and such institutional investors as the directors deem appropriate as and when required and that the pre-emption rights conferred by section 60B of the Law to the Members of the Company be and are hereby waived and disapplied. The authority granted to the Board of Directors pursuant to this present resolution must be exercised by the Directors by 31st December 2013 at the latest.				
5. That the registration of the additional shares (up to 700,000 shares) of the Company, to be offered to institutional investors, with the securities deposit operated by the Polish National Depository of Securities ( <i>Krajowy Depozyt Papierów Wartościowych S.A.</i> ) as well as applying for admission those shares to the regulated market operated by the Warsaw Stock Exchange ( <i>Giełda Papierów Wartościowych w Warszawie S.A.</i> ) pursuant to the relevant prospectus exemption, be and is hereby approved. Listing of the remaining 2,000,000 newly issued shares, subscribed by Mr Kostiantyn Molodkovets, is not contemplated at the moment.				
6. Any other business.				

Date: .....2013

Signature(s): .....

Communication details of shareholder Tel..... Fax.....

Communication details of proxy Tel..... Fax.....

**Notes:**

1. **Every member has the right to appoint some other person or company of their choice, who need not be a member, to attend and act on their behalf at the meeting.** If you wish to appoint a person other than the Chairman of the Meeting then insert his/her name and delete the words "the Chairman of the Meeting or instead of him".
2. Please insert an 'X' in either the 'FOR' or 'AGAINST' or "ABSTAIN" box. If both boxes are left blank the proxy will vote or abstain as he/she thinks fit.
3. Please insert any comments, instructions or filling of objection to proxy in "COMMENTS" box.

4. Please insert number of shares next to "X" if you would like to split your vote or vote only from limited number of shares.
5. In the case of a corporation, the form of proxy should be completed under its common seal or under the hand of an officer, attorney or other person duly authorised.
6. A proxy need not also be a member of the Company.
7. This form of proxy shall be deemed to confer authority on the proxy to vote as he or she thinks fit on any amendment of a resolution put to the meeting. To be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at 6a Pirogova street, 01030 Kiev, Ukraine, for the attention of Ms. Kateryna Badiaieva or electronically by an e-mail message with the document attached in pdf format to both of the following email addresses: [K.Badiaieva@kdmshipping.com](mailto:K.Badiaieva@kdmshipping.com) not less than 24 hours before the meeting or any adjournment thereof.
8. This form of proxy confers discretionary authority in respect of amendments to matters identified in the notice of meeting or other matters that may come before the meeting.

The return of this form of proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes.

# KDM Shipping Public Limited (the “Company”) HE 106931

## DIRECTORS REPORT TO THE SHAREHOLDERS

### Letter from the Board of Directors of the Company

On 25 April 2013 the Board of Directors of the Company resolved to proceed with the creation (the “Offering”) of up to a total of 2,700,000 shares of the Company (the “Offer Shares”).

At the forthcoming Extraordinary General Meeting of the Company which will be held at the office of Dr. K. Chrysostomides & Co. LLC at 1, Lampousas Street 1095 Nicosia, Cyprus at 10 a.m. (EEST) on 17 May 2013 (the “EGM”) the following resolutions the (“Resolutions”) will be presented for approval:

1. Opening of the General Meeting.
2. Special Business

To consider and if thought fit to pass the following resolutions:

- i. That in accordance with the provisions of Section 59A of the Cyprus Companies Law Cap. 113 (the “Law”), the issued share capital of the Company be increased from EURO 72,960.00 (divided into 7,296,000 shares of nominal value of EURO 0.01 each) to up to Euro 99,960.00 (divided into 9,996,000 shares of nominal value EURO 0.01 each) by the creation of up to 2,700,000 new shares of a nominal value of EURO 0.01 each ranking *pari passu* with the existing shares of a nominal value of EURO 0.01 each in the capital of the Company (the “Additional Shares”).
- ii. That in accordance with the provisions of Sections 60B(5) and 59A of the Law, the Directors of the Company be and are authorised to allot any number of the shares up to 700,000 shares of a nominal value of EURO 0.01 each to such institutional investors as the Directors of the Company shall determine and at a price derived on the basis of customary bookbuilding process that will be organized amongst institutional investors, such price to be determined by the Company’s Board of Directors. The authority granted to the Board of Directors pursuant to this present resolution must be exercised by the Directors by 31st December 2013 at the latest.
- iii. That in accordance with the provisions of Sections 60B(5) and 59A of the Law, the Directors of the Company be and are authorised to allot any number of the shares up to 2,000,000 shares of a nominal value of EURO 0.01 each to Mr. Kostiantyn Molodkovets subject to mandatory condition that the exactly same amount of existing shares is sold by Mr. Kostiantyn Molodkovets (or a company beneficially owned by him) to institutional investors prior to any such allotment at a price equal to the price paid by such investors which in turn shall be derived on the basis of customary bookbuilding process that will be organized amongst institutional investors, such price to be determined by the Company’s Board of Directors. The authority granted to the Board of Directors pursuant to this present resolution must be exercised by the Directors by 31st December 2013 at the latest.

- iv. That in accordance with the provisions of Sections 60B(5) and 59A of the Law, the Directors of the Company be authorised to issue and allot any number of the Additional Shares up to a total of 2,700,000 shares, as if section 60B of the Law did not apply to such allotment, to Mr. Kostiantyn Molodkovets and such institutional investors as the directors deem appropriate as and when required and that the pre-emption rights conferred by section 60B of the Law to the Members of the Company be and are hereby waived and disapplied. The authority granted to the Board of Directors pursuant to this present resolution must be exercised by the Directors by 31st December 2013 at the latest.
  - v. That the registration of the additional shares (up to 700,000 shares) of the Company, to be offered to institutional investors, with the securities deposit operated by the Polish National Depository of Securities (*Krajowy Depozyt Papierów Wartościowych S.A.*) as well as applying for admission those shares to the regulated market operated by the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*) pursuant to the relevant prospectus exemption, be and is hereby approved. Listing of the remaining 2,000,000 newly issued shares, subscribed by Mr Kostiantyn Molodkovets, is not contemplated at the moment.
3. Any other business (for discussion).
4. Closing of the General Meeting.

The Board of Directors notes that the proposed allotment of the Additional Shares and the listing of up to 700,000 Additional Shares is conditional, *inter alia*, upon all Resolutions being duly passed at the EGM without amendment in any material respect.

**KOSTIANTYN MOLODKOVETS**



For and on behalf of the Board of Directors

### **Directors' Report**

This letter constitutes a written report, pursuant to section 60B(5) of the Law, to be presented to the shareholders of the Company at the EGM setting out the reasons for withdrawing the right of pre-emption in relation to the allotment of the Shares.

The Board of Directors of the Company propose that the issued share capital of the Company be increased from EURO 72,960.00 (divided into 7,296,000 shares of nominal value of EURO 0.01 each) to up to EURO 99,960.00 (divided into 9,996,000 shares of nominal value EURO 0.01 each) by the creation of up to 2,700,000 new shares of a nominal value of EURO 0.01 each (the "**Additional Shares**") ranking *pari passu* with the existing shares of EURO 0.01 each in the capital of the Company.

The Company plans to increase its share capital and issue up to 2,700,000 ordinary shares in order to finance the Company's business development. At the same time, in order to accelerate the receipt of proceeds and execute the capital increase as soon as possible, the Company has decided to utilise the support of the major shareholder and has structured the transaction as described in the EGM Notice and this Directors' Report.

Timing of the contemplated transaction is important and shall be planned carefully in the current state of periodic uncertainty in global equity market conditions. The Company would like to take advantage of the current relatively stable situation on the Warsaw Stock Exchange and the fact the market is expecting accomplishment of the investment program announced during the IPO. The Board of Directors is of the opinion and recommends that in order to utilise a prevailing market window, a quick and flexible placement structure (as presented) should be adopted.

The Company's Board of Directors proposes to organize capital raising by the way of offering up to 2,700,000 ordinary shares in the offering to investors that will be organized in the form of bookbuilding addressed to qualified investors only (the "**Investors**"), pursuant to an exemption from the obligation to publish a prospectus under the Prospectus Directive and applicable Cypriot and Polish regulations (the "**Offering**").

In order to speed up the process, the Company's Board of Directors asked Mr. Kostiantyn Molodkovets to support the planned Offering by selling, to Investors, part of his shareholding (up to 2,000,000 shares). At the same time, the Company (pursuant to the general meeting approval) will execute a capital increase of up to 2,700,000 ordinary shares, out of which up to 2,000,000 newly issued ordinary shares will be subscribed and acquired by Mr. Kostiantyn Molodkovets (the "Acquisition Shares") and the remaining 700,000 newly issued ordinary shares (the "Additional Investor Shares") offered directly to the Investors. Issue price for the Acquisition Shares shall be equal to the issue price of the Additional Investor Shares. As a result of this transaction the total number of shares held by Mr. Kostiantyn Molodkovets will remain unchanged.

As a result, the contemplated transaction structure encompasses up to 2,700,000 ordinary shares to be offered to Investors (up to 2,000,000 Sale Shares and up to 700,000 Additional Investor Shares). The offering of both Sale Shares and Additional Investor Shares will be addressed to the Investors only, during the same bookbuilding process.

The Board of Directors proposes that (i) the final number of shares in the planned capital increase (i.e. the Acquisition Shares and Additional Investors Shares) and (ii) the issue price for the new shares, be determined by the Board of Directors of the Company based on the results of the bookbuliding process – this will provide the Company with opportunity to maintain flexibility in determining the final terms of the Offering in order to attract the maximum number of investors possible and raise required amount of the new capital.

The issue price will be arrived at on the basis of a customary bookbuilding process among Investors, which will reflect both the equity market conditions as well as sentiment to the Company (which will include the investment program to be financed with the proceeds from the Additional Shares). The price will be set at the level as close as reasonably possible to the market price of shares listed on the Warsaw Stock Exchange (subject to any market standard discounts prevailing at the time of the Offering).

Such a transaction structure is economically identical to a typical capital increase process with a key advantage of enabling the Company to have access to immediate funds through a relatively

quick capitalisation procedure. The sale of existing shares by the major shareholder and the subsequent return of the same number of new shares (resulting from capital increase) is just a technical aspect of this transaction and does not change either the total number of shares or the number of shares owned by the major shareholder.

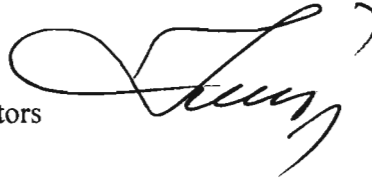
The shareholders are requested to disapply their pre-emptive rights in relation to the Additional Shares in order to enable the Company to proceed with the Offering and admission of up to the 700,000 Additional Shares to trading on the regulated market of the Warsaw Stock Exchange as soon as possible and to enable all potential investors in the Company to have equal rights with respect to their subscription to the Offering.

The Board of Directors of the Company recommends that the shareholders vote in favour of the Resolutions as this will be to the benefit of the Company.

Yours sincerely

KOSTIANTYN MOLODKOVETS

For and on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Kostiantyn Molodkovets', with a large, stylized flourish at the end.