

PAN OCEAN CO. LTD.

(Incorporated in the Republic of Korea)

SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

PART I INFORMATION REQUIRED FOR SECOND QUARTER ANNOUNCEMENT

1.(a)(i) A statement of comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

For the second quarter and 6 months ended 30 June 2015 (in thousands of US\$)

	The Group			The Group		
	2015	2014	%	2015	2014	%
	Three months ended 30 June	Three months ended 30 June		Six months ended 30 June	Six months ended 30 June	
Sales	378,675	378,901	-0.1%	742,293	764,213	-2.9%
Cost of sales	(320,391)	(308,071)	4.0%	(618,206)	(636,201)	-2.8%
Gross profit (loss)	58,284	70,830	-17.7%	124,087	128,012	-3.1%
Selling and Administrative expenses	(14,648)	(6,099)	140.2%	(24,928)	(17,141)	45.4%
Operating profit(loss)	43,636	64,731	-32.6%	99,159	110,871	-10.6%
Finance income	1,711	1,748	-2.1%	2,786	2,924	-4.7%
Finance costs	(13,420)	(21,579)	-37.8%	(38,591)	(51,991)	-25.8%
Net foreign exchange gains(losses) on financial instrument	569	(3,211)	N/M	(359)	(2,454)	-85.4%
Profit related to investments in associates and joint ventures	586	55	956.2%	(43)	(514)	-91.6%
Other non-operating income (loss), net	(190,064)	283,294	N/M	(116,960)	299,817	N/M
Profit before income tax	(156,982)	325,038	N/M	(54,008)	358,653	N/M
Income tax expense (benefit)	68	138	-50.6%	179	144	24.2%
Profit(loss) of continuing operations	(157,050)	324,900	N/M	(54,187)	358,509	N/M
Profit(loss) of discontinued operations, net of tax	(0)	(966)	-100.0%	(1,254)	(869)	44.3%
Profit for the period	(157,050)	323,934	N/M	(55,441)	357,640	N/M
Other Comprehensive income(loss)						
Items that will be reclassified subsequently to profit or loss:						
Net change in unrealized fair value of available-for-sale financial assets, net of tax	685	153	347.5%	591	119	396.4%
Net change in unrealized fair value of derivative financial assets and liabilities, net of tax	61	25	144.0%	62	153	-59.5%
Net change of OCI of equity accounted investee, net	(378)	239	N/M	346	239	44.9%
Currency translation differences, net of tax	(2,069)	(361)	473.1%	(367)	(809)	-54.6%
Items that will not be reclassified subsequently to profit or loss:						
Remeasurements of defined benefit liability (asset)	(3)	(24)	-88.6%	(11)	(44)	-75.6%
Total Other Comprehensive income(loss) for the period for the year	(1,704)	32	N/M	621	(342)	N/M
Total comprehensive income(loss) for the period	(158,754)	323,966	N/M	(54,820)	357,298	N/M
Profit (loss) attributable to:						
Owners of the Company	(157,071)	323,932	N/M	(55,461)	357,745	N/M
Non-controlling interests	20	2	921.7%	19	(105)	N/M
Profit(Loss) for the period	(157,050)	323,934	N/M	(55,441)	357,640	N/M
Total Comprehensive income(loss) attributable to:						
Owners of the Company	(158,768)	323,900	N/M	(54,869)	357,547	N/M
Non-controlling interests	14	66	-78.8%	49	(249)	N/M
Total comprehensive income(loss) for the period	(158,754)	323,966	N/M	(54,820)	357,298	N/M

N/M : Not meaningful

* The Group reclassifies the line of business or geographical area operation as a discontinued operation when it can be clearly distinguished from the rest of the Group, and the comparative consolidated statement of profit or loss and OCI is restated as if the operation had been discontinued from the start of the comparative periods.

1.(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (in thousands of US\$).

	The Group		The Company	
	At 30 June 2015	At 31 Dec 2014	At 30 June 2015	At 31 Dec 2014
Assets				
Current assets				
Cash and cash equivalents	554,525	364,546	525,049	330,866
Trade receivables	62,573	70,417	56,509	71,584
Other receivables	22,527	23,465	20,497	22,853
Derivative financial assets	11,907	172,606	11,907	172,606
Other financial assets	1,048	2,814	941	2,398
Inventories	44,648	53,760	44,611	53,713
Other assets	121,768	131,373	119,987	124,197
Assets held for sale	2,417	64,996	2,649	190
	821,413	883,977	782,150	778,407
Non-current assets				
Trade receivables	121	121	121	121
Other receivables	25,084	16,687	24,431	16,852
Other financial Assets	14,348	19,588	14,304	19,545
Investments in subsidiaries	0	0	41,287	41,287
Investments in associates and joint ventures	1,610	6,465	1,498	6,756
Vessels, property and equipment	3,143,843	3,203,392	3,101,811	3,160,081
Intangible assets	5,015	5,121	4,515	4,611
Deferred tax assets	50	112	0	0
Other assets	5,707	11,126	5,707	11,124
	3,195,778	3,262,612	3,193,674	3,260,377
Total assets	4,017,191	4,146,589	3,975,824	4,038,784
Liabilities				
Current liabilities				
Borrowings	242,017	235,746	226,079	224,712
Rehabilitation liabilities	41,865	0	41,865	0
Derivative financial liabilities	19,595	177,673	19,595	177,673
Provisions	888	1,575	888	1,575
Trade payables	46,096	73,642	48,908	76,835
Other payables	33,413	77,204	30,922	73,474
Other liabilities	69,949	90,624	66,230	87,993
Liabilities held for sale	0	61,685	0	0
Total current liabilities	453,823	718,149	434,487	642,262
Non-current liabilities				
Borrowings	1,407,596	1,371,640	1,395,875	1,358,245
Rehabilitation liabilities	0	527,654	0	527,653
Derivative financial liabilities	322	384	322	384
Provisions	229,412	222,498	237,165	228,401
Retirement benefit obligations	10,452	11,927	10,452	11,927
Other payables	182	140	0	799
Total non-current liabilities	1,647,964	2,134,243	1,643,814	2,127,409
Total liabilities	2,101,787	2,852,392	2,078,301	2,769,671
Equity				
Share capital	469,900	192,334	469,900	192,334
Share premium	620,156	142,228	620,143	141,839
Other reserves	1,083,111	1,161,906	1,092,609	1,171,353
Retained earnings (Accumulated deficit)	(258,920)	(203,448)	(285,129)	(236,413)
Equity attributable to owners of the Company	1,914,247	1,293,020	1,897,523	1,269,113
Non-controlling interest	1,157	1,177	0	0
Total Equity	1,915,404	1,294,197	1,897,523	1,269,113
Total equity and liabilities	4,017,191	4,146,589	3,975,824	4,038,784

1.(b)(ii) Aggregate amount of group's borrowings and debt securities(in thousands of US\$)

	<u>The Group</u>		<u>The Group</u>	
	At 30 June 2015		At 31 Decemebr 2014	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less	242,017		235,746	
Amount repayable after one year	1,267,084	140,512	1,371,640	
	<u>1,509,101</u>	<u>140,512</u>	<u>1,607,386</u>	

Details of collateral

The Group's borrowings are secured by way of :

- legal mortgages over certain vessels or building and land of the Company ;
- legal charges over certain bank accounts ; and
- assignment of insurance of certain vessels

1.(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (in thousands of US\$).

	The Group	
	6 months ended 30 June	
	2015	2014
Cash flows from operating activities		
Cash generated from (used in) operations	230,563	164,707
Interest received (paid)	(26,040)	(39,922)
Income tax received (paid)	(788)	(44)
Net cash generated from (used in) operating activities	203,735	124,741
Cash flows from investing activities		
Acquisition of vessels, property and equipment	(12,091)	(21,927)
Acquisition of intangible assets	-	(276)
Proceeds from sale of property and equipment	40	74,800
Proceeds from sale of intangible assets	25	10
Acquisition of financial assets	(1,065)	(3,199)
Proceeds from financial assets	7,991	5,887
Acquisition of subsidiary, net of cash acquired	-	(30)
Acquisition of investments in associates & joint ventures	(40)	(43)
Proceeds from sale of subsidiary, net of cash paid	4,704	-
Proceeds from sale of investments in associates & joint ventures, net of cash paid	-	-
Loans collected (provided)	649	4,755
Dividend received	724	814
Interest received	2,068	1,703
Others, net	-	-
Net cash used in investing activities	3,005	62,494
Cash flows from financing activities		
Proceeds from borrowings	176,310	28,022
Repayment of borrowings	(136,725)	(218,964)
Decrease of rehabilitation liabilities	(722,784)	(9,060)
Proceeds from other liabilities	84	-
Repayment of other liabilities	-	(230)
Disposals of treasury shares	-	90
Decrease due to division	-	(2,431)
Paid-in capital	670,571	-
Net cash provided by financing activities	(12,544)	(202,573)
Currency translation differences	(3,552)	24
Net decrease in cash and cash equivalents	190,644	(15,314)
Cash and cash equivalents at beginning of the year	364,546	211,792
Change of consolidated subsidiaries	(665)	-
Cash and cash equivalents at end of the period	554,525	196,478

1.(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (in thousands of US\$)

	Attributable to equity holders of the Group							Total equity
	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling Interest	
Balance as of January 1, 2014	105,779	-	(257)	1,066,043	(951,063)	220,502	7,787	228,289
Total comprehensive income for the period								
Profit or loss for the period	-	-	-	-	357,744	357,744	(105)	357,639
Other comprehensive income								
Net change in unrealized fair value of available-for-sale financial assets, net of tax	-	-	-	119	-	119	-	119
Net change in unrealized fair value of derivative financial assets and liabilities, net of tax	-	-	-	153	-	153	-	153
Net change of OCI equity accounted investees, net	-	-	-	239	-	239	-	239
Currency translation differences, net of tax	-	-	-	(665)	-	(665)	(144)	(809)
Actuarial gain & loss remeasurement of defined benefit liabilities	-	-	-	-	(44)	(44)	-	(44)
Total other comprehensive income	-	-	-	(154)	(44)	(198)	(144)	(342)
Total comprehensive income (loss) for the period	-	-	-	(154)	357,700	357,546	(249)	357,297
Transactions with equity holder, recorded directly in equity Contributions by and distributions to owners								
Debt-equity swap	24,942	-	-	(158,882)	-	(133,940)	-	(133,940)
Debt to be swapped for equity	-	-	-	86,691	-	86,691	-	86,691
Loss on disposal of Treasury Shares	-	-	257	(167)	-	90	-	90
Total contributions by and distributions to owners	24,942	-	257	(72,358)	-	(47,159)	-	(47,159)
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Change in non-controlling shares of subsidiary incorporated during the period	-	389	-	-	-	389	(4,369)	(3,980)
Total contributions by and distributions to owners	-	389	-	-	-	389	(4,369)	(3,980)
Balance as of June 30, 2014	130,721	389	0	993,531	(593,363)	531,278	3,169	534,447

	Attributable to equity holders of the Group							
	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling Interest	Total equity
Balance as of January 1, 2015	192,334	142,228	-	1,161,906	(203,448)	1,293,020	1,177	1,294,197
Total comprehensive income for the period								
Profit or loss for the period	-	-	-	-	(55,461)	(55,461)	19	(55,442)
Other comprehensive income								
Net change in unrealized fair value of available-for-sale financial assets, net of tax	-	-	-	591	-	591	-	591
Net change in unrealized fair value of derivative financial assets and liabilities, net of tax	-	-	-	62	-	62	-	62
Net change of OCI equity accounted investees, net	-	-	-	346	-	346	-	346
Currency translation differences, net of tax	-	-	-	(397)	-	(397)	30	(367)
Actuarial gain & loss remeasurement of defined benefit liabilities	-	-	-	-	(11)	(11)	-	(11)
Total other comprehensive income	-	-	-	602	(11)	591	30	621
Total comprehensive income (loss) for the period	-	-	-	602	(55,472)	(54,870)	49	(54,821)
Transactions with equity holder, recorded directly in equity Contributions by and distributions to owners								
Debt-equity swap	12,625	20,732	-	(120,790)	-	(87,433)	-	(87,433)
Debt to be swapped for equity	-	-	-	-	-	-	-	-
Paid-in capital increase	306,334	457,572	-	-	-	763,906	-	763,906
Capital Reduction without any refund	(41,393)	-	-	41,393	-	-	-	-
Acquisition of non-controlling interest	-	(376)	-	-	-	(376)	(69)	(445)
Total contributions by and distributions to owners	277,566	477,928	-	(79,397)	-	676,097	(69)	676,028
Balance as of June 30, 2015	469,900	620,156	-	1,083,111	(258,920)	1,914,247	1,157	1,915,404

Attributable to equity holders of the Company

	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total	Total equity
Balance as of January 1, 2014	105,779	-	-	1,075,281	(1,006,585)	174,475	174,475
Total comprehensive income for the period							
Profit or loss for the period	-	-	-	-	337,770	337,770	337,770
Other comprehensive income							
Net change in unrealized fair value of available-for-sale financial assets, net of tax	-	-	-	119	-	119	119
Net change in unrealized fair value of derivative financial assets and liabilities, net of tax	-	-	-	152	-	152	152
Actuarial gain & loss remeasurement of defined benefit liabilities	-	-	-	-	(44)	(44)	(44)
Total other comprehensive income	-	-	-	271	(44)	227	227
Total comprehensive income (loss) for the period	-	-	-	271	337,726	337,997	337,997
Transactions with equity holder, recorded directly in equity Contributions by and distributions to owners							
Debt-equity swap	24,942	-	-	(158,882)	-	(133,940)	(133,940)
Debt to be swapped for equity	-	-	-	86,691	-	86,691	86,691
Total contributions by and distributions to owners	24,942	-	-	(72,191)	-	(47,249)	(47,249)
Balance as of June 30, 2014	<u>130,721</u>	<u>-</u>	<u>-</u>	<u>1,003,361</u>	<u>(668,859)</u>	<u>465,223</u>	<u>465,223</u>

Attributable to equity holders of the Company

	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total	Total equity
Balance as of January 1, 2015	192,334	141,839	-	1,171,353	(236,413)	1,269,113	1,269,113
Total comprehensive income for the period							
Profit or loss for the period	-	-	-	-	(48,706)	(48,706)	(48,706)
Other comprehensive income							
Net change in unrealized fair value of available-for-sale financial assets, net of tax	-	-	-	591	-	591	591
Net change in unrealized fair value of derivative financial assets and liabilities, net of tax	-	-	-	62	-	62	62
Currency translation differences, net of tax	-	-	-	-	-	-	-
Actuarial gain & loss remeasurement of defined benefit liabilities	-	-	-	-	(11)	(11)	(11)
Total other comprehensive income	-	-	-	653	(11)	642	642
Total comprehensive income (loss) for the period	-	-	-	653	(48,717)	(48,064)	(48,064)
Transactions with equity holder, recorded directly in equity Contributions by and distributions to owners							
Debt-equity swap	12,625	20,732	-	(120,790)	-	(87,433)	(87,433)
Debt to be swapped for equity	-	-	-	-	-	-	-
Paid-in capital increase	306,334	457,572	-	-	-	763,906	763,906
Capital Reduction without any refund	(41,393)	-	-	41,393	-	-	-
Total contributions by and distributions to owners	277,566	478,304	-	(79,397)	-	676,473	676,473
Balance as of June 30, 2015	<u>469,900</u>	<u>620,143</u>	<u>-</u>	<u>1,092,609</u>	<u>(285,130)</u>	<u>1,897,522</u>	<u>1,897,522</u>

1.(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

<i>(in shares)</i>	At 30 June 2015			At 31 Dec 2014		
	Number of shares issued	Treasury stock	outstanding stock	Number of shares issued	Treasury stock	outstanding stock
Beginning number of shares	214,538,500	-	214,538,500	120,887,541	-	120,887,541
Deb-equity swap	14,022,385	-	14,022,385	93,650,959	-	93,650,959
Capital Reduction without any refund (*)	(45,635,846)	(523,893)	(46,159,739)	-	-	-
Paid-in capital increase	340,000,000	-	340,000,000	-	-	-
Ending number of shares	522,925,039	-	522,401,146	214,538,500	-	214,538,500

(*) The total shares with par value per share of KRW 1,000 shall be consolidated by 1.25:1 ratio with the same par value. And 523,893 treasury shares held by the Company was nullified in full.

Acquisition and disposal of treasury shares are described in 1.(d)(iv)

1.(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	The Issuer At 30 June. 2015	The Issuer At 31 Dec. 2014
Total number of issued shares	522,401,146	214,538,500
Less number of shares held as treasury shares		
Total number of issued shares excluding treasury shares of the issuer	522,401,146	214,538,500

1.(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current period and as at the end of the current financial period reported on.

The Company acquired 523,893 shares of its issued shares from shareholders who received excess shares through the debt-equity swap. And acquired shares were disposed in the market subsequently after approval of the revised rehabilitation plan in the meeting of related persons held on 12th June, 2015

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

The Company (Pan Ocean Co., Ltd.) has signed a contract with a consortium comprising Harim Group and JKL on 12th February 2015 with undertaking fund amounts of KRW1,007,950,000,000 (the amount for issuance of shares is KRW850,000,000,000 and for issuance of Company's bond is KRW157,950,000,000). The Revised Rehabilitation Plan was approved by Court on 12th June 2015 which is plan to pay the remaining confirmed rehabilitation claims after partially waived with fund available after paying the fees to the M&A advisor and rehabilitation claims repaid after the due diligence cut-off day (30th June 2014) from undertaking fund and is also about retirement and newly issuance of shares. The Company has finished the procedure of repayment for most of confirmed rehabilitation claims, procedure of retirement and newly issuance of shares, and holding the fund for unconfirmed rehabilitation claims in escrow. And Seoul Central District Court's ruling on completion of rehabilitation procedure on 30th July 2015

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in financial statements for the period ended 30 June 2015 compared with the audited financial statements for the year ended 31 December 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

	<u>The Group</u>	<u>The Group</u>
	<u>2015</u>	<u>2014</u>
	Six months	Six months
	ended 30 June	ended 30 June
Earnings per share for profit attributable to owners of the Company during the period (expressed in US\$ per share)		
(a) Basic	(0.27)	2.76
(b) Diluted	(0.27)	2.76
Earnings per share – Continuing Operations for profit attributable to owners of the Company during the year (expressed in US\$ per share)		
(a) Basic	(0.27)	2.76
(b) Diluted	(0.27)	2.76

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the

(a) Current financial period reported on; and

(b) Immediately preceding financial year (in US\$).

	<u>The Group</u>		<u>The Company</u>	
	At 30 June.	At 31 Dec.	At 30 June.	At 31 Dec.
	2015	2014	2015	2014
Net Asset Value per ordinary share based on issued share capital of the issuer	3.67	6.03	3.63	5.92

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

(1) Income Statement

2Q 2015 VS 2Q 2014

Panocean achieved sales of US\$ 742million, a decrease of 2.9% half on half (HoH). And Costs of sales decreased by 2.8% or US\$ 18 million from US\$ 636 million as of 2Q 2014 to US\$ 618 million 2Q 2015. For that factors mentioned above, the group recorded operating profit of US\$ 99 million in 2Q 2015, as compared to the operating profit of US\$ 111 million in the corresponding period of preceding financial year.

Pursuant to the amended rehabilitation plan, the Company is obligated to repay the rehabilitation liabilities in full without adjusting discounted cash flow which has been reflected throughout the year. Consequently, other non-operating activities, which had recorded a profit of US\$ 300 million in 2Q 2014, have turned to a loss of US\$ 117 million in 2Q 2015.

(2) Balance Sheet & Cash Flow

The group's total assets decreased US\$ 130 million, from US\$ 4,147 million as of 31 December 2014 to US\$ 4,017 million as of 30 June 2015.

Total liabilities of the Group decreased US\$ 750 million, from US\$2,852 million as of 31 December 2014 to US\$ 2,102 million as of 30 June 2015.

As mentioned above, cash flows from operating and investing activities were surplus amounting to US\$ 207 million but Net cash used in financing activities for 2015 recorded the deficit amounting to US\$ 13 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

With China economic slowdown, seaborne China iron ore and coal import of 1H have decreased 0.9%, 37.6% y.o.y separately this year. Moreover, Chronic over supply keeps putting additional pressure on dry bulk market, BDI has recorded 623 points on average during 1H 2015, 47% lower than same period of last year's 1,179.

Beginning of South America grain season was thought to support the market from second quarter, but there was a delay in South America grain shipment caused by draught in main crop area and truck driver's strike, so market couldn't recover till mid of 2nd quarter leading to BDI 632 points in the second quarter, 36% down from 982 in Q2 2014. However, the number of demolition has soared significantly with some delay/cancelation in delivery of capesize vessel relieving over-supply pressure and seaborne grain trade from South America has largely increased since mid of June, dry bulk market came on route to recover, brightening market prospect in 2H.

Looking on the supply side, 365 bulkers (27.35Mil.Dwt) were delivered in 1H, similar to the same period of last year (347 bulkers / 27.3Mil.Dwt) on Dwt basis. While, given the weak dry bulk market conditions, 262 bulkers (19.79Mil.Dwt) were phased out by demolition in 1H, 147% higher than same period of last year (151 bulkers / 8.0Mil.Dwt). Correspondingly, Total Dwt of bulk carriers have increased by 7.56Mil.Dwt only, 61% down from last year's 19.4Mil.Dwt. In 2015, total tonnage supply growth is projected to be below 3% thanks to record-breaking demolition, although scrapping for 2H is expected to be less than 1H because of expectation of market recovery.

When it comes to demand side of 2H, China could import more iron ore while Australia/Brazil iron ore majors are boosting their production and China iron ore port stocks are decreasing sharply. Moreover, increasing soybean demand in China and upcoming Gulf grain season will support the dry bulk market, too. On the other hand, coal import to China has dramatically declined in 1H on the back of the government's measures to tackle air pollution and this trend will keep going with a higher proportion of alternative energy use such as a hydro power generation. It remains to be seen whether India and/or other developing country could fill the demand gap left by China.

On the whole, the total dry bulk seaborne trade in 2015 will edge up to 4.63 billion tons (up approximately 1.7% y-o-y) due to slower demand in China. However, thanks to increase in iron ore shipment in 2H (especially from Brazil) and relieved over-supply resulting from surging demolition and slowdown in ordering/delivering, we believe there is a possibility of the dry bulk market recovery in 2H.

11. If a decision regarding dividend has been made: N/A

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

Pan Ocean has not obtained a general mandate from shareholders for Interested Parties Transaction.

PART II -ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous.

No dividend 2013-2014

15. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

There is not any person occupying a managerial position in the Company or its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company for the financial year ended 31 December 2014.

16. Reconciliations of K-IFRS with IFRS

There has been a change in listing status of the Group on the Mainboard of the SGX-ST from primary listing to secondary listing since 23 January 2013 and in compliance with statutory reporting purposes, the Group continues to prepare consolidated financial statements in accordance with Korea International Financial Reporting Standards ("K-IFRS").

The Group adopted the amendments pursuant to the amended K-IFRS No. 1001, 'Presentation of Financial Statements' from the annual period ended December 31, 2012. The Group's operating profit (loss) is calculated as revenue less: (1) cost of goods sold, and (2) selling, general and administrative expenses, and is presented separately in the consolidated statement of comprehensive income.

Whereas, IFRS does not explicitly define operating profit (loss), but it is interpreted that all profit (loss) items except ones clearly excluded from operating activities be included in operating profit (loss).

Based on this interpretation, the operating profit (loss) of the Group for 2014 2Q and 2015 2Q shall be adjusted as below:

(In thousands of US dollars)

	The Group	
	2015 2Q	2014 2Q
Operating profit(loss) In K-IFRS	\$ 99,159	110,871
Adjustment :		
Gain on sale of vessels, property and equipment	872	21,294
Loss on sale of vessels, property and equipment	(2)	(658)
Gain on impairment of vessels, property and equipment	-	-
Loss on impairment of vessels, property and equipment	-	-
Gain (loss) on valuation of derivatives, net	1,364	6,113
Gain (loss) on derivative transactions, net	1,715	1,098
Gain (loss) on foreign currency translations, net	(26)	(13,457)
Gain (loss) on foreign currency transactions, net	16,424	3,899
Expense of provision and marine accident	83	104,002
Donations	(82)	(37)
Allowance for (reversal of) doubtful accounts	(4,546)	115
Other	2,326	12,893
Operating profit(loss) In IFRS	\$ 117,287	246,133