Pan Ocean Co., Ltd. and Subsidiaries

Consolidated Financial Statements
December 31, 2020 and 2019

Page(s)

Independent Auditor's Report

To the Board of Directors and Shareholders of
Pan Ocean Co., LTD.

Opinion

We have audited the accompanying consolidated financial statements of Pan Ocean Co., LTD. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The voyage operating revenue and revenue from time charter

Reasons why the matter was determined to be a key audit matter
As described in Note 2.20 to the Consolidated financial statements, the Group recognizes revenue as performance obligation is satisfied, and the underlying information for the revenue amount exist in the complex sales system. As revenue is a key performance indicator of the Group and executives, it is the matter in which intentional adjustment may arise to achieve target and has high inherent risk. Considering the above reasons, we have determined the voyage operating revenue and revenue from time charter as a key audit matter.

Key audit matters addressed in the audit

For the accounting treatment on the voyage operating revenue and revenue from time charter of the Group, we conducted audit procedures including the following:

- We obtained an understanding of and evaluated accounting policy for the voyage operating revenue and revenue from time charter
- We tested design and effectiveness of operation of the controls related to the the voyage operating revenue and revenue from time charter
- We tested the appropriateness of information technology general control on system of revenue recognition
- We performed interface test between sales system and accounting system
- We tested the existence of transaction, cut off and the accuracy of the amount by inspecting contracts with customers and supporting documents for the selected samples of individual transaction units.

Other Matter

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Seung-Hee Lee, Certified Public Accountant.

Samil PricewaterhouseCoopers

Seoul, Korea
March 11, 2021

This report is effective as of March 11, 2021, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Pan Ocean Co., Ltd. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2020 and 2019

(In thousands of US dollars)	Notes	2020	2019
Assets			
Current assets			
Cash and cash equivalents	4,6,8	$ 218,346	$ 220,516
Trade receivables	4,6,7,9	137,082	113,512
Contract assets	36	50,790	55,684
Other receivables	4,6,7,10	18,500	22,103
Derivative financial assets	4,5,6,11	13,746	420
Other financial assets	4,6,12	23,066	24,811
Inventories	13	52,592	56,419
Other assets	14,22	94,815	93,450
		608,937	586,915
Non-current assets			
Other receivables	4,6,7,10	21,863	10,315
Other financial assets	4,5,6,12	8,963	10,022
Investments in associates	15	74,130	2,019
Vessels, property and equipment	16	3,559,786	3,227,672
Intangible assets	17	6,102	6,728
Other assets	14	2,689	3,433
		3,673,533	3,260,189
Total assets		$ 4,282,470	$ 3,847,104
Liabilities and Equity			
Current liabilities			
Trade payables	4,6	$ 129,506	$ 103,805
Borrowings	4,6,18	218,328	371,010
Derivative financial liabilities	4,5,6,11	9,489	61
Other payables	4,6,19	58,629	46,258
Provisions	20	4,193	3,170
Other liabilities	21	12,847	13,255
Contract liabilities	36	107,381	62,068
Lease liabilities	35	15,051	12,835
		555,424	612,462
Non-current liabilities			
Borrowings	4,6,18	1,097,066	684,076
Derivative financial liabilities	4,5,6,11	1,077	19
Provisions	20	20,970	22,638
Retirement benefit obligations	22	126	2,308
Lease liabilities	35	28,164	21,256
		1,147,403	730,297
Total liabilities		1,702,827	1,342,759
Equity			
Equity attributable to the owners of the Group			
Share capital	1,24	480,756	480,755
Capital surplus	24	652,814	652,814
Other reserves	25	1,059,453	1,051,352
Retained earning	26	386,620	308,103
		2,579,643	2,493,024
Non-controlling interests		-	11,321
Total equity		2,579,643	2,504,345
Total liabilities and equity		$ 4,282,470	$ 3,847,104

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

Pan Ocean Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2020 and 2019

(In thousands of US dollars, except per share amount)	Notes	2020	2019
Sales	34	$ 2,115,412	$ 2,117,525
Cost of Sales	27	(1,857,941)	(1,870,608)
Gross profit		257,471	246,917
Selling and administrative expenses	27	(66,687)	(66,714)
Operating profit	34	190,784	180,203
Finance income	28	14,535	15,680
Finance costs	28	(54,749)	(57,566)
Share of profit of associates and joint ventures	15	4,555	35
Other non-operating expenses, net	29	(77,226)	(11,136)
Profit before income tax		77,899	127,216
Income tax expense	23	1,046	462
Profit for the year		76,853	126,754
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss:			
Changes in the fair value of derivative financial assets and liabilities		(1,058)	(18)
Share of other comprehensive income of associates and joint ventures		56	(26)
Exchange differences		11,055	(823)
		10,053	(867)
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit liability		133	(961)
Exchange differences		24	(8)
Total other comprehensive income for the period, net of tax		10,210	(1,836)
Total comprehensive income for the period		$ 87,063	$ 124,918
Profit (loss) attributable to:			
Owners of the Parent Company		78,384	130,317
Non-controlling interests		(1,531)	(3,563)
		$ 76,853	$ 126,754
Total comprehensive income attributable to:			
Owners of the Parent Company		88,570	128,489
Non-controlling interests		(1,507)	(3,571)
		$ 87,063	$ 124,918
Earnings per share			
Basic earnings per share	30	$ 0.15	$ 0.24
Diluted earnings per share	30	$ 0.15	$ 0.24

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Pan Ocean Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2020 and 2019

	Attributable to owners of the Parent Company					
(In thousands of US dollars)	**Share capital**	**Capital surplus**	**Other reserves**	**Retained Earning**	**Non- controlling interests**	**Total Equity**
Balance at January 1, 2019	$ 480,755	$ 652,814	$ 1,052,219	$ 178,747	$ 14,892	$ 2,379,427
Total comprehensive income for the period						
Profit (loss) for the year	-	-	-	130,317	(3,563)	126,754
Items that will be subsequently reclassified to profit or loss:						
Changes in the fair value of derivative financial assets and liabilities	-	-	(18)	-	-	(18)
Share of other comprehensive income of associates and joint ventures	-	-	(26)	-	-	(26)
Exchange differences	-	-	(823)	-	-	(823)
Items that will not be reclassified to profit or loss:						
Remeasurements of defined benefit liability	-	-	-	(961)	-	(961)
Exchange differences	-	-	-	-	(8)	(831)
Balance at December 31, 2019	$ 480,755	$ 652,814	$ 1,051,352	$ 308,103	$ 11,321	$ 2,504,345
Balance at January 1, 2020	$ 480,755	$ 652,814	$ 1,051,352	$ 308,103	$ 11,321	$ 2,504,345
Total comprehensive income for the period						
Profit (loss) for the year	-	-	-	78,384	(1,531)	76,853
Items that will be subsequently reclassified to profit or loss:						
Changes in the fair value of derivative financial assets and liabilities	-	-	(1,058)	-	-	(1,058)
Share of other comprehensive income of associates and joint ventures	-	-	56	-	-	56
Exchange differences	-	-	11,055	-	-	11,055
Items that will not be reclassified to profit or loss:						
Remeasurements of defined benefit liability	-	-	-	133	-	133
Exchange differences	-	-	-	-	24	24
Transaction with owners						
Chainges in equity due to debt-to-equity swap	1	-	-	-	-	1
Additional acquisition of the non-controlling interest without a change in control	-	-	(1,952)	-	(9,814)	(11,766)
Balance at December 31, 2020	$ 480,756	$ 652,814	$ 1,059,453	$ 386,620	$ -	$ 2,579,643

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Pan Ocean Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

(In thousands of US dollars)	Notes	2020	2019
Cash flows from operating activities	32		
Cash generated from operations		$ 438,910	$ 403,766
Interest paid		(39,406)	(56,129)
Income tax paid		(941)	(325)
Net cash inflow from operating activities		398,563	347,312
Cash flows from investing activities			
Acquisition of vessels, property and equipment		(245,274)	(186,196)
Proceeds from sale of vessels, property and equipment		(852)	245
Acquisition of intangible assets		15,774	(301)
Proceeds from sale of intangible assets		317	1,284
Acquisition of other financial assets		(22,679)	(28,465)
Proceeds from sale of other financial assets		26,019	25,304
Acquisition of investments in associates		(67,500)	-
Proceeds from government grants		5,599	-
Dividends received		59	299
Increase in other receivables		(42,816)	(1,309)
Decrease in other receivables		43,642	2,387
Interest received		2,337	3,994
Net cash outflow from investing activities		(285,374)	(182,758)
Cash flows from financing activities			
Proceeds from borrowings		267,564	601,401
Repayments of borrowings		(354,104)	(716,643)
Repayments of lease liabilities		(15,631)	(15,195)
Payment of financial prepayments		(4,141)	-
Changes in other controlling interests		(11,428)	-
Net cash outflow from financing activities		(117,740)	(130,437)
Effect of exchange rate changes on cash and cash equivalents		2,551	(269)
Change of consolidation		(170)	-
Net increase (decrease) in cash and cash equivalents		(2,170)	33,848
Cash and cash equivalents at the beginning of year		220,516	186,668
Cash and cash equivalents at the end of year		$ 218,346	$ 220,516

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

1. General Information

1.1 Parent Company

Pan Ocean Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") operate marine transportation (mainly bulk carrying) and other related services. The Group was established in the Republic of Korea in May 1966. The Group listed its ordinary shares on the Singapore Exchange Securities Trading Limited ("SGX") in July 2005 and on the Korea Exchange ("KRX") in September 2007.

The address of its registered office is Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, Korea.

The paid-in capital amount as at December 31, 2020 is US$ 480,756 thousand and the number of shares issued is 534,569,512. As at December 31, 2020, the detail of the shareholders structure is as follows:

	Number of shares	Percentage of ownership (%)
Harim Holdings Co., Ltd. (formerly, Jeil Holdings Co., Ltd.)	292,400,000	54.70%
Other shareholders	242,169,512	45.30%
	534,569,512	100.00%

1.2 Consolidated Subsidiaries

Details of consolidated subsidiaries as at December 31, 2020, are as follows:

	Location	Main business	2020 Parent company	Subsidiary	Total
Asia					
Pan Ocean Singapore Bulk Carrier Pte. Ltd.	Singapore	Shipping	100%	-	100%
Pan Ocean(China) Co., Ltd.	China	Shipping	100%	-	100%
Pan Ocean International Logistics Co., Ltd.	China	Logistics	-	100%	100%
Wide Sea Logistics Co., Ltd.	China	Logistics	-	100%	100%
Pan Ocean Japan Corporation	Japan	Shipping	100%	-	100%
Pan Logix Co., Ltd	Japan	Forwarding	-	100%	100%
Pan Ocean Container (Japan) Co., Ltd.	Japan	Forwarding	-	100%	100%
POS SM Co.,Ltd.	Korea	Ship management	100%	-	100%
North America					
Pan Ocean(America) Inc.	USA	Grain Trading	100%	-	100%
South America					
Pan Ocean Brasil Apoio Maritimo Ltda.	Brazil	Shipping	100%	-	100%
Others					
POS Maritime GB S.A. and others [1]	Panama and others	-	-	-	-

[1] POS Maritime GB S.A. and others are the special purpose entities ("SPEs") for the Group. As at December 31, 2020, the Group owns no shares of these entities, but rights to obtain the majority of the benefits from the operation of SPEs. Accordingly, these SPEs are included in the Group's consolidated subsidiaries.

Details of consolidated subsidiaries as at December 31, 2019, are as follows:

			2019		
	Location	**Main business**	**Parent company**	**Subsidiary**	**Total**
Asia					
Pan Ocean Singapore Bulk Carrier Pte. Ltd.	Singapore	Shipping	100%	-	100%
Pan Ocean(China) Co., Ltd.	China	Shipping	100%	-	100%
Pan Ocean International Logistics Co., Ltd.	China	Logistics	-	100%	100%
Pan Ocean - Sinotrans Logistics Co., Ltd.	China	Logistics	-	60%	60%
Wide Sea Logistics Co., Ltd.	China	Logistics	-	100%	100%
Pan Ocean Japan Corporation	Japan	Shipping	100%	-	100%
Pan Logix Co., Ltd.	Japan	Forwarding	-	100%	100%
Pan Ocean Container (Japan) Co., Ltd.	Japan	Forwarding	-	100%	100%
POS SM Co.,Ltd	Korea	Ship management	100%	-	100%
Europe					
STX Pan Ocean(U.K.) Co., Ltd.	U.K.	Shipping	100%	-	100%
North America					
Pan Ocean(America) Inc. [1]	USA	Grain Trading	34%	-	34%
South America					
Pan Ocean Brasil Apoio Maritimo Ltda.	Brazil	Shipping	100%	-	100%
Others					
POS Maritime GB S.A. and others [2]	Panama and others	-	-	-	-

[1] Although the Group owns less than the half of the entity's shares and voting power, the management has determined that the Group controls the entity due to the agreement with its other shareholders, which delegates voting rights of Pan Ocean(America) Inc. to the Group.
[2] POS Maritime GB S.A. and others are the special purpose entities ("SPEs") for the Group. As at December 31, 2019, the Group owns no shares of these entities, but rights to obtain the majority of the benefits from the operation of SPEs. Accordingly, these SPEs are included in the Group's consolidated subsidiaries.

1.3 Summarized Financial Information

Summarized statement of financial position for consolidated subsidiaries as at December 31, 2020, is as follows:

(in thousands of US dollars)	2020		
	Assets	**Liabilities**	**Equity**
Asia			
Pan Ocean Singapore Bulk Carrier Pte. Ltd.	$ 3,087	$ 480	$ 2,607
Pan Ocean(China) Co., Ltd.	19,421	413	19,008
Pan Ocean International Logistics Co., Ltd.	7,653	5,781	1,872
Wide Sea Logistics Co., Ltd.	6,187	1,373	4,814
Pan Ocean Japan Corporation	2,840	36	2,804
Pan Logix Co., Ltd	3,211	615	2,596
Pan Ocean Container (Japan) Co., Ltd.	5,101	3,728	1,373
POS SM Co.,Ltd	30,042	20,970	9,072
North America			
Pan Ocean(America) Inc.	131,218	58,731	72,487
South America			
Pan Ocean Brasil Apoio Maritimo Ltda.	382	20	362
Others			
POS Maritime GB S.A. and others [1]	-	-	-

[1] POS Maritime GB S.A. and others are the special purpose entities (“SPEs”) for the Group. As at December 31, 2020, the Group owns no shares of these entities, but rights to obtain the majority of the benefits from the operation of SPEs. Accordingly, these SPEs are included in the Group’s consolidated subsidiaries.

Summarized statements of comprehensive income for consolidated subsidiaries for the year ended December 31, 2020, is as follows:

(in thousands of US dollars)

	2020		
	Sales	**Operating profit (loss)**	**Profit (loss) for the period**
Asia			
Pan Ocean Singapore Bulk Carrier Pte. Ltd.	$ 3,467	$ 180	$ 399
Pan Ocean(China) Co., Ltd.	5,513	463	153
Pan Ocean International Logistics Co., Ltd.	14,536	229	206
Wide Sea Logistics Co., Ltd.	9,100	580	408
Pan Ocean Japan Corporation	903	112	(9)
Pan Logix Co., Ltd	13,792	486	137
Pan Ocean Container (Japan) Co., Ltd.	1,559	157	154
POS SM Co.,Ltd	170,795	2,631	2,265
North America			
Pan Ocean(America) Inc.	319,081	769	10,767
South America			
Pan Ocean Brasil Apoio Maritimo Ltda.	361	9	15
Others			
POS Maritime GB S.A. and others [1]	-	-	-

[1] POS Maritime GB S.A. and others are the special purpose entities ("SPEs") for the Group. As at December 31, 2020, the Group owns no shares of these entities, but rights to obtain the majority of the benefits from the operation of SPEs. Accordingly, these SPEs are included in the Group's consolidated subsidiaries.

Summarized financial statements for consolidated subsidiaries as at and for the year ended December 31, 2019, is as follows:

(in thousands of US dollars)

			2019					
Subsidiary	**Location**	**Main business**	**Ownership interest held by the Group (%)**	**Assets**	**Liabilities**	**Sales**	**Operating profit (loss)**	**Profit (loss) for the period**
Asia								
Pan Ocean Singapore Bulk Carrier Pte. Ltd.	Singapore	Shipping	100%	$ 2,436	$ 228	$ 3,575	$ 192	$ 127
Pan Ocean(China) Co., Ltd.	China	Shipping	100%	18,807	381	4,905	384	344
Pan Ocean International Logistics Co., Ltd.	China	Logistics	100%	6,867	5,244	11,224	255	295
Pan Ocean - Sinotrans Logistics Co., Ltd.	China	Logistics	60%	2,561	1,502	5,175	(21)	3
Wide Sea Logistics Co., Ltd.	China	Logistics	100%	5,557	1,261	8,808	527	394
Pan Ocean Japan Corporation	Japan	Shipping	100%	2,720	53	921	111	4
Pan Logix Co., Ltd	Japan	Forwarding	100%	3,100	770	12,762	562	340
Pan Ocean Container (Japan) Co., Ltd.	Japan	Forwarding	100%	3,826	2,671	1,486	150	71
POS SM Co.,Ltd	Korea	Ship management	100%	28,436	17,991	112,590	916	1,046
Europe								
STX Pan Ocean(U.K.) Co., Ltd.	U.K.	Shipping	100%	9	35,714	-	-	92
North America								
Pan Ocean(America) Inc. [1]	USA	Shipping	34%	19,093	2,373	253,630	(2,449)	(5,410)
South America								
Pan Ocean Brasil Apoio Maritimo Ltda.	Brazil	Shipping	100%	1,921	28	389	(93)	(3)
Others								
POS Maritime GB S.A. and others [2]	Panama and others	-	-	-	-	-	-	-

[1] Although the Group owns less than the half of the entity's shares and voting power, management has determined that the Group controls the entity due to the agreement with its other shareholders, which delegates voting rights of Pan Ocean(America) Inc. to the Group.

[2] POS Maritime GB S.A. and others are the special purpose entities ("SPEs") for the Group. As at December 31, 2019, the Group owns no shares of these entities, but rights to obtain the majority of the benefits from the operation of SPEs. Accordingly, these SPEs are included in the Group's consolidated subsidiaries.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 Changes in Accounting Policies and Disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2020.

- *Amendments to Korean IFRS 1001 Presentation of Financial Statements and Korean IFRS 1008 Accounting policies, changes in accounting estimates and errors – Definition of Material*

The amendments clarify the definition of material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments do not have a significant impact on the financial statements.

- *Amendments to Korean IFRS 1103 Business Combination – Definition of a Business*

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs and the definition of output excludes the returns in the form of lower costs and other economic benefits. If substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, an entity may elect to apply an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments do not have a significant impact on the financial statements.

- *Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement and Korean IFRS 1107 Financial Instruments: Disclosure – Interest Rate Benchmark Reform*

The amendments allow to apply the exceptions in relation the application of hedge accounting while uncertainties arising from interest rate benchmark reform exist. The exceptions require the Group assumes that the interest rate benchmark on which the hedged items and the hedging instruments are based on is not altered as a result of interest rate benchmark reform, when determining whether the expected cash flows are highly probable, whether an economic relationship between the hedged item and the hedging instrument exists, and when assessing the hedging relationship is highly effective. The applying the exceptions will be ended when the uncertainties regarding the timing and amount of cash flows on the basis of interest benchmark reform are no longer exist or the risk hedging relationship ceases. The significant interest benchmark is the LIBOR and the item affected by the amendments is the interest rate swap of Note 11.

(b) New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting periods and have not been early adopted by the Group.

- *Amendments to Korean IFRS 1116 Lease – Practical expedient for COVID-19 - Related Rent Exemption, Concessions, Suspension*

As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, and the amounts recognized in profit or loss as a result of applying this exemption should be disclosed. The amendments should be applied for annual periods beginning on or after June 1, 2020, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- *Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement, Korean IFRS 1107 Financial Instruments: Disclosure, Korean IFRS 1104 Insurance Contracts and Korean IFRS 1116 Lease – Interest Rate Benchmark Reform*

In relation to interest rate benchmark reform, the amendments provide exceptions including adjust effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced, and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The amendments should be applied for annual periods beginning on or after January 1, 2021, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- *Amendments to Korean IFRS 1103 Business Combination – Reference to the Conceptual Framework*

The amendments update a reference of definition of assets and liabilities qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- *Amendments to Korean IFRS 1016 Property, plant and Equipment - Proceeds before intended use*

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

- *Amendments to Korean IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts: Cost of Fulfilling a Contract*

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- *Annual improvements to Korean IFRS 2018-2020*

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

· Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters

· Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities

· Korean IFRS 1116 *Leases* – Lease incentives

· Korean IFRS 1041 *Agricultur*e – Measuring fair value

- *Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability include the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110 *Consolidated Financial Statements*.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recoded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate′s accounting policies conform to those of the Group when the associate′s financial statements are used by the Group in applying the equity method.

(c) Joint arrangements

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the 'functional currency'). The consolidated financial statements are presented in US dollar, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

(c) Translation to the presentation currency

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency by applying the below exchange rates. The translation differences are recognized as other comprehensive income(loss):

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period,
- income and expenses for each statement of comprehensive income are translated at average exchange rates for the reporting period.
- equity is translated at the historical exchange rate.

2.5 Financial Assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently through profit or loss
- those to be measured subsequently at fair value through other comprehensive income
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non-designated equity investment are recognized in profit or loss.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

A. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other income or expenses' and impairment losses are presented in 'other expenses'.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of comprehensive income within 'finance income or costs' in the year in which it arises.

B. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'finance income or costs' in the statement of comprehensive income as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(c) Impairment

The Group assesses expected credit losses on debt instruments carried at amortized cost and fair value through other comprehensive income based on forward-looking information. The impairment methodology applied depends on whether there has been a significant increase in credit risk. However, for trade receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

(d) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as 'borrowings and other liabilities' in the statement of financial position

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.6 Derivative Instruments

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of the derivatives that are not qualified for hedge accounting are recognized in the statement of comprehensive income within 'other non-operating income (expenses)' or 'finance income (costs)' based on the nature of transactions.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has hedge relationships and designates certain derivatives as:

- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges)

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 5. Movements in the cash flow hedge reserve are shown in Note 11.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. A non-derivative financial asset and a non-derivative financial liability is classified as a current or non-current based on its expected maturity and its settlement, respectively.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity, limited to the cumulative change in fair value (present value) of the hedged item (the present value of the cumulative change in the future expected cash flows of the hedged item) from the inception of the hedge. The ineffective portion is recognized in ‘other non-operating income (expenses)’.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within ‘finance cost’ at the same time as the interest expense on the hedged borrowings.

2.7 Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less loss allowance.

2.8 Inventories

Inventories mainly comprise fuel and spare parts. The quantity of inventories is counted at the end of every reporting period. The cost of inventories is based on the gross average cost formula, and includes expenditures for acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

The book amount of inventories is recognized as cost of goods sold when profits are recognized with the consumption of inventories. Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as cost of sales in the period in which the reversal occurs.

2.9 Non-current Assets (or Disposal Group) Held-for-sale

Non-current assets (or disposal group) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets are measured at the lower amount between their book amount and the fair value less costs to sell.

2.10 Vessels, Property and Equipment

Vessels, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation of all vessels, property and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	Useful lives(Years)
Buildings and structures	50
Vessels	17 ~ 25
Vehicles	5
Others	2.5 ~ 10

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.11 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

2.12 Intangible Assets

Intangible assets are initially recognized at its historical cost, and carried at cost less accumulated amortization and accumulated impairment losses.

Software development costs that are directly attributable to internally generated by the Group are recognized when the criteria; such as, technically feasible, generate probable future economic benefits and other, are met. Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful lives(Years)
Development costs	5
Other intangible assets	5

2.13 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

2.14 Impairment of Non-financial Assets

Goodwill or intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.15 Financial Liabilities

(a) Classification and measurement

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as 'trade payables', 'borrowings', and 'other financial liabilities' in the consolidated statement of financial position.

Preferred shares that require mandatory redemption at a particular date are classified as liabilities. Interest expenses on these preferred shares calculated using the effective interest method are recognized in the consolidated statement of comprehensive income as 'finance costs', together with interest expenses recognized on other financial liabilities.

(b) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished, for example, when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability are substantially modified.

2.16 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period.

2.17 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the increase in the provision due to passage of time is recognized as interest expense.

2.18 Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group recognizes current income tax on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis.

2.19 Employee Benefits

Most of employees and directors are entitled to receive a lump-sum payment upon termination of their employment with the Group based on their periods of service and salary levels at the time of termination. The Group operates defined benefit plans for employees who works at sea and operates defined contribution plans for employees work at ground. In addition, the Group contributes a certain portion of severance benefits to the National Pension Service according to the National Pension Law.

(a) Short-term employee benefits

Liabilities for wages and salaries that are expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at undiscounted amount.

(b) Post-employment benefits

The Group operates both defined contribution and defined benefit pension plans.

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

2.20 Revenue Recognition

(a) Identify performance obligation

With the implementation of Korean IFRS 1115, if a performance obligation is satisfied over time the Group also recognizes the related revenue over time. The Group recognizes revenue over time based on costs incurred relative to total estimated costs to determine the extent of progress toward completion.

(b) A performance obligation is satisfied over the period

With the implementation of Korean IFRS 1115, the Group recognizes revenue as performance obligation is satisfied and the recognized revenue amount is allocated transaction price for the satisfied performance obligation. For performance obligations satisfied over time, the Company recognizes revenue over time by selecting an appropriate method for measuring the Company's progress towards complete satisfaction of that performance obligation.

(c) Variable consideration

In addition to the freight charge from contracts with customers, there may be a discount charge(dispatch money) to be paid to the shippers for early loading / unloading of cargoes or late fee(demurrage) to be paid to the shipping companies for delay of loading / unloading of cargoes. With implementation of Korean IFRS 1115, the Group estimates an amount of variable consideration by using the expected value which the Group expects to better predict the amount of consideration. The Group recognize revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the refund period has lapsed.

(d) Incremental costs of obtaining a contract

With implementation of Korean IFRS 1115, the Group recognizes as an asset the incremental costs of obtaining a contract with a customer of the Group and costs that are recognized as assets are amortized over the period that the related goods or services transfer to the customer.

2.21 Leases

(a) Lessor

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

(b) Lessee

The Group leases various vessels, offices, equipment and cars. Lease contracts are typically made for fixed periods, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is lessee, the Group applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable

- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

- Amounts expected to be payable by the Group (the lessee) under residual value guarantees

- The exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option, and

- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group elected not to apply the evaluation model to the right-of-use assets held by the Group.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT-equipment and small items of office furniture.

(c) Extension and termination options

Extension and termination options are included in property leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

2.22 Debt-to-equity Swap and Debt Restructuring

When the Group issues equity securities to creditors to repay the debts (debt-to-equity swap), the difference between the book amount of debts and the fair value of the securities is recorded as gain or loss from debt restructuring. In case the Group agreed with creditors to be converted into capital, but not implemented immediately, the Group accounted for the restructured debts as other capital.

2.23 Operating Segments

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (Note 34). The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The Group has four operating segments consist of bulk carrier service, container service, tanker service and other shipping services as described in Note 34. Each operating segment is a strategic business unit. The strategic business units offer different shipping services, and are managed separately because they require different technology and marketing strategies.

Operating segments reported to the Group's chief operating decision maker include items direct attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets primarily the Group's headquarters, head office expenses, and income tax assets and liabilities.

2.24 Approval of Issuance of the Financial Statements

The consolidated financial statements 2020 of the Group were approved for issue by the Board of Directors on February 10,2021 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group’s accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

(a) Impairment of assets

The Group periodically determines whether there is any indication that the Group's major assets may be impaired and assesses whether there is any impairment incurred if there is any indication that an asset may be impaired. The Group determines by applying both external sources of information and internal sources of information at the end of each reporting period for assessment of indication that an asset may be impaired and calculation the amounts of impairment (Note 16).

(b) Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 22).

4. Financial Risk Management

4.1 Financial Risk Factors

The Group's activities exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out under policies approved by the Board of Directors. The board reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

4.1.1 Market risk

(1) Foreign exchange risk

The Group's revenue and expenses are denominated primarily in U.S. dollars, the functional currency. The Group's foreign exchange risks mainly comprise:

- transaction risks which arise from day-to-day requirements to pay and/or receive currencies other than U.S. dollars, and
- foreign exchange exposures arising from repayment obligations or borrowings which are denominated in currencies other than U.S. dollars.

A vast majority of the Group's sales and operating expenses are denominated in U.S. dollars. The Group's vessels are principally chartered in or purchased in U.S. dollars, including those vessels acquired under the terms of lease financing agreements or other similar agreements. Moreover, since the market value of the vessels is denominated in U.S. dollars, the dollar exposure related to the financing of vessels is considered an effective hedge.

The Group does not actively use foreign exchange derivative instruments as a means of hedging transaction risks. The risk is reduced through matching, as far as possible, receipts and payments in each individual currency. The Group holds bank deposits, beneficiary certificates and borrowings denominated in Korean won that are short-term in nature, therefore, foreign exchange risk of these assets and liabilities may not be material.

Gain and loss on foreign currency translations and transactions for the periods ended December

31, 2020 and 2019, are as follows:

(in thousands of US dollars)		2020		2019
Gains (losses) on foreign currency translations	$	(8,889)	$	937
Gains (losses) on foreign currency transactions		(6,854)		(1,866)

The Group is primarily exposed to exchange risk in relation to currencies other than USD. Exposures to exchange risk in relation to currencies other than USD as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)		2020		2019
Cash and cash equivalents	$	40,894	$	39,548
Trade receivables		18,514		9,380
Other receivables		1,760		1,869
Trade payables		(10,901)		(19,762)
Other non-trade payables		(7,401)		(7,617)
Long-term borrowings		(61,121)		(66,074)
Bonds		(91,912)		(103,645)
Vessel borrowings		(18,314)		(16,169)
Other		30,509		30,920
	$	(97,972)	$	(131,550)

The effect of a 10% increase or decrease in exchange rates on profit before tax as at December 31, 2020 and 2019, is as follows:

(in thousands of US dollars)			2020		2019
KRW / US dollars	10% increase	$	12,268	$	11,581
	10% decrease		(15,003)		(14,260)

(2) Price risk

The Group is exposed to grain purchase contract price risk arising from various market conditions. The Group enters into grain future contract to hedge, in whole and in part, the exposure to changes in fair values and cash flows of grain purchase contract as a result of market fluctuations. In order to retain hedge effectiveness, the Group matches grain future contracts with the grain purchase contracts. Generally, the underlying agreement pursuant to which the Group enters into contract based on CBOT (Chicago Board of Trade) future index.

The Group is exposed to charter contract price risk arising from various market conditions. The Group enters into forward freight agreements (FFAs) to hedge, in whole and in part, the exposure to changes in fair values and cash flows of long-term chartered-in vessels as a result of market fluctuations with respect to freight spot contract rates derived in utilizing these vessels. The Group matches forward freight agreements and long-term charter contracts to effectively hedge risks. Usually, the Group enters into charter contract according to BDI (Baltic Dry Index) or other similar index.

The Group is exposed to fuel oil purchase price risk arising from various market conditions. The Group enters into commodity swap contracts to hedge, in whole and in part, the exposure to changes in fair values and cash flows of relevant fuel oil contracts as a result of market fluctuations. In order to retain hedge effectiveness, the Group matches commodity swap contracts with the fuel oil contracts. Generally, the underlying agreement pursuant to which the Group charters vessels will be based on WTI or a similar index.

The Group will then attempt to match FFAs and commodity swap contracts that the Group has entered into with a third party, which is usually another shipping company, a shipper or a financial institution, with such charter-in agreement in terms of the duration and index in order to hedge against any market fluctuations in freight spot contract rates and fuel oil purchase prices, and “lock in” a profit margin. In order to reduce counterparty risk, all the relevant agreements require periodic cash settlement, depending on the movement of the relevant index. The Group limits the counterparties for such transactions to long-time market participants. Most of forward freight agreements have terms of between three to twelve months.

(3) Interest risk

Interest rate risk is defined as the risk that the interest expenses arising from borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises on floating rate borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty in interest rates fluctuations and interest expense.

Book amount of interest-bearing financial liabilities held by the Group as at December 31, 2020 and 2019, is as follows:

(in thousands of US dollars)		**2020**		**2019**
Financial liabilities with fixed interest rate	$	190,400	$	166,231
Financial liabilities with floating interest rate		1,124,994		888,855
	$	1,315,394	$	1,055,086

The Group does not recognize financial instruments with fixed interest rate as financial instruments at fair value through profit or loss, and does not designate derivatives such as interest rate swap as hedge instrument of fair value hedge accounting. Therefore, changes in interest rates do not affect profit or loss.

The effect of a 0.5%P increase (decrease) in interest rates would have resulted in a decrease (increase) in profit before tax as at December 31, 2020 and 2019, as follows:

(in thousands of US dollars)			**2020**		**2019**
Interest rate	0.5P% increase	$	(4,557)	$	(3,082)
	0.5P% decrease		4,557		3,082

4.1.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Outstanding balances of financial assets which represent maximum exposures of credit risk as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020	2019
Non-current		
Other receivables	$ 21,863	$ 10,315
Other financial assets	5,352	6,411
	27,215	16,726
Current		
Cash and cash equivalent [1]	215,838	218,370
Trade receivables	137,082	113,512
Other receivables	11,649	19,114
Derivative financial assets	13,746	420
Other financial assets	23,066	24,811
	401,381	376,227
	$ 428,596	$ 392,953

[1] Excludes 'cash on hand'.

The Group requests for collaterals or additional credit based on the credit of the counterparty.

4.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury department aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal to their carrying balances as the impact of discounting is not significant.

(in thousands of US dollars)	2020				
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 4 years**	**Over 4 years**	**Total**
Borrowings [1]	$ 243,937	$ 312,792	$ 363,074	$ 497,470	$ 1,417,273
Derivative financial liabilities	9,489	668	285	124	10,566
Trade payables	129,578	-	-	-	129,578
Other payables	57,477	-	-	-	57,477
Lease liabilities [2]	16,448	11,908	15,087	2,825	46,268
	$ 456,929	$ 325,368	$ 378,446	$ 500,419	$ 1,661,162

(in thousands of US dollars)	2019				
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 4 years**	**Over 4 years**	**Total**
Borrowings [1]	$ 404,344	$ 169,476	$ 337,062	$ 238,650	$ 1,149,532
Derivative financial liabilities	61	19	-	-	80
Trade payables	103,805	-	-	-	103,805
Other payables	45,372	-	-	-	45,372
Lease liabilities	14,112	8,192	11,914	3,131	37,349
	$ 567,694	$ 177,687	$ 348,976	$ 241,781	$ 1,336,138

[1] Borrowings includes $ 101,880 thousand and $ 94,446 thousand of finance costs as at December 31, 2020 and 2019, respectively.
[2] Lease liabilities include US$ 3,053 thousand of finance costs as at December 31, 2020.

The nominal cash flow and present value related to vessel borrowings are as follows:

(in thousands of US dollars)	2020				
	Less than 1 year	Between 1 and 2 years	Between 2 and 4 years	Over 4 years	Total
Total payment	$ 174,940	$ 193,442	$ 305,689	$ 494,362	$ 1,168,433
Interest expenses	20,869	17,078	24,068	31,778	93,793
Present value	154,071	176,364	281,621	462,584	1,074,640

(in thousands of US dollars)	2019				
	Less than 1 year	Between 1 and 2 years	Between 2 and 4 years	Over 4 years	Total
Total payment	$ 332,918	$ 121,499	$ 234,374	$ 238,651	$ 927,442
Interest expenses	28,226	17,587	23,068	15,817	84,698
Present value	304,692	103,912	211,306	222,834	842,744

4.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'short and long-term borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020	2019
Total borrowings	$ 1,315,394	$ 1,055,086
Less: cash and cash equivalents	(218,346)	(220,516)
Net debt (A)	1,097,048	834,570
Total equity (B)	2,579,643	2,504,345
Total capital (C = A + B)	$ 3,676,691	$ 3,338,915
Gearing ratio (A / C)	29.8%	25%

5. Fair Value

5.1 Fair value of Financial Instruments by Category

There are no significant changes in the business and economic environment that affect the fair value of the Group's financial assets and liabilities in 2020. Financial instruments whose carrying amount is a reasonable approximation of fair value are excluded from fair value disclosures.

Carrying amount and the fair value of financial assets as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Current				
Derivative financial assets	$ 13,746	$ 13,746	$ 420	$ 420
Financial assets at fair value through profit or loss	26	26	807	807
	$ 13,772	$ 13,772	$ 1,227	$ 1,227

Carrying amount and the fair value of financial liabilities as at December 31, 2020 and 2019, are summarized as follows:

(in thousands of US dollars)	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current				
Derivative financial liabilities	$ 1,077	$ 1,077	$ 19	$ 19
Current				
Derivative financial liabilities	9,489	9,489	61	61
	$ 10,566	$ 10,566	$ 80	$ 80

5.2 Fair value Hierarchy

Items that are measured at fair value or for which the fair value is disclosed are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices in active markets for identical assets or liabilities (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value or its fair value is disclosed as at December 31, 2020 are as follows:

(in thousands of US dollars)	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Current				
Financial assets at fair value through profit or loss	$ -	$ 26	$ -	$ 26
Derivative financial assets	-	13,746	-	13,746
	$ -	$ 13,772	$ -	13,772
Financial liabilities				
Current				
Derivative financial liabilities	$ -	$ 9,489	$ -	$ 9,489
Non-current				
Derivative financial liabilities	-	1,077	-	1,077
	$ -	$ 10,566	$ -	$ 10,566

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value or its fair value is disclosed as at December 31, 2019 are as follows:

(in thousands of US dollars)	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Current				
Financial assets at fair value through profit or loss	$ -	$ 807	$ -	$ 807
Derivative financial assets	-	402	-	402
	$ -	$ 1,209	$ -	$ 1,209
Financial liabilities				
Current				
Derivative financial liabilities	$ -	$ 61	$ -	$ 61
Non-current				
Derivative financial liabilities	-	19	-	19
	$ -	$ 80	$ -	$ 80

5.3 Valuation Technique and the Inputs

Valuation techniques and inputs used in the fair value of assets and liabilities categorized within Level 2 of the fair value hierarchy as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	Fair value		Valuation techniques	Inputs
	2020	**2019**		
Assets				
Financial assets at fair value through profit or loss (current)	$ 26	$ 807	Market comparison technique (Carbon Fund)	Adjusted market price of underlying asset
Derivative financial liabilities (current)	13,746	402	Market comparison technique(FFA, Bunker Swap, Grain Futures)	Adjusted market price of underlying asset
	$ 13,772	$ 1,209		
Liabilities				
Derivative financial liabilities (current)	$ 9,489	$ 61	Market comparison technique(FFA, Bunker Swap, Grain Futures)	Adjusted market price of underlying asset
Derivative financial liabilities (non-current)	1,077	19	Market comparison technique(Interest-rate Swap)	Interest rate of 3-month USD Libor
	$ 10,566	$ 80		

6. Financial Instrument by Category

(1) Categorizations of financial assets as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020			
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
Non-current				
Other receivables	$ -	$ -	$ 21,863	$ 21,863
Other financial assets	-	3,611	5,352	8,963
	-	3,611	27,215	30,826
Current				
Cash and cash equivalents	-	-	218,346	218,346
Trade receivables	-	-	137,082	137,082
Other receivables	-	-	11,649	11,649
Derivative financial assets	13,746	-	-	13,746
Other financial assets	26	-	23,040	23,066
	13,772	-	390,117	403,889
	$ 13,722	$ 3,611	$ 417,332	$ 434,715

(in thousands of US dollars)	2019			
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
Non-current				
Other receivables	$ -	$ -	$ 10,315	$ 10,315
Other financial assets	-	3,611	6,411	10,022
	-	3,611	16,726	20,337
Current				
Cash and cash equivalents	-	-	220,516	220,516
Trade receivables	-	-	113,512	113,512
Other receivables	-	-	19,114	19,114
Derivative financial assets	420	-	-	420
Other financial assets	807	-	24,004	24,811
	1,227	-	377,146	378,373
	$ 1,227	$ 3,611	$ 393,872	$ 398,710

(2) Categorizations of financial liabilities as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020			
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Other financial liabilities [1]	Total
Non-current				
Borrowings	$ -	$ 1,097,066	$ -	$ 1,097,066
Derivatives financial liabilities	-	-	1,077	1,077
	-	1,097,066	1,077	1,098,143
Current				
Borrowings	-	218,328	-	218,328
Derivatives financial liabilities	9,489	-	-	9,489
Trade payables	-	129,578	-	129,578
Other payables	-	57,477	-	57,477
	9,489	405,383	-	414,872
	$ 9,489	$ 1,502,449	$ 1,077	$ 1,513,015

[1] It includes the derivatives financial liabilities in hedging instruments with not applying categorizations of financial liabilities.

(in thousands of US dollars)	2019			
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Other financial liabilities[1]	Total
Non-current				
Borrowings	$ -	$ 684,076	$ -	$ 684,076
Derivatives financial liabilities	-	-	19	19
	-	684,076	19	684,095
Current				
Borrowings	-	371,010	-	371,010
Derivatives financial liabilities	61	-	-	61
Trade payables	-	103,805	-	103,805
Other payables	-	45,372	-	45,372
	61	520,187	-	520,248
	$ 61	$ 1,204,263	$ 19	$ 1,204,343

[1] It includes the derivatives financial liabilities in hedging instruments with not applying categorizations of financial liabilities.

7. Credit Quality of Financial Assets

(1) Trade receivables and other receivables

(in thousands of US dollars)	2020		2019	
	Gross amount	**Provision for impairment**	**Gross amount**	**Provision for impairment**
Trade receivables:				
Not past due	$ 131,399	$ (22)	$ 105,973	$ (363)
Up to 3 months	4,042	(4)	4,827	(145)
3 to 6 months	145	(1)	1,438	(3)
Over 6 months	10,689	(9,167)	14,786	(13,001)
	$ 146,276	$ (9,194)	$ 127,024	$ (13,512)
Other receivables and others:				
Not past due	$ 75,980	$ (16,383)	$ 82,728	$ (18,423)
Up to 3 months	1,036	(193)	944	(42)
3 to 6 months	329	(19)	589	(28)
Over 6 months	1,413	(411)	986	(141)
	$ 78,757	$ (17,005)	$ 85,247	$ (18,634)

Movements in provision for impairment of trade receivables and other receivables for the periods ended December 31, 2020 and 2019 are as follows:

(in thousands of US dollars)	2020	2019
Trade receivables		
Beginning balance	$ 13,512	$ 10,872
Provision for impaired receivables during the year	268	2,630
Write-offs	(4,258)	-
Others	(328)	10
Ending balance	$ 9,194	$ 13,512
Other receivables and others		
Beginning balance	$ 18,634	$ 18,525
(Reversal of) provision	(1,629)	
for impaired receivables during the year		108
Write-offs	-	-
Others	-	1
Ending balance	$ 17,005	$ 18,634

Trade and other receivables neither past due nor impaired relate to a number of independent customers who have no recent history of default. The aging analysis of receivables past due but not impaired as at December 31, 2020 and 2019, is as follows:

(in thousands of US dollars)	2020					
	Less than 3 months	**3 to 6 months**	**6 months to 1 year**	**1 year to 2 years**	**More than 2 years**	**Total**
Trade receivables	$ 4,038	$ 145	$ 774	$ 184	$ 564	$ 5,705
Other receivables and others	843	310	442	145	415	2,155
	$ 4,881	$ 455	$ 1,216	$ 329	$ 979	$ 7,860

(in thousands of US dollars)	2019					
	Less than 3 months	**3 to 6 months**	**6 months to 1 year**	**1 year to 2 years**	**More than 2 years**	**Total**
Trade receivables	$ 4,682	$ 1,435	$ 561	$ 438	$ 786	$ 7,902
Other receivables and others	902	561	292	211	343	2,309
	$ 5,584	$ 1,996	$ 853	$ 649	$ 1,129	$ 10,211

(2) Other financial assets

The Group limits its exposure to credit risk by operating funds only in short-term deposit and only with counterparties that have high credit ratings such as Korea Development Bank.

8. Cash and Cash Equivalents

Details of cash and cash equivalents as at December 31, 2020 and 2019, are summarized as follows:

(in thousands of US dollars)	2020	2019
Cash on hand	$ 2,508	$ 2,147
Deposits and others	215,838	218,369
	$ 218,346	$ 220,516

9. Trade Receivables

Trade receivables as at December 31, 2020 and 2019, are summarized as follows:

(in thousands of US dollars)	2020	2019
Current:		
Trade receivables	$ 146,276	$ 127,024
Less: provision for impairment	(9,194)	(13,512)
	$ 137,082	$ 113,512

10. Other Receivables

Details of other receivables as at December 31, 2020 and 2019, are summarized as follows:

(in thousands of US dollars)	2020	2019
Current:		
Loan	$ 28	22,019
Less: provision for impairment	-	(16,578)
Prepayments	16,317	13,674
Less: provision for impairment	(559)	(95)
Other receivables	2,819	3,201
Less: provision for impairment	(105)	(118)
	18,500	22,103
Non-current:		
Loan	25,503	424
Less: provision for impairment	(16,342)	
Other receivables	758	971
Deposit provided	11,944	8,920
	21,863	10,315
	$ 40,363	32,418

11. Derivative Financial Assets and Liabilities

(1) Derivative financial assets and liabilities as at December 31, 2020 and 2019, are summarized as follows:

(in thousands of US dollars)	2020		2019	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Forward freight agreement	$ 25	$ 52	$ 244	$ 37
Interest rate swap	-	1,077	-	19
Bunker swap/option	1,261	232	176	24
Grain futures	12,460	9,205	-	-
	$ 13,746	$ 10,566	$ 420	$ 80
Current	$ 13,746	$ 9,489	$ 420	$ 61
Non-current	-	1,077	-	19

(2) Gains and losses on valuation and transaction of derivative financial assets and liabilities for the periods ended December 31, 2020 and 2019, are summarized as follows:

(in thousands of US dollars)	2020		2019	
	Gains (losses) on transaction, net	**Gains (losses) on valuation, net**	**Gains (losses) on transaction, net**	**Gains (losses) on valuation, net**
Forward freight agreement	$ (473)	$ (29)	$ (377)	$ 207
Interest rate swap	-	(1,058)	-	(18)
Bunker swap/option	(1,240)	1,027	2,520	152
Grain futures	(1,232)	3,259	(811)	(14)
	$ (2,945)	$ 3,199	$ 1,332	$ 327
Other non-operating income(expenses), net	$ (2,945)	$ 4,257	$ 1,332	$ 345
Other comprehensive income	-	(1,058)	-	(18)

12. Other Financial Assets

(1) Details of other financial assets by categories as at December 31, 2020 and 2019, are follows:

(in thousands of US dollars)	2020	2019
Financial assets at amortized cost:		
Deposit and others [1]	$ 28,392	$ 30,415
Financial assets at fair value through profit or loss:		
Beneficiary certificates	26	807
Financial assets at fair value through other comprehensive income :		
Unlisted shares	3,611	3,611
Total :	$ 32,029	$ 34,833
Non-current	$ 8,963	$ 10,022
Current	23,066	24,811

[1] As at December 31, 2020, financial assets amounting to US$ 9,702 thousand (2019: US$ 8,374 thousand) are restricted in use due to an escrow for cash reimbursement according to the amended reorganization plan (Note 31).

(2) Changes in unlisted stocks and beneficiary certificates, etc. for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020	2019
Beginning balance	$ 4,418	$ 9,425
Additions	-	-
Disposal	(785)	(5,007)
Gains on valuation, net	3	-
Others	-	-
Ending balance	$ 3,636	$ 4,418

13. Inventories

Inventories as at December 31, 2020 and 2019, are summarized as follows:

(in thousands of US dollars)	2020	2019
Fuel	$ 37,815	$ 43,742
Spare parts and others	14,777	12,677
	$ 52,592	$ 56,419

The cost of inventories included in cost of sales sold as expenses during the year is US$ 408,805 thousand (2019: US$ 463,874 thousand).

14. Other Assets

Details of other assets as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020	2019
Current:		
Prepayments	$ 21,390	$ 36,037
Less: provision for impairment	-	(1,842)
Prepaid expenses	72,207	58,309
Prepaid taxes	785	501
Accrued income	-	29
Others	433	416
	94,815	93,450
Non-current:		
Retirement benefit assets	971	-
Reimbursement receivables	1,542	3,255
Others	176	178
	2,689	3,433
	$ 97,504	$ 96,883

15. Investments in Associates

(1) Changes in investments in associates for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020			
	Korea LNG Trading Co., Ltd.	**Busan Cross Dock, Ltd.**	**EGT,LLC**	**Total**
Associates				
Beginning balance	$ 1,021	$ 998	$ -	$ 2,019
Additions			67,500	67,500
Dividend				
Share of profit of associates	140	(9)	4,424	4,555
Share of other comprehensive income of associate	(7)	63	-	56
Ending balance	$ 1,154	$ 1,052	$ 71,924	$ 74,130

(in thousands of US dollars)	2019		
	Korea LNG Trading Co., Ltd.	**Busan Cross Dock, Ltd.**	**Total**
Associates			
Beginning balance	$ 982	$ 1,038	$ 2,020
Dividend	-	(10)	(10)
Share of profit of associates and joint ventures	28	6	34
Share of other comprehensive income of associate and joint ventures	11	(36)	(25)
Ending balance	$ 1,021	$ 998	$ 2,019

(2) Associates that the Group invested are unlisted therefore there is no market price, and the table below sets summarized financial information of associates as at December 31, 2020 and 2019.

(in thousands of US dollars)		2020					
	Location	**Interest held(%)**	**Assets**	**Labilities**	**Sales**	**Operating profit (loss)**	**Profit for the period**
Associates							
Korea LNG Trading Co., Ltd.[1]	Korea	18%	480,431	474,020	10,141	556	794
Busan Cross Dock, Ltd.	Korea	20%	9,072	3,812	5,655	140	(48)
EGT,LLC	USA	36%	366,925	221,012	1,860,342	13,391	12,785

[1] Although the Group holds less than 20% interest, the Group has significant influence as the Group's management participates as a member of investee's Board of Directors.

(in thousands of US dollars)		2019					
	Location	Interest held(%)	Assets	Labilities	Sales	Operating profit (loss)	Profit for the period
Associates							
Korea LNG Trading Co., Ltd.[1]	Korea	18%	533,750	528,080	19,013	328	157
Busan Cross Dock, Ltd.	Korea	20%	7,308	2,317	6,141	206	32

[1] Although the Group holds less than 20% interest, the Group has significant influence as the Group's management participates as a member of investee's Board of Directors.

(3) The tables below provide a reconciliation of the summarized financial information (net asset) presented to the carrying amount of its interest in the associates.

(in thousands of US dollars)	2020		
	Korea LNG Trading Co., Ltd.	Busan Cross Dock, Ltd.	EGT,LLC
Net asset	$ 6,411	$ 5,260	$ 145,913
Group's share in %	18%	20%	36%
Book amount	1,154	1,052	52,894
Investment difference	$ -	$ -	$ 19,030

(in thousands of US dollars)	2019	
	Korea LNG Trading Co., Ltd.	Busan Cross Dock, Ltd.
Net asset	$ 5,670	$ 4,991
Group's share in %	18%	20%
Book amount	$ 1,021	$ 998

16. Vessels, Property and Equipment

(1) Changes in vessels, property and equipment for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020						
	Vessels	Land	Buildings	Vehicles	Tools, furniture & fixture	Construction in progress	Total
Opening net book amount	$ 2,960,241	$ 36	$ 12,116	$ 320	$ 5,465	$ 216,821	$ 3,194,999
Additions	49,819	-	-	-	548	534,762	585,129
Disposal	(21,959)	-	-	-	(1)	-	(21,960)
Depreciation	(174,471)	-	(634)	(54)	(1,205)	-	(176,364)
Government grants	98	-	-	-	-	-	98
Account change	606,119	-	-	-	-	(606,119)	-
Impairment loss on vessels, property and equipment [1]	(64,818)	-	-	-	-	-	(64,818)
Other	-	2	373	16	103	-	494
Closing net book amount	$ 3,355,029	$ 38	$ 11,855	$ 282	$ 4,910	$ 145,464	$ 3,517,578

(in thousands of US dollars)	2020				
	Lease vessels	Lease container van	Lease buildings	Lease vehicles	Total
Opening net book amount	$ 19,633	$ 8,715	$ 4,029	$ 298	$ 32,675
Additions	10,408	1,351	13,289	273	25,321
Disposal	-	-	(156)	(63)	(219)
Depreciation	(10,305)	(2,314)	(2,836)	(209)	(15,664)
Other	-	-	90	5	95
Closing net book amount	$ 19,736	$ 7,752	$ 14,416	$ 304	$ 42,208

[1] Due to the decrease in shipping industry market trends, the Company has performed the impairment test for 12 vessels in bulker segment, of which 10 vessels recognized the impairment loss of $ 58,957 thousand. The recoverable amount of the vessels is calculated on a basis of the value in use and impairment losses are recognized as other non-operating expenses. Discount rate for calculation of value in use is 7.75%. The impairment loss from changes in discount rate is as follows.

(in thousands of US dollars)

Category	Change	Discount rate	Amount
Impairment losses	10% increase	8.53%	$ 73,088
	10% decrease	6.98%	44,003

Additionally, 1 vessel held for sale recognized impairment loss amounting to $5,861 thousands on the basis of net fair value and the vessel was sold during the period ended December 31, 2020.

(in thousands of US dollars)	2019						
	Vessels	**Land**	**Buildings**	**Vehicles**	**Tools, furniture & fixture**	**Construction in progress**	**Total**
Opening net book amount	$ 2,830,702	$ 6	$ 12,327	$ 387	$ 11,515	$ 152,623	$ 3,007,560
Additions	20,394	30	497	-	229	336,597	357,747
Disposal	(902)	-	-	-	(15)	-	(917)
Depreciation	(155,344)	-	(613)	(63)	(1,204)	-	(157,224)
Government grants[1]	(2,424)	-	-	-	-	-	(2,424)
Account change	272,059	-	-	-	(5,138)	(272,059)	(5,138)
Impairment loss on vessels, property and equipment	(4,244)	-	-	-	-	-	(4,244)
Closing net book amount	$ 2,960,241	$ 36	$ 12,116	$ 320	$ 5,465	$ 216,821	$ 3,194,999

[1] In 2018, the Group received 2.76 billion won in state subsidies from the Korea Ocean Business Corporation as a candidate to support the conversion of eco-friendly ships, and the Group recognized the subsidies as a deduction for the carrying amount of the acquired vessels during 2019.

(in thousands of US dollars)	2019				
	Lease vessels	**Lease container van**	**Lease buildings**	**Lease vehicles**	**Total**
Opening net book amount	$ -	$ -	$ -	$ -	$ -
Additions	30,526	5,809	6,686	518	43,539
Depreciation	(10,893)	(2,233)	(2,657)	(221)	(16,604)
Account change	-	5,138	-	-	5,138
Closing net book amount	$ 19,633	$ 8,714	$ 4,029	$ 297	$ 32,673

(2) The acquisition costs, accumulated depreciation and accumulated impairment losses for each item of vessels, property and equipment as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020			
	Cost	**Accumulated depreciation**	**Accumulated impairment losses**	**Government grants**
Vessels	$ 5,103,352	$ (1,310,493)	$ (435,503)	$ (2,327)
Land	38	-	-	-
Buildings	26,601	(10,134)	(4,612)	-
Vehicles	1,557	(1,275)	-	-
Tools, furniture & fixture	35,865	(30,955)	-	-
Construction-in-progress	145,464	-	-	-
Lease vessels	35,564	(15,828)	-	-
Lease container van	12,636	(4,884)	-	-
Lease buildings	19,260	(4,844)	-	-
Lease vehicles	524	(220)	-	-
	$ 5,380,860	$ (1,378,632)	$ (440,115)	$ (2,327)

(in thousands of US dollars)	2019			
	Cost	Accumulated depreciation	Accumulated impairment losses	Government grants
Vessels	$ 4,537,772	$ (1,186,442)	$ (388,665)	$ (2,424)
Land	36	-	-	-
Buildings	25,724	(8,996)	(4,612)	-
Vehicles	1,476	(1,156)	-	-
Tools, furniture & fixture	36,861	(31,396)	-	-
Construction-in-progress	216,821	-	-	-
Lease vessels	30,526	(10,893)	-	-
Lease container van	11,284	(2,570)	-	-
Lease buildings	6,686	(2,657)	-	-
Lease vehicles	518	(221)	-	-
	$ 4,867,704	$ (1,244,331)	$ (393,277)	$ (2,424)

(3) Amount of borrowing costs capitalized for the periods ended December 31, 2020 and 2019 were US$ 4,098 thousand and US$ 7,558 thousand, respectively, and the capitalization rates used to determine the amount of borrowing costs eligible for capitalization for the periods ended December 31, 2020 and 2019 were 2.26% and 3.80%, respectively.

17. Intangible Assets

(1) Intangible assets as at December 31, 2020 and 2019, are summarized as follows:

(in thousands of US dollars)	2020	2019
Development costs	$ 425	$ 535
Club membership	4,105	3,857
Other intangible assets	1,572	2,336
	$ 6,102	$ 6,728

(2) Changes in intangible assets for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020			
	Development costs	Club membership	Others	Total
Beginning balance	$ 535	$ 3,857	$ 2,336	$ 6,728
Additions	30	587	234	851
Disposals	-	(342)	-	(342)
Amortization	(140)	-	(1,074)	(1,214)
Other	-	3	76	79
Ending balance	$ 425	$ 4,105	$ 1,572	$ 6,102

(in thousands of US dollars)	2019			
	Development costs	**Club membership**	**Others**	**Total**
Beginning balance	$ 223	$ 4,158	$ 3,323	$ 7,704
Additions	463	-	178	641
Disposals	-	(1,340)	-	(1,340)
Amortization	(152)	-	(1,051)	(1,203)
Reversal of impairment loss	-	1,038	-	1,038
Ending balance	$ 535	$ 3,857	$ 2,336	$ 6,728

(3) Details of intangible assets as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020			
	Development costs	**Club membership**	**Others**	**Total**
Acquisition cost	1,388	5,613	6,456	13,457
Accumulated amortization	(963)	-	(4,884)	(5,847)
Accumulated impairment loss	-	(1,508)	-	(1,508)
Net book amount	425	4,105	1,572	6,102

(in thousands of US dollars)	2019			
	Development costs	**Club membership**	**Others**	**Total**
Acquisition cost	$ 1,358	$ 6,580	$ 5,830	$ 13,768
Accumulated amortization	(823)	-	(3,494)	(4,317)
Accumulated impairment loss	-	(2,723)	-	(2,723)
Net book amount	$ 535	$ 3,857	$ 2,336	$ 6,728

18. Borrowings

(1) Details of borrowings as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	**2020**	**2019**
Current:		
Current portion of bond	$ 10,000	$ 27,274
Current portion of long-term borrowings	54,257	39,044
Current portion of finance lease liabilities	154,071	304,692
	218,328	371,010
Non-current:		
Bond	106,912	96,371
Long-term borrowings	69,584	49,653
Finance lease liabilities	920,570	538,052
	1,097,066	684,076
	$ 1,315,394	$ 1,055,086

Certain Vessels, property and equipment are pledged as collaterals for the above borrowings (Note 31).

(2) Bond issued as at December 31, 2020 and 2019, is summarized as follows:

(in thousands of US dollars)	Currency	Issue Date	Maturity Date	Annual interest rate	2020	2019
Unsecured private placed bond 19th	KRW	2018-06-22	2020-06-22	3.8%	$ -	$ 17,274
Unsecured private placed bond 20th	KRW	2019-06-28	2022-06-28	2.3%	91,912	86,371
Sinhan bank FRN 1.5 years (A)	USD	2018-10-12	2020-04-12	Libor+0.85%	-	5,000
Sinhan bank FRN 2.0 years (B)	USD	2018-10-12	2020-10-12	Libor+0.9%	-	5,000
Sinhan bank FRN 2.5 years (C)	USD	2018-10-12	2021-04-12	Libor+0.95%	5,000	5,000
Sinhan bank FRN 3.0 years (D)	USD	2018-10-12	2021-10-12	Libor+1%	5,000	5,000
Sinhan bank FRN 2.0 years (A)	USD	2020-12-04	2022-12-04	Libor+1%	5,000	-
Sinhan bank FRN 2.5 years (B)	USD	2020-12-04	2023-06-04	Libor+1.05%	5,000	-
Sinhan bank FRN 3.0 years (C)	USD	2020-12-04	2023-12-04	Libor+1.1%	5,000	-
					116,912	123,645
Less: current portion of bond					(10,000)	(27,274)
					$ 106,912	$ 96,371

(3) Long-term borrowings as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)		2020		2019	
	Currency	Annual interest rate	Carrying amount	Annual interest rate	Carrying amount
Woori Bank	KRW	AAA+1.78%	$ 8,272	AAA+1.78%	$ 7,773
Industrial and Commercial Bank of China	KRW	2.65%	13,787	CD+1.35%	12,956
Daegu Bank	KRW	MOR+1.55%	9,191	MOR+1.55%	8,637
China Construction Bank	KRW	2.3%	13,787	2.3%	12,956
Korea Development Bank	USD	Libor+1.39%	5,220	Libor+1.39%	6,960
ICBC	USD	Libor+2.03%	-	Libor+2.03%	15,663
KEB Hana Bank [1]	KRW	CD+1.5%	16,085	CD+1.5%	23,752
Korea Development Bank	USD	Libor+1.65%	19,000	-	-
Kookmin Bank	USD	Libor+1.79%	3,500	-	-

(in thousands of US dollars)		2020		2019	
	Currency	**Annual interest rate**	**Carrying amount**	**Annual interest rate**	**Carrying amount**
Korea Export and Import Bank	USD	1.6%	35,000	-	-
			123,842		88,697
Less: current portion of long-term borrowings			(54,257)		(39,044)
			$ 69,585		$ 49,653

[1] Asset-backed loan set as a deposit-refund security for long-term transport contract of POSCO and Hyundai Glovis'

(4) Vessel borrowings as at December 31, 2020 and 2019, are as follows

(in thousands of US dollars)		2020		2019	
	Currency	**Annual interest rate**	**Carrying amount**	**Annual interest rate**	**Carrying amount**
Mizuho Corporate Bank	USD	Libor +0.65%	-	Libor+0.65%	$ 753
Korea Development Bank	USD	Libor +1.7%	21,875	Libor+1.70%	25,375
	USD	2%	-	2%	13,662
Korea Development Bank	USD	L+1.45%~2%	189,137	Libor +1.45%	98,851
SeoCho Branch	KRW	0%~0.39%	18,314	0%~0.39%	16,170
Credit Agricole Corporate and	USD	Libor +0.55%	2,554	Libor+0.55%	7,662
Investment Bank	USD	Libor +1.8%	22,896	Libor+1.8%	23,280
BNP Paribas	USD	Libor +0.325%	-	Libor+0.325%	419
Sumitomo Mitsui Banking Corporation	USD	Libor +0.9%	-	Libor+0.9%	2,577
Korea Export and Import Bank	USD	Libor +1.5%~3%	85,527	Libor+1.9%~3%	36,121
China Construction Bank	USD	Libor +2.65%	-	Libor+2.65%	9,779
ABN AMRO Bank N.V.	USD	Libor +1.75%~2.5%	127,042	Libor+1.75%~2.5%	255,228
Norddeutsche Landesbank	USD	Libor +2.8%	-	Libor+2.8%	24,817
National Foundation of Fisheries Cooperatives	USD	Libor +3.5%	-	Libor+3.5%	21,500
ING Bank N.V.	USD	Libor +1.95%~2.95%	82,173	Libor+1.95%~2.95%	18,288
Korea Asset Management Corporation	USD	3.65%	17,600	3.65%	19,800
Societe Generale Bank	USD	Libor +1.68%	23,950	Libor+1.68%	34,150
BANK OF AMERICA, N.A.	USD	Libor +1.45%	232,500	Libor + 1.45%	74,400
Woori Bank	USD	Libor +1.75%	31,350	Libor+1.75%	32,010
Standard Chartered Bank	USD	Libor +1.7%	30,703	Libor+1.7%	35,203
ING Bank	USD	Libor +1.3%	72,100	Libor +1.3%	92,699
STANDARD CHARTERED BANK (HONG KONG) LIMITED	USD	Libor +1.7%	74,170	-	-
Industrial Bank of Korea	USD	Libor +1.7%	42,750	-	-
			1,074,640		842,744

(in thousands of US dollars)		2020		2019	
	Currency	**Annual interest rate**	**Carrying amount**	**Annual interest rate**	**Carrying amount**
Less: Current portion of finance lease liabilities			(154,070)		(304,692)
			$ 920,570		$ 538,052

19. Other Payables

Details of other payables as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020	2019
Current:		
Non-trade payables	13,645	13,809
Withholdings [1]	44,913	32,449
	$ 58,558	$ 46,258

[1] The Group received government grants related to eco-ship conversion project during the period ended December 31, 2020.

20. Provisions

(1) Changes in provisions for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020				
	Opening net book amount	**Effect of accounting changes**	**Recognized (reversal of) provision**	**Paid or transferred amount**	**Closing net book amount**
Current	$ 3,170	$ -	$ 737	$ 286	$ 4,193
Non-current	22,638	-	4,571	(6,239)	20,970

(in thousands of US dollars)	2019				
	Opening net book amount	**Effect of accounting changes**	**Recognized (reversal of) provision**	**Paid or transferred amount**	**Closing net book amount**
Current	$ 2,257	$ -	$ 997	$ (84)	$ 3,170
Non-current	29,542	-	3,470	(10,374)	22,638

(2) Non-current provisions

Details of non-current provisions as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	**2020**	**2019**
Litigation for finalization of reorganization [1]	$ 16,402	$ 15,847
Compensation for claims [2]	4,568	6,791
	$ 20,970	$ 22,638

[1] As at December 31, 2020, 10 lawsuits (amounting to US$ 51,054 thousand) including litigation for finalization of reorganization claim or security are in progress. The Group recognized provisions for realizable contingent liabilities including the litigation for finalization for reorganization claim or security. Meanwhile, the provision is exposed to an uncertainty of additional obligations that depend on the result of the litigation.
[2] The amounts are provisions for cargo claims and vessel damages brought against the Group by customers and vessel owners. The amount accrued during the period is recorded as other non-operating expenses, and recognized non-current provisions for estimated payments of legal provisions.

(3) Current provisions

The Group recognizes expected loss as current provision if it is probable that a loss will incur from voyage and time charter contracts. The amount accrued during the period is recorded in cost of sales.

21. Other Liabilities

Details of other liabilities as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	**2020**	**2019**
Advance received	$ 1,056	$ 3,675
Deferred income	200	242
Accrued expense	10,755	9,147
Current tax liabilities	558	135
Other	278	56
	$ 12,847	$ 13,255

22. Retirement Benefit Obligations

(1) The amounts of post-employment benefit obligations recognized in the statement of financial position are determined as follows:

(In thousands of US dollars)	**2020**	**2019**
Present value of wholly or partially funded defined benefit obligations	$ 13,029	$ 11,895
Fair value of plan assets	(13,874)	(9,586)
Liabilities in the statement of financial position	$ (845)	$ 2,309

(2) The Changes in the present value of the defined benefit obligation and the fair value of plan assets for the periods ended December 31, 2020 and 2019, are as follows:

① The changes in the present value of the defined benefit obligations

(In thousands of US dollars)		**2020**		**2019**
Beginning	$	11,895	$	11,233
Current service cost		2,811		2,276
Interest cost		299		271
Benefits paid		(2,478)		(2,341)
Remeasurements of defined benefit liability		(261)		840
Other		763		(384)
Ending	$	13,029	$	11,895

② The changes in the fair value of plan assets

(In thousands of US dollars)		**2020**		**2019**
Beginning	$	9,586	$	7,440
Contributions		5,264		3,680
Interest income		251		193
Remeasurements of defined benefit liability		(101)		(98)
Benefits paid		(1,740)		(1,392)
Other		614		(237)
Ending	$	13,874	$	9,586

(3) The amounts of post-employment benefits recognized in the consolidated statement of comprehensive income are as follows:

(In thousands of US dollars)		**2020**		**2019**
Current service cost	$	2,811	$	2,276
Interest cost		299		271
Interest income		(251)		(193)
Remeasurements of defined benefit liability		(160)		938
	$	2,699	$	3,292
Cost of sales	$	2,859	$	2,354
Other comprehensive income		(160)		938

(4) The principal actuarial assumptions used were as follows:

	2020	**2019**
Discount rate	2.50%	2.50%

Salary growth rate	4.00%	4.00%

(5) As at December 31, 2020 and 2019, the Group has the following component as plan assets.

(in thousands of US dollars)	2020		2019	
	Amount	Ratio	Amount	Ratio
Deposits, etc.	$ 13,874	100%	$ 9,586	100%

Actual revenues generated from plan assets recognized for the periods ended December 31, 2020 and 2019 are US$ 150 thousand and US$ 96 thousand, respectively.

(6) Remeasurements of net defined benefit liabilities recognized as other comprehensive income for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020	2019
Defined benefit obligation:		
- Changes in financial assumptions	$ (193)	$ 236
- Experience adjustment	(69)	443
- Changes in demographic assumptions	-	161
	(262)	840
Fair value of plan asset	101	98
	$ (161)	$ 938

(7) The sensitivity of the defined benefit obligation to changes in the principal assumptions is as follows:

① Discount rate

(in thousands of US dollars)	Changes in discount rate	Discount rate	Book amount	Amount of change
	0.25% increase	2.75%	$ 12,807	$ (222)
Defined benefit obligation	-	2.50%	13,029	-
	0.25% decrease	2.25%	13,261	232

② Salary growth rate

(in thousands of US dollars)	Changes in salary growth rate	Salary growth rate	Book amount	Amount of change
	0.25% increase	4.25%	$ 13,270	$ 241
Defined benefit obligation	-	4.00%	13,029	-
	0.25% decrease	3.75%	12,798	(231)

(8) Impact of defined benefit plans on future cash flows

The expected maturity analysis of undiscounted pension benefits as at December 31, 2020 is as follows.

(in thousands of US dollars)	**Less than 1 year**	**Between 1 year and 2 years**	**Between 2 years and 5 years**	**Over 5 years**	**Total**
Pension benefits	$ 1,621	$ 1,928	$ 5,057	$ 6,992	$ 15,598

The weighted average duration of the defined benefit obligations is 8.4 years.

23. Income Tax Expense

(1) Income tax expense for the periods ended December 31, 2020 and 2019, is as follows:

(in thousands of US dollars)	2020	2019
Current tax expense	$ 1,042	$ 540
Origination and reversal of temporary differences	3	(78)
Income tax recognized in other comprehensive income	-	-
Total income tax expense	$ 1,045	$ 462

(2) Reconciliation of effective tax rate:

(in thousands of US dollars)	2020	2019
Profit before income tax	$ 77,899	$ 127,216
Income tax expense at the domestic rates applicable to profit in the country concerned	18,852	30,786
Adjustment:		
- Non-taxable income	(49)	205
- Temporary differences incurred during the year, but not recognized as deferred tax	(22,206)	(32,737)
- Other	4,448	2,208
Income tax expense	$ 1,045	$ 462

(3) Changes in deferred tax assets (liabilities) for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020			
	Beginning balance	Profit or loss	Other comprehensive income	Ending balance
Vessel	$ 79,969	$ 9,491	$ -	$ 89,460
Land	36	1	-	37
Gain (loss) on valuation of finance assets	156	4	-	160
Present value of defined benefit obligation	496	(206)	-	290
Derivatives	(82)	(156)	256	18
Provisions	4,684	80	-	4,764
Other	21,125	454	-	21,579
Total	106,384	9,668	256	116,308
Tax loss carryforwards	363,684	(26,779)	-	336,905
Unrecognized deferred tax assets	(469,890)	17,108	(256)	(453,038)
	$ 178	$ (3)	$ -	$ 175

(in thousands of US dollars)	2019			
	Beginning balance	**Profit or loss**	**Other comprehensive income**	**Ending balance**
Vessel	$ 77,616	$ 2,353	$ -	$ 79,969
Land	37	(1)	-	36
Gain (loss) on valuation of finance assets	140	(17)	33	156
Present value of defined benefit obligation	879	(383)	-	496
Derivatives	358	(444)	4	(82)
Provisions	4,871	(187)	-	4,684
Other	19,533	1,795	(203)	21,125
Total	103,434	3,116	(166)	106,384
Tax loss carryforwards	396,727	(33,043)	-	363,684
Unrecognized deferred tax assets	(500,061)	30,005	166	(469,890)
	$ 100	$ 78	$ -	$ 178

(4) The possibility of realization of deferred tax assets depends on the estimated timing of the utilization of the temporary differences and the future taxable income during the carry forward periods of the deficit. The Group did not recognize the deferred tax assets exceeding the deferred tax liabilities because the Group predicted that the utilization of the deductible temporary differences and deficit carried forward is not considered probable. The unused amounts and their expiration dates for the amounts that the income tax effect has not been recognized because they are not considered probable to be realized are as follows:

(in thousands of US dollars)	**Amount**	**Expiration date**
Temporary differences	$ 480,612	-
Tax loss carryforwards	94,516	2023
	1,278,360	2024
	16,622	
Total	$ 1,870,110	

(5) Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis.

(6) The Group had applied tonnage tax from 2005 to 2008, in accordance with tax incentive limitation law, but has applied the general corporate income tax since 2009. The Group considers re-adoption of tonnage tax. Under tonnage tax system, temporary difference and tax loss carry forward may not be deductible from income of shipping business.

24. Paid-in Capital

(1) Details of ordinary share as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars, except share data and par value)	2020	2019
Number of authorized shares	3,000 million	3,000 million
Par value	KRW 1,000	KRW 1,000
Number of shares issued	534,569,512	534,569,207
Share capital	$ 480,756	$ 480,755

(2) Changes of number of shares issued for the periods ended December 31, 2020 and 2019, are as follows:

(in shares)	2020		2019	
	Number of shares issued	Outstanding share	Number of shares issued	Outstanding share
Beginning number of shares	534,569,207	534,569,207	534,569,207	534,569,207
Debt-to-equity swap, etc.	305	305	-	-
Ending number of shares	534,569,512	534,569,512	534,569,207	534,569,207

(3) Details of capital surplus as at December 31, 2020 and 2019, are as follows.

(in thousands of US dollars)	2020	2019
Share premium	$ 651,483	$ 651,483
Other capital surplus	1,331	1,331
Total	$ 652,814	$ 652,814

25. Other Reserves

The changes of the other reserves for the periods ended December 31, 2020 and 2019, are presented in the consolidated statements of changes in equity. Details of other reserves as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020	2019
Equity method accounted investee's capital	$ 101	$ 45
Foreign operation currency translation differences	(5,839)	(16,894)
Losses on valuation of derivative instruments	(1,077)	(19)
Gains on disposal of treasury share	830	830
Surplus from reduction of capital	1,062,678	1,062,678
Debt to be swapped to equity	4,713	4,712
Other capital adjustment	(1,953)	-
	$ 1,059,453	$ 1,051,352

26. Retained Earnings

(1) Details of retained earnings as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020	2019
Legal reserve[1]	$ 36,165	$ 36,165
Unappropriated retained earnings	350,455	271,938
	$ 386,620	$ 308,103

[1] In accordance with the Commercial Act in the Republic of Korea, an amount equal to at least 10% of cash dividends is required to be appropriated as a legal reserve until the reserve equals 50% of issued capital. The legal reserve cannot be used as a source for cash dividends and may only be used to offset an accumulated deficit or credited to paid-in capital according to the resolution in the shareholders' meeting.

27. Breakdown of Expenses by Nature

Details of expenses by nature for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020	2019
Charterage	$ 321,484	$ 394,927
Port charges	195,500	180,169
Cargo expenses	112,805	109,667
Bunker fuel costs	404,909	463,643
Voyage relet costs	108,561	104,167
Depreciation and amortization	192,861	174,039
Vessel maintenance expense	44,402	31,206
Salaries and wages	94,133	91,110
Post-employment benefits	6,857	6,609
Other employee benefits	63,112	54,169
Costs of grain sales	281,685	227,707
Other costs of sales	84,190	82,599
Office rental	1,827	1,915
Impairment loss	718	2,738
IT expense	1,295	1,306
Taxes and dues	6,797	5,615
Other administrative expenses	3,492	3,802
Total cost of sales, selling and general administrative expenses	$ 1,924,628	$ 1,937,322

28. Finance Income and Costs

Details of finance income and costs for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020					
	Financial assets and liabilities through profit or loss	**Financial assets at amortized cost**	**Financial assets at fair value through other comprehensive income**	**Derivative financial assets and liabilities**	**Borrowings**	**Total**
Finance income and costs						
Gains on transaction	$ 4	$ -	$ -	$ -	$ -	$ 4
Losses on transaction	(21)	-	-	-	-	(21)
Gains(losses) on derivative transactions	-	-	-	(2,945)	-	(2,945)
Gains(losses) on valuation of derivatives	-	-	-	4,257	-	4,257
Interest income	-	1,472	660	-	-	2,132
Interest expense	-	-	-	-	(34,857)	(34,857)
Guarantee fee	-	-	-	-	(174)	(174)
Gains on currency translation	-	12,046	-	-	294	12,340
Losses on currency translation	-	(5)	-	-	(19,691)	(19,696)
Dividend income	-	-	59	-	-	59
	(17)	13,513	719	1,312	(54,428)	(38,901)
Finance income	4	13,518	719	-	294	14,535
Finance cost	(21)	(5)	-	-	(54,722)	(54,748)
Other Non-operating Income (Expenses)	-	-	-	1,312	-	1,312
Other comprehensive income	-	-	-	-	-	-
Gains(losses) on valuation	-	-	-	(1,058)	-	(1,058)
	-	-	-	(1,058)	-	(1,058)
	$ (17)	$ 13,513	$ 719	$ 254	$ (54,428)	$ (39,959)

(in thousands of US dollars)	2019					
	Financial assets and liabilities through profit or loss	**Financial assets at amortized cost**	**Financial assets at fair value through other comprehensive income**	**Derivative financial assets and liabilities**	**Borrowings**	**Total**
Finance income and costs						
Gains on transaction	$ 168	$ -	$ -	$ -	$ -	$ 168
Gains(losses) on derivative transactions	-	-	-	1,332	-	1,332
Gains(losses) on valuation of derivatives	-	-	-	345	-	345
Interest income	-	3,324	739	-	-	4,063
Interest expense	-	-	-	-	(47,282)	(47,282)
Guarantee fee	-	-	-	-	(105)	(105)
Gains on currency translation	-	1,918	-	-	9,242	11,160
Losses on currency translation	-	(6,130)	-	-	(4,049)	(10,179)
Dividend income	-	-	289	-	-	289
	168	(888)	1,028	1,677	(42,314)	(40,209)
Finance income	168	5,242	1,028	-	9,242	15,680
Finance cost	-	(6,130)	-	-	(51,436)	(57,566)

(in thousands of US dollars)	2019					
	Financial assets and liabilities through profit or loss	**Financial assets at amortized cost**	**Financial assets at fair value through other comprehensive income**	**Derivative financial assets and liabilities**	**Borrowings**	**Total**
Other Non-operating Income (Expenses)	-	-	-	1,677	-	1,677
Other comprehensive income						
Gains(losses) on valuation	-	-	-	(18)	-	(18)
	-	-	-	(18)	-	(18)
	$ 168	$ (888)	$ 1,028	$ 1,659	$ (42,194)	$ (40,227)

29. Other Non-operating Income (expenses)

Other non-operating income (expenses) presented in the consolidated statements of comprehensive income for the periods ended December 31, 2020 and 2019, are summarized as follows:

(in thousands of US dollars)	2020	2019
Gains on sale of vessels, property and equipment	$ 11	$ 234
Losses on sale of vessels, property and equipment	(6,186)	(905)
Losses on impairment of vessels, property and equipment	(64,818)	(4,244)
Losses on sale of intangible assets	(25)	(56)
Reversal of impairment loss on intangible assets	-	1,038
Gains on valuation of derivative, net	4,257	345
Gains (losses) on derivative transactions, net	(2,945)	1,332
Gains (losses) on foreign currency translation, net	1,692	(948)
Losses on foreign currency transaction, net	(10,080)	(962)
Provision for claim compensation	-	(3,470)
Loss on claim compensation	(4,571)	-
Impairment loss on other receivables	2,078	-
Gains on exemption of liabilities	3	-
Losses on sale of investments in subsidiary	(293)	-
Other	3,651	(3,500)
	$ (77,226)	$ (11,136)

30. Earnings per Share

(1) Basic earnings per share

Basic earnings per share for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020	2019
Earnings per share		
Profit for the period, attributable to the owners [1]	$ 78,384	$ 130,317
Weighted average number of ordinary shares [2]	534,569,260	534,569,207
Basic earnings per share (expressed in US$ per share)	$ 0.15	$ 0.24

[1] Profit for the period, attributable to the owners:

(in thousands of US dollars)	2020	2019
Earnings per share		
Profit for the period	$ 76,853	$ 126,754
Profit attributable to non-controlling interests	(1,531)	(3,563)
Profit attributable to owners of the Group	78,384	130,317

[2] Weighted average number of ordinary shares:

(in shares)	2020	2019
Beginning number of shares	534,569,207	534,569,207
Debt-to-equity swap, etc.	53	-
Ending number of shares	534,569,260	534,569,207

(2) Diluted earnings per share

As at December 31, 2020, the Group has no convertible bonds or warrants. Therefore, basic earnings per share is identical to diluted earnings per share.

31. Contingencies, Collaterals and Commitments

(1) Litigation case

As at December 31, 2020, the Group has pending lawsuits for cargo and hull damages as a defendant with litigation costs of US$ 9,154 thousand, and also has pending non-contentious cases with claim costs of US$ 5,974 thousand. The Group recognized provisions for a certain portion of the lawsuits and claims as described in Note 20 if requirements for provision recognition were met.

(2) Assets provided as collateral for the Group's debts as at December 31, 2020 are as follows:

(in thousands of US dollars)

Assets pledged as collateral	Carrying amounts	Related account		Borrowings	Description
Vessel [1]	2,751,593	Borrowings (Note 18)	$	1,061,261	Collateral on borrowings
Other financial assets	4,360				

[1] There is an arrangement (minimum commitment) to provide additional collateral or to repay some of the borrowings to meet the percentage in case that the amount of collateral is less than a certain percentage (110%~145%) of the outstanding borrowings related to the ship financing. In addition, there is a put option agreement for certain ship financing, but none of them have exercise date within one year at the end of the reporting period.

(3) Payment guarantees and performance guarantees provided by others as at December 31, 2020, are summarized as follows:

(in thousands of US dollars / in millions of KRW)

Guarantee provider	Guarantee amount		Guaranteed customer
Shinhan Bank	US$	25,000	Korea South-east Power Co., Ltd., Korea Southern Power Co., Ltd., Korea East-west Power Co., Ltd., Korea Western Power Co., Ltd., Korea Midland Power Co., Ltd. and etc.
Standard Chartered Bank		12,763	
KEB Hana Bank		10,849	
Seoul Guarantee Insurance	KRW	12,582	
Korea Ocean Business Corporation		18,930	

(4) Ship Investment Agreement

As at December 31, 2020, the Group has signed a contract to construct 11 vessels (total purchase price: US$ 843,954 thousand) to replace the old ship and to expand the fleet. These vessels will be delivered between 2021 and 2024. According to the vessel construction contract, as at December 31, 2020, the estimated future expenditure is US$ 709,809 thousand.

After reporting period, the Group has signed a contract 1 vessel (total purchase price: US$ 180,000 thousand) relating to LNG long-term time-charter out contract. This vessels will be delivered in 2023.

(5) The Group provides a single check (KRW 100 million) and a note (KRW 50 million) for the implementation of the obligations adopted by the joint committee of the Korea Offshore Transportation Association and the Yellow Sea Periodical Shipping Association.

(6) The Group has entered into a credit agreement with Standard Chartered Bank and KEB Hana Bank, etc. for $ 260,000 thousand and KRW 6,000 million. There is no borrowing balance for the credit agreement. Of these credit agreements, the limit of USD 40,000 thousand with the Standard Chartered Bank is a comprehensive agreement that can be used for borrowing or performance guarantees. The remaining balance of the agreements is USD 12,763 thousand. In addition, the Group has the secured loan of credit sales limit amounting to KRW 6,000 million with KEB Hana Bank and the Group has not used the limit yet.

(7) Litigation for Finalization of Reorganization Claim or Security

The Group decided to apply for a reorganization plan to the Seoul District Court in 2013 due to a maritime recession and liquidity crisis.

In addition, after the signing of a large-scale investment contract with the Harim Group-JKL Consortium in February 2015, the Group received approval for a plan to amend the plan to include early redemption after a partial exemption of residual debt, etc. in June 2015. In July 2015, the Group received a decision to terminate the reorganization process through the early redemption of reviving debts according to the revised reorganization plan (lump-sum repayment to approximately 83% of the confirmed receivables).

According to the revised reorganization plan, if confirmed, approximately 67% of the confirmed amounts change to equity and 33% of that should be paid by cash.

Meanwhile, the Group recognized provisions for the contingencies relating to unsettled receivables of reorganization as described in Note 20, and deposited US$ 5,349 thousand in escrow accounts for cash redemption according to the amended reorganization plan.

(8) The bond management contract for unguaranteed public bonds issued by the Group stipulates the Group's obligations, such as maintaining a debt ratio of less than 1,500% based on separate financial statements, banning the Group from exceeding 800% of equity capital for the total amount of debts to which payment guarantees or collateral rights are set, prohibiting the disposal of assets more than three times the equity capital in a single fiscal year, and prohibiting the change of the largest shareholder. Therefore, the Group may lose its due profit if it violates the above regulations.

(9) The Group has entered into long-term freight contracts with overseas shippers including Vale, the world’s largest producer of iron ore, and Fibria, a Brazilian pulp and paper company, as well as POSCO, Hyundai Steel, Korea Midland Power Co., Ltd., Korea Southern Power Co., Ltd. and Korea South-east Power Co., Ltd. In October 2005, the Company was appointed as a shipper for the Korea Gas Corporation’s long-term LNG transportation. Since the first half of 2009, the Company has transported LNG contracted with Korea Gas Corporation and the contract period for transportation is 20 years.

(10) The Group has entered into three LNG ship long-term time-charter out contracts with Shell tankers,etc.and has completed ship order in 2020 and 2021. (Related ship construction contracts are included in (4) Ship Investment Agreement.)

32. Cash Generated from Operations

(1) Details of cash generated from operations of the Group using the indirect method for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020	2019
Profit for the period	$ 76,853	$ 126,754
Adjustment for:		
Income tax expense	1,046	462
Depreciation	191,647	172,836
Post-employment benefits	6,857	6,588
Amortization	1,214	1,203
Reversal of provisions	5,308	4,383
Provision for impaired receivables	718	2,738
Reversal of provision for other impaired receivables	(2,078)	-
Gains on sale of vessels, property and equipment	(11)	(234)
Losses on sale of vessels, property and equipment	6,186	905
Losses on sale of intangible assets	25	56
Losses on sale of financial assets	20	43
Valuation gains on derivatives, net	(4,257)	(345)
Interest income	(2,132)	(4,060)
Interest expense	33,624	47,282
Dividend income	(59)	(289)
Losses on impairment of vessels, property and equipment	64,818	4,244
Reversal of impairment loss on intangible assets	-	(1,038)
Foreign currency translation losses (gains), net	8,889	(937)
Share of loss (profit) of associates and joint ventures	(4,555)	(35)
Gains on sale of financial assets	-	(2)
Losses on sale of investment in subsidiary	293	-
Gains on exemption of liabilities	(3)	-
Gains on valuation of financial assets	(3)	(167)
Others	9,128	(194)
Change in non-current provisions	(4,352)	(6,219)
Decrease(increase) in inventories	3,827	(1,818)
Decrease(increase) in trade receivables	(23,251)	7,738
Decrease in other receivables	17,224	60,172
Decrease(increase) in other assets	(14,322)	17,256
Increase(decrease) in trade payables	23,873	(12,910)
Decrease in rehabilitation receivables	-	(2)
Increase(decrease) in other payables	3,132	(7,488)
Increase(decrease) in other liabilities	46,693	(4,646)

(in thousands of US dollars)	2020	2019
Decrease in post-employment benefits obligation	(7,801)	(6,869)
Change in derivative financial assets and liabilities	359	(1,478)
Cash generated from operating activities	$ 438,910	$ 403,766

(2) Details on significant non-cash transactions for investing and financing activities for the periods ended in 2020 and 2019, are as follows:

(in thousands of US dollars)	2020	2019
Acquisition of ships through government grants	$ -	$ 2,441
Acquisition of ships through vessel borrowings	335,758	164,136
Reclassification to current portion of long-term borrowings	136,422	553,791
Reclassification of lease assets	24,889	44,158
Reclassification to current portion of lease liabilities	2,216	12,284

(3) Adjustments for liabilities arising from financial activities, are as follows:

(in thousands of US dollars)	Short-term borrowings	Current portion of long-term borrowings	Long-term borrowings	Bond	Vessel borrowings
Opening net book amount of 2019	$ 25,000	$ 315,699	$ 97,094	$ 37,887	$ 532,304
Acquisition of ships through vessel borrowings	-	-	-	-	164,136
Gains (losses) on foreign currency translations	-	-	(1,267)	(688)	163
Proceeds from borrowings	193,163	-	21,280	86,445	300,513
Repayments of borrowings	(218,163)	(494,480)	-	-	-
Reclassification to current portion	-	553,791	(67,454)	(27,273)	(459,064)
Closing net book amount of 2019	$ -	$ 371,010	$ 49,653	$ 96,371	$ 538,052
Opening net book amount of 2020	$ -	$ 371,010	$ 49,653	$ 96,371	$ 538,052
Acquisition of ships through vessel borrowings	-	-	-	-	335,758
Gains (losses) on foreign currency translations	-	-	4,323	5,541	1,226
Proceeds from borrowings	65,000	-	70,865	15,000	116,699
Repayments of borrowings	(65,000)	(289,104)	-	-	-
Reclassification to current portion	-	136,422	(55,257)	(10,000)	(71,165)
Closing net book amount of 2020	$ -	$ 218,328	$ 69,584	$ 106,912	$ 920,570

(in thousands of US dollars)	Current portion of lease liabilities	Lease liabilities
Opening net book amount of 2019	$ 549	$ 4,577
Acquisition of lease assets	-	44,158
Repayments of lease liabilities	-	(15,195)
Reclassification to current portion	12,284	(12,284)
Others	2	-
Closing net book amount of 2019	$ 12,835	$ 21,256
Opening net book amount of 2020	$ 12,835	$ 21,256
Acquisition of lease assets	-	24,889
Derecognition of lease liability	-	(229)
Repayments of lease liabilities	-	(15,631)
Reclassification to current portion	2,216	(2,216)
Others	-	95
Closing net book amount of 2020	$ 15,051	$ 28,164

33. Related Party Transactions

(1) Related parties as at December 31, 2020 and 2019, are as follow:

Related party	2020	2019
Parent and ultimate controlling party	Harim Holdings Co., Ltd. (formerly, Jeil Holdings Co., Ltd.)	Harim Holdings Co., Ltd. (formerly, Jeil Holdings Co., Ltd.)
Associates	Korea LNG Trading Co.,Ltd. Busan Cross Dock, Ltd. EGT,LLC	Korea LNG Trading Co.,Ltd. Busan Cross Dock, Ltd.
Other related parties	Subsidiaries, Associates and other related parties of Harim Holdings Co., Ltd.	Subsidiaries, Associates and other related parties of Harim Holdings Co., Ltd.

(2) Sales and purchases with related parties for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020				
	Sales and others		Purchase and others		
	Sales	Others	Purchase	Acquisition of equity securities[1]	Others
Parent and ultimate controlling party					
Harim Holdings Co., Ltd.	$ -	$ -	$ -	$ -	$ 1,722
Associates and joint ventures					
Korea LNG Trading Co., Ltd.	12,266	-	-	-	-
Busan Cross Dock, Ltd.	-	-	-	-	-
EGT, LLC[2]	-	82	58,527	-	-
Other related parties					
Jeil Feed Company Co., Ltd.	22,748	-	-	3,809	25
Joowon Pekin Duck Co., Ltd.	-	-	-	-	14
Sunjin Co., Ltd.	16,768	-	-	3,809	-
Sunjin Farm Co., Ltd.	-	-	-	-	21
Farmsco Co., Ltd.	25,870	-	3	3,809	105
Cham trading Co., ltd	-	-	-	-	8
Sunurihanu	-	-	-	-	53
Harim Co., Ltd.	15,530	-	-	-	63
NS Shopping Co., Ltd.	-	-	-		44
Harim USA,Ltd	-	235	-	-	-
Eco Capital Co., Ltd.	-	180	-	-	-
ORPUM Co., Ltd..	5,666	-	-	-	-
	$ 98,848	$ 497	$ 58,530	11,427	2,055

[1] The Group acquired shares of Pan Ocean(America), Inc. from other related parties during the current period.

[2] The Group acquired 36.25% shares of EGT, LLC.

(in thousands of US dollars)	2019			
	Sales and others		Purchase and others	
	Sales	Others	Purchases	Others
Parent and ultimate controlling party				
Harim Holdings Co., Ltd.	$ -	$ -	$ -	$ 1,536
Associates and joint ventures				
Korea LNG Trading Co., Ltd.	17,977	-	-	-
Busan Cross Dock, Ltd.	-	10	-	-
Other				
Jeil Feed Company, Ltd.	21,751	-	-	26
Joowon Pekin Duck Co., Ltd.	-	-	-	14
Sunjin Co., Ltd.	11,840	-	-	-
Sunjin Farm Co., Ltd.	-	-	-	35
Farmsco Co., Ltd.	26,843	-	2	89

Cham trading Co., ltd	1	-	-	7
Sunurihanu	-	-	-	50
Harim Co., Ltd.	11,349	-	5	62
NS Shopping Co., Ltd.	-	-	2	-
Harim USA, Ltd.	-	2	-	-
ECO Capital Co., Ltd.	-	13	-	-
ORPUM Co., Ltd.	1,863	-	-	-
	$ 91,624	$ 25	$ 9	$ 1,819

(3) Financial transaction with related parties for the period ended December 31, 2020 are as follows:

(in thousands of US dollars)

	Lend	Collect
Associates and joint ventures		
EGT,LLC [1]	$ 32,625	$ 32,625
Other		
Harim USA, Ltd.	10,000	10,000
ECO Capital Co.,Ltd.	₩ 10,000	₩ 10,000

[1] The Company has entered into a loan agreement with EGT,LLC with a limit of US$ 63,438 thousand as at December 31, 2020.

(4) Outstanding balances arising from sales/purchases of goods and services as at December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)

	2020			
	Receivables		Payables	
	Trade receivable	Others	Trade payable	Others
Parent and ultimate controlling party				
Harim Holdings Co., Ltd.	$ -	$ -	$ -	$ 631
Associates and joint ventures				
EGT,LLC	-	37	-	-
Other				
Jeil Feed Company Co., Ltd.	-	363	-	3
Farmsco Co., Ltd.	-	-	-	1
	$ -	$ 400	$	$ 4

(in thousands of US dollars)

	2019			
	Receivables		Payables	
	Trade receivable	Others	Trade payable	Others
Parent and ultimate controlling party				
Harim Holdings Co., Ltd.	$ -	$ -	$ -	$ 1,551
Other				
Jeil Feed Company Co., Ltd.	-	331	-	-
Farmsco Co., Ltd.	2,868	-	-	-
Harim Co., Ltd.	1,200	-	-	-
	$ 4,068	$ 331	$ -	$ 1,551

(5) Key management compensation for the periods ended December 31, 2020 and 2019, is as follows:

(in thousands of US dollars)	2020	2019
Salaries and other short-term benefits	$ 1,078	$ 1,144
Post-employment benefits	112	109
	$ 1,190	$ 1,253

(6) Details of payment guarantees provided by the Group to the related parties as at December 31, 2020 are as follows:

(in millions of Korean won)

Guarantee recipient	Guaranteed amount	Lender
Employee share ownership association	₩ 10	Heung Kook Mutual Savings Bank

(7) As at December 31, 2020, the Group is provided with a performance guarantee from the Parent Company related to the long-term transportation contract with VALE international SA.

34. Operating Segment Information

(1) Information about reportable segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different shipping services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on a quarterly basis.

The management performance result and significant financial information by each operating segment for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	2020								
	Bulker	Container	Tanker	Other[1]	Reportable segment total	Grain	Non-shipping[2] /Unallocated	Elimination of inter-segment	Total
Sales	$ 1,489,227	$ 208,958	$ 120,860	$ 12,451	$ 1,831,496	$ 319,081	$ 171,536	$ (206,701)	$ 2,115,412
Operating profit (loss)	157,579	17,298	12,729	1,833	189,439	769	2,826	(2,250)	190,784
Assets	3,432,687	105,959	364,942	1,019	3,904,607	28,051	444,260	(94,448)	4,282,470
Liabilities	1,441,672	97,523	76,378	5,033	1,620,606	58,525	64,608	(40,911)	1,702,828
Acquisition of vessels, property and equipment	524,778	25,266	46,296	-	596,340	-	14,110	-	610,450
Depreciation	158,110	7,445	24,025	-	189,580	8	414	1,645	191,647

Amortization	120	18	10	-	148	-	1,066	-	1,214
Provision for impairment	(633)	1,010	340	-	717	-	(2,077)	-	(1,360)
Losses on impairment of vessels, property and equipment	64,818	-	-	-	64,818	-	-	-	64,818

[1] Other segment includes LNG shipping services.
[2] Non-shipping segment includes rental services.

(in thousands of US dollars)	2019								
	Bulker	**Container**	**Tanker**	**Other[1]**	**Reportable segment total**	**Grain**	**Non-shipping[2] /Unalloca -ted**	**Elimination of inter-segment**	**Total**
Sales	$ 1,575,050	$ 187,932	$ 115,443	$ 20,204	$ 1,898,629	$ 253,630	$ 113,055	$ (147,789)	$ 2,117,525
Operating profit (loss)	165,100	8,678	5,725	1,274	180,777	(2,449)	1,082	793	180,203
Assets	3,118,397	84,033	295,786	1,901	3,500,117	3,322	378,820	(35,155)	3,847,104
Liabilities	1,226,623	83,729	26,149	5,134	1,341,635	2,335	38,885	(40,096)	1,342,759
Acquisition of vessels, property and equipment	347,992	37,246	8,088	-	393,325	-	7,960	-	401,285
Depreciation	143,051	5,076	22,855	-	170,982	9	350	1,495	172,836
Amortization	131	16	9	-	156	-	1,047	-	1,203
Provision for impairment	2,710	4	24	-	2,738	-	-	-	2,738
Losses on impairment of vessels, property and equipment	4,244	-	-	-	4,244	-	-	-	4,244

[1] Other segment includes LNG shipping services.
[2] Non-shipping segment includes rental services.

Assets by each segment consist of vessels, inventories and trade receivable, and cash, deferred income tax and other financial assets are not allocated. Liabilities by each segment consist of trade payables, other liabilities and borrowings. Acquisition of vessels, property and equipment primarily consist of vessel investments.

(2) Geographical segments

The Group's four reportable segments excluding other segment are operating in six geographical areas and managed multi-nationally. The main operating segment is located in Korea and segment information is allocated based on the location of loading port.

Details of revenue by geographical area for the periods ended December 31, 2020 and 2019, are as follows:

(in thousands of US dollars)	**2020**	**2019**
Asia	$ 796,433	$ 801,967
Oceania	382,731	366,594

Europe	6,699	18,871
North America	488,775	469,830
South America	394,303	414,431
Africa	46,471	45,832
	$ 2,115,412	$ 2,117,525

The vessels are used all over the world, and the remaining property and equipment are primarily located in Korea; therefore, assets and capital expenditure information by geographical area are not disclosed as the disclosure of the information is immaterial.

(3) The Group derives the following types of revenue:

(in thousands of US dollars)	**2020**	**2019**
Revenue from voyage operation	$ 1,606,897	$ 1,646,442
Revenue from grain	319,081	257,596
Revenue from time charter	189,434	213,487
	$ 2,115,412	$ 2,117,525

The future revenue from time charter expected to be received by time charterers as at December 31, 2020 are as follows:

(in thousands of US dollar)	**2020**
Within one year	$ 38,015
Between 1 and 2 years	4,946
Between 2 and 3 years	5,132
Between 3 and 4 years	1,026
	$ 49,119

(4) Revenue from external customers

Revenues of approximately US$ 242,229 thousand (2019: US$ 238,583 thousand), over 10% of the Group's revenue, are derived from a single external customer relating to the voyage operating revenue.

35. Leases

Set out below is information for leases when the Group is a lessee.

(1) Amounts recognized in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

(in thousands of US dollar)	**December 31, 2020**	**January 1, 2020**
Right-of-use assets [1]		
Vessels	$ 19,736	$ 19,633
Container vans	7,752	8,715
Buildings	14,416	4,029
Vehicles	304	298
	$ 42,208	$ 29,909

[1] These were presented as part of vessels, property and equipment in the statements of financial position.

(in thousands of US dollar)	**December 31, 2020**	**January 1, 2020**
Lease liabilities		
Current	$ 15,051	$ 12,835
Non-current	28,164	21,256
	$ 43,215	$ 34,091

Additions to the right-of-use assets during the 2020 financial year were US$ 25,321 thousand (2019: US$ 20,821 thousand).

(2) Amounts recognized in the consolidated statements of comprehensive income

The consolidated statements of comprehensive income show the following amounts relating to leases:

(in thousands of US dollar)		**2020**		**2019**
Depreciation of right-of-use assets				
Vessels	$	10,305	$	10,893
Container vans		2,315		2,233
Buildings		2,836		2,657
Vehicles		209		221
	$	15,665	$	16,004
Interest expense relating to lease liabilities (included in finance cost)		1,418		1723
Expense relating to short-term leases (included in cost of sales and administrative expenses)		322,608		393,367
Expense relating to leases of low-value assets that are not short-term leases (included in administrative expenses)		94		71

The total cash outflow for leases in 2020 was US$ 339,751 thousand (2019: US$ 413,071 thousand).

36. Contract Assets and Liabilities

(1) The contract assets and liabilities recognized by the Group are as follows:

(in thousands of US dollars)		**2020**		**2019**
Contract assets for carriage contracts	$	50,790	$	55,684
Contract liabilities for carriage contracts		107,381		62,068

The contract assets and liabilities are included in 'contract assets' and 'contract liabilities' in statements of financial position, respectively.

(2) The revenue from the contract liabilities

Revenue recognized in the current reporting period related to the carried-forward contract liabilities balance:

(in thousands of US dollars)		**2020**		**2019**
Revenue recognized that was included in the contract liability balance at the beginning of the period	$	62,068	$	68,107

(3) Assets recognized from costs to fulfil a contract

In addition to the contract balances disclosed above, the Group has also recognized an asset in relation to costs to fulfil a transportation contract. This is presented within ‘other current asset’ in the statements of financial position:

(in thousands of US dollars)	**2020**	**2019**
Assets recognized from costs to fulfil a contract at the end of the reporting period	$ 68,256	$ 53,477

The costs incurred to fulfil transportation contracts have been recognized as assets. The asset is amortized over the term of the specific contract, which does not exceed one to two months due to the nature of the transportation service. Accordingly, the Group has not recognized impairment loss on assets at the year-end.