

PAN OCEAN CO. LTD.

(Incorporated in the Republic of Korea)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2018

PART I. INFORMATION REQUIRED FOR ANNUAL 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 period ended 31 December 2018 (in thousands of US\$)

	The Group		
	2018	2017	%
	Year Ended	Year Ended	
	31 December	31 December	
Sales	2,425,312	2,065,495	17.4%
Cost of sales	(2,172,563)	(1,831,946)	18.6%
Gross profit	252,749	233,549	8.2%
Selling and administrative expenses	(67,389)	(61,127)	10.2%
Operating profit	185,360	172,422	7.5%
Finance income	11,301	12,626	-10.5%
Finance costs	(58,133)	(52,601)	10.5%
Other non-operating income (loss), net	(3,167)	(6,098)	-48.1%
Gain(loss) related to investments in associates and joint ventures	62	233	-73.4%
Profit before income tax	135,423	126,582	7.0%
Income tax expense	317	1,679	-81.1%
Profit for the period	135,106	124,903	8.2%
Other Comprehensive income(loss)			
Items that will be subsequently reclassified to profit or loss:			
Changes in the fair value of available-for-sale financial assets	-	44	N/M
Changes in the fair value of derivative financial assets	55	(538)	N/M
Share of the other comprehensive income of associates and joint ventures	(45)	117	N/M
	10	(377)	N/M
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit liability	(132)	612	N/M
Exchanges differences	(4,927)	1,165	N/M
Total other comprehensive income(loss) for the period, net of tax	(5,049)	1,400	N/M
Total comprehensive income for the period	130,057	126,303	3.0%
Profit (loss) attributable to :			
Owners of the Group	138,528	126,478	9.5%
Non-controlling interests	(3,422)	(1,575)	117.3%
	135,106	124,903	8.2%
Total comprehensive income (loss) attributable to :			
Owners of the Group	134,508	127,800	5.2%
Non-controlling interests	(4,451)	(1,497)	197.3%
	130,057	126,303	3.0%

N/M : Not meaningful

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 31 Dec 2018	At 31 Dec 2017	At 31 Dec 2018	At 31 Dec 2017
Assets				
Current assets				
Cash and cash equivalents	186,668	193,810	143,623	138,390
Trade receivables	127,837	94,095	107,156	65,257
Other receivables	32,085	26,568	30,391	24,125
Derivative financial assets	1,541	3,065	1,006	2,772
Other financial assets	16,042	33,794	9,893	29,894
Inventories	54,602	46,906	54,597	46,906
Other assets	113,076	174,102	110,206	172,923
Contract Assets	87,196	-	87,196	-
	619,047	572,340	544,068	480,267
Non-current assets				
Trade receivables	10	-	-	-
Other receivables	24,608	19,118	22,062	17,114
Derivative financial assets	-	174	-	174
Other financial Assets	15,827	17,402	15,826	17,402
Investments in subsidiaries	-	-	41,158	47,493
Investments in associates and joint ventures	2,020	2,003	1,252	1,252
Vessels, property and equipment	3,007,560	3,008,788	2,993,294	2,993,329
Intangible assets	7,704	8,975	4,333	4,449
Other assets	7,596	6,034	4,447	4,841
	3,065,325	3,062,494	3,082,372	3,086,054
Total assets	3,684,372	3,634,834	3,626,440	3,566,321
Liabilities				
Current liabilities				
Trade payables	80,773	81,734	69,919	68,524
Borrowings	340,699	298,359	340,699	298,359
Derivative financial liabilities	3,004	468	2,484	132
Other payables	57,704	61,404	54,867	43,351
Provisions	2,257	2,545	2,257	2,545
Other liabilities	47,138	64,590	42,483	63,064
Contract liabilities	68,107	-	68,107	-
	599,682	509,100	580,816	475,975
Non-current liabilities				
Borrowings	667,285	842,320	667,285	842,320
Derivative financial liabilities	1	14	1	14
Provisions	29,542	29,881	24,575	28,727
Retirement benefit obligations	3,793	4,286	3,653	4,225
Other payables	65	71	-	-
Other liabilities	4,577	0	4,577	-
	705,263	876,572	700,091	875,286
Total liabilities	1,304,945	1,385,672	1,280,907	1,351,261
Equity				
Share capital	480,755	480,727	480,755	480,727
Capital surplus	652,814	651,920	651,483	651,366
Other reserves	1,052,219	1,055,891	1,068,386	1,068,157
Accumulated deficit	178,747	41,281	144,909	14,810
Equity attributable to owners of the Group & Company	2,364,535	2,229,819	2,345,533	2,215,060
Non-controlling interest	14,892	19,343	-	-
Total equity	2,379,427	2,249,162	2,345,533	2,215,060
Total equity and liabilities	3,684,372	3,634,834	3,626,440	3,566,321

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

	At 31 Dec 2018		At 31 Dec 2017	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less	302,283	38,416	229,235	69,124
Amount repayable after one year	607,933	59,352	815,820	26,500
	910,216	97,768	1,045,055	95,624

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	
	Year ended 31 Dec.	
	2018	2017
Cash flows from operating activities		
Cash generated from operations	298,162	277,472
Interest paid	(53,339)	(45,330)
Income tax paid	(1,168)	(848)
Net cash inflow(outflow) by operating activities	243,655	231,294
Cash flows from investing activities		
Acquisition of vessels, property and equipment	(150,376)	(94,142)
Acquisition of intangible assets	(176)	(1,352)
Proceeds from sale of vessels, property and equipment	12,681	3
Proceeds from sale of intangible assets	-	523
Acquisition of other financial assets	(16,353)	(29,353)
Proceeds from sale of other financial assets	35,063	16,925
Dividend received	238	1,035
Increase in other receivables	(317)	(51)
Decrease in other receivables	1,084	821
Interest received	3,131	2,003
Net cash inflow(outflow) from investing activities	(115,025)	(103,588)
Cash flows from financing activities		
Proceeds from borrowings	408,252	136,463
Repayment of borrowings	(543,267)	(273,522)
Repayments of lease liabilities	(349)	
Changes in other controlling interests	(193)	
Net cash inflow(outflow) financing activities	(135,557)	(137,059)
Currency translation differences (cash and cash equivalents)	(215)	357
Net increase(decrease) in cash and cash equivalents	(7,142)	(9,353)
Cash and cash equivalents at beginning of the year	193,810	202,806
Cash and cash equivalents at end of the period	186,668	193,810

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 owners of the Group				Non-controlling Interest	Total equity
	Share capital	Capital surplus	Other reserves	Accumulated deficit		
Balance as of January 1, 2017	480,598	651,355	1,056,192	(85,809)	20,840	2,123,176
Comprehensive income (loss)						
Profit for the Period	-	-	-	126,478	(1,575)	124,903
Items that will be reclassified subsequently to profit or loss:						
Changes in the fair value of available-for-sale financial assets	-	-	44	-	-	44
Changes in the fair value of derivative financial assets and liabilities	-	-	(538)	-	-	(538)
Share of the other comprehensive income of associates and joint venture	-	-	117	-	-	117
Items that will not be reclassified to profit or loss:						
Remeasurements of defined benefit liability	-	-	-	612	-	612
Exchanges differences	-	-	1,087	-	78	1,165
Transactions with owners recorded directly in equity:						
Changes in equity due to debt-equity swap	129	565	(1,011)	-	-	(317)
Balance at December 31, 2017	<u>480,727</u>	<u>651,920</u>	<u>1,055,891</u>	<u>41,281</u>	<u>19,343</u>	<u>2,249,162</u>
Balance as of January 1, 2018	480,727	651,920	1,055,891	41,281	19,343	2,249,162
The effect of change in accounting policy	-	-	536	(930)	-	(394)
The adjusted amount	480,727	651,920	1,056,427	40,351	19,343	2,248,768
Comprehensive income (loss)						
Profit(loss) for the period	-	-	-	138,528	(3,422)	135,106
Items that will be reclassified subsequently to profit or loss:						
Changes in the fair value of available-for-sale financial assets	-	-	-	-	-	-
Changes in the fair value of derivative financial assets and liabilities	-	-	55	-	-	55
Share of the other comprehensive income of associates and joint ventures	-	-	(45)	-	-	(45)
Items that will not be reclassified to profit or loss:						
Remeasurements of defined benefit liability	-	-	-	(132)	-	(132)
Exchanges differences	-	-	(3,898)	-	(1,029)	(4,927)
Transactions with owners recorded directly in equity:						
Changes in equity due to debt-equity swap	28	117	(320)	-	-	(175)
Additional acquisition of the non-controlling interest with unchanged control	-	777	-	-	-	777
Balance at December 31, 2018	<u>480,755</u>	<u>652,814</u>	<u>1,052,219</u>	<u>178,747</u>	<u>14,892</u>	<u>2,379,427</u>

	Attributable to owners of the Company				
	Share capital	Capital surplus	Other reserves	Accumulated deficit	Total equity
Balance as of January 1, 2017	480,598	650,802	1,069,049	(114,610)	2,085,839
Comprehensive income (loss)					
Profit for the Period	-	-	-	128,827	128,827
Items that will be reclassified subsequently to profit or loss:					
Changes in the fair value of available-for-sale financial assets	-	-	44	-	44
Changes in the fair value of derivative financial assets and liabilities	-	-	75	-	75
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit liability	-	-	-	593	593
Transactions with owners recorded directly in equity:					
Changes in equity due to debt-equity swap	129	564	(1,011)	-	(318)
Balance at December 31, 2017	<u>480,727</u>	<u>651,366</u>	<u>1,068,157</u>	<u>14,810</u>	<u>2,215,060</u>
Balance as of January 1, 2018	480,727	651,366	1,068,157	14,810	2,215,060
The effect of change in accounting policy	-	-	535	(929)	(394)
The adjusted amount	480,727	651,366	1,068,692	13,881	2,214,666
Comprehensive income (loss)					
Profit for the Period	-	-	-	131,110	131,110
Items that will be reclassified subsequently to profit or loss:					
Changes in the fair value of available-for-sale financial assets	-	-	-	-	-
Changes in the fair value of derivative financial assets and liabilities	-	-	13	-	13
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit liability	-	-	-	(82)	(82)
Transactions with owners recorded directly in equity:					
Changes in equity due to debt-equity swap	28	117	(319)	-	(174)
Balance at December 31, 2018	<u>480,755</u>	<u>651,483</u>	<u>1,068,386</u>	<u>144,909</u>	<u>2,345,533</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 31 Dec 2018		At 31 Dec 2017	
	Number of shares issued	outstanding stock	Number of shares issued	outstanding stock
Beginning number of shares	534,537,812	534,537,812	534,392,834	534,392,834
Debt-equity swap	31,395	31,395	144,978	144,978
Ending number of shares	534,569,207	534,569,207	534,537,812	534,537,812

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 31 Dec 2018	The Issuer At 31 Dec 2017
Total number of issued shares	534,569,207	534,537,812
Less number of shares held as treasury shares	-	-
Total number of issued shares excluding treasury shares of the issuer	534,569,207	534,537,812

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.

Not applicable.

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

The figures have been audited in accordance with Korean International Financial Reporting Standards

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

Not applicable

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 Korean IFRS 1109 Financial Instruments and Korean IFRS 1115 Revenue from Contracts with Customers in financial statements for the period ended 30 June 2018 compared with the audited financial statements for the year ended 31 December 2017.

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.

- Korean IFRS 1109 Financial Instruments

The new standard for financial instruments issued on September 25, 2015 is effective for annual periods beginning on or after January 1, 2018 with early application permitted. This standard has replaced Korean IFRS 1039 Financial Instruments: Recognition and Measurement. The Group has applied the standards for annual periods beginning on or after January 1, 2018.

Reclassification effects are as below :

	Scope of measurement		Book value		
	KIFRS 1039	KIFRS 1109	KIFRS 1039	KIFRS 1109	DIFF
Current Financial assets					
Derivative financial assets	Recognized through profit or loss	Recognized at fair value through profit or loss	3,065	3,065	-
Non-current Financial assets					
Equity instruments	Available-for-sale financial assets	Recognized at fair value through comprehensive income	4,102	4,102	-
Beneficiary instruments	Available-for-sale financial assets	Recognized at fair value through profit or loss	6,528	6,528	-
Derivative financial assets	Recognized through profit or loss	Recognized at fair value through profit or loss	175	175	-
Current Financial liabilities					
Derivative financial liabilities	Recognized through profit or loss	Recognized at fair value through profit or loss	468	468	-
Non-current Financial liabilities					
Derivative financial liabilities	Recognized through profit or loss	Recognized at fair value through profit or loss	14	14	-

- Korean IFRS 1115 Revenue from Contracts with Customers

The Group has applied Korean IFRS 1115 Revenue from Contracts with Customers issued on November 6, 2015 for annual reporting periods beginning on or after January 1, 2018. Earlier adoption is permitted under Korean IFRS. This standard has replaced Korean IFRS 1018 Revenue, Korean IFRS 1011 Construction Contracts, Interpretation 2031 Revenue-Barter Transactions Involving Advertising Services, Interpretation 2113 Customer Loyalty Programs, Interpretation 2115 Agreements for the Construction of Real Estate and Interpretation 2118 Transfers of assets from customers.

Korean IFRS 1018 and other current revenue standard identify revenue as income that arises in the course of ordinary activities of an entity and provides guidance on a variety of different types of revenue, such as, sale of goods, rendering of services, interest, dividends, royalties and construction contracts. However, the new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue from contract with customers can be recognized:

- Identify contracts with customers
- Identify the separate performance obligation
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations, and
- Recognize the revenue as each performance obligation is satisfied.

Adjustment effects including change in Korean IFRS 1109 are as below :

<i>(in thousands of US dollars)</i>	December 31, 2017 Korean IFRS 1018 carrying amount¹	Remeasurements	January 1, 2018 Korean IFRS 1115 carrying amount
Trade receivables	\$ 94,095	\$ 16,446	\$ 110,541
Other current assets	221,009	2,568	223,577
Total assets	3,634,835	19,014	3,653,849
Provisions	2,545	258	2,803
Other non-current assets	64,590	19,150	83,740
Total liabilities	1,385,673	19,408	1,405,081
Retained earnings	40,745	(394)	40,351
Total equity	\$ 2,249,162	\$ (394)	\$ 2,248,768

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>2018</u>	<u>2017</u>
	<u>12 months</u>	<u>12 months</u>
	<u>ended 31 Dec</u>	<u>ended 31 Dec</u>
Earnings per share for profit attributable to owners of the Company during the period (expressed in US\$ per share)		
(a) Basic	0.26	0.23
(b) Diluted	0.26	0.23

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 31 Dec. 2018	At 31 Dec. 2017	At 31 Dec. 2018	At 31 Dec. 2017
Net asset value per ordinary share based on issued share capital of the issuer	4.45	4.21	4.39	4.14

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

FY 2018 VS FY 2017

The group achieved sales of US\$ 2,425 million, increase of 17% compared to the same period in the prior year. And Costs of sales was increased from US\$ 1,832 million as of 2017 to US\$ 2,173 million as of 2018 .

The group recorded operating profit of US\$ 185 million in 2018, as compared to the operating profit of US\$ 172 million in the corresponding period of preceding financial year.

For the non-operating profit, the group recorded finance cost of US\$58 million in 2018.

Consequently, Profit for the year, which had recorded US\$135 million in 2018, as compared US\$ 125 million in 2017.

(2) Balance Sheet & Cash Flow

The group's total assets increased US\$ 49 million, from US\$ 3,635 million as of 31 December 2017 to US\$ 3,684 million as of 31 December 2018.

Total liabilities of the Group decreased US\$ 81 million, from US\$ 1,386 million as of 31 December 2017 to US\$ 1,305 million as of 31 December 2018.

Cash flows from operating activities were surplus amounting to US\$ 244 million but Net cash used in investing activities and financing activities for 2018⁷ recorded the deficit amounting to US\$ 251 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.

In 2018, the dry bulk market maintained its overall upward trend because of improved global economy, but the upturn was limited because of deepening trade conflict between US and China and its negative effects in the latter part of the year. Accordingly, the growth rate of demand for commodities was slightly lower than that of 2017. Meanwhile, the newbuilding deliveries decreased compare to the same period of previous year, and the scrapping volume also decreased because of the overall market improvement. The fleet supply growth remained at the same level as in 2017. The average Baltic Dry Index (BDI) was 1,353 points for the year, which rose from 1,145 points in 2017. The BDI was 948 at the lowest points early in the second quarter and touched its highest level at 1,774 points in the third quarter.

As for the demand, due to rising demand in the Asian emerging markets, the total trade volume remained at 1,470 million tons despite China's iron ore imports decreased for the first time since 2011 that is caused by increasing use of steel scrap. The seaborne coal trade volume increased by 3.3% to 1,240 million tons. The coal trade increased as Asian emerging economies' coal-fired power generation and steel production increased. And oil prices continued to rise until the third quarter, which also affected coal demand growth. On the other hand, as grain trade volume was limited because of the impact of US-China trade tensions, the total dry bulk cargo trade volume in 2018 increased by 2.3% to 5,206 million tons.

On the supply side, the newbuilding deliveries of dry bulk vessels in 2018 are 28.5 million DWT, down 26% from the previous year (38.4 million DWT). That is mainly due to the decrease in new newbuilding orders affected by bear market in 2016. The scrapping volume of the bulkers is 4.2 million DWT, 71% decreased from the previous year (14.7 million DWT), as the market returned to healthy level. The fleet supply growth is 3.0%, which is same as in 2017.

Global GDP growth is projected to 3.5% in 2019 from 3.75% in 2018 by the Organization for Economic Cooperation and Development (OECD) because of decline in both major and emerging economies' growth. China's demand for commodities is expected to slow down because of weakening growth engine and trade disputes. Moreover, concerns about a decline in Brazilian iron ore exports are also growing due to the recent collapse of the Vale's dam. However, Asian emerging economies are expected to maintain high growth, and overall demand for commodities is expected to continue to increase. In 2019, even though newbuilding deliveries are expected to be more than 40 million DWT that is caused by the increase in new building orders after 2017, the dry bulk market in 2019 is expected to be improved thanks to the positive impact from IMO 2020 which will cause ship owners to send their old vessels to scrap yards and will push more vessels to go into repair yards for retrofitting.

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.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	12 months	12 months	12 months	12 months
	Ended 31 Dec. 2018.	Ended 31 Dec. 2017.	Ended 31 Dec. 2018.	Ended 31 Dec. 2017.
PanOcean(America), Inc.	34,651 ³⁾	24,107 ³⁾	30,283 ¹⁾	22,725 ¹⁾
Sunjin Co., Ltd.	-	-	5,420 ²⁾	3,428 ²⁾
Farmsco	-	-	5,206 ²⁾	6,268 ²⁾
Jeil Feed Company, Ltd.	-	-	4,325 ²⁾	7,596 ²⁾
Harim Co., Ltd.	-	-	2,890 ²⁾	4,401 ²⁾
Jeil Holdings Co., Ltd.	-	-	-	-
Total	34,651	24,107	48,124	44,419

1) Sales relating to voyage and Agent commission under shareholders' mandate pursuant to Rule 920

2) The group's effective interest of transaction relating to sales grain to interested person (Sunjin, Farmsco, Jeil Feed Company, Harim)

3) Provided performance guarantee, finance guarantee for the period and commission fee

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.

Not applicable

15. 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 2018 and 2017 shall be adjusted as below:

(In thousands of US dollars)

	The Group	
	2018	2017
Operating profit(loss) In K-IFRS	185,360	172,422
Adjustment :		
Gain on sale of vessels, property and equipment	2,874	3
Loss on sale of vessels, property and equipment	(724)	(1,729)
Gain on impairment of vessels, property and equipment	0	0
Loss on impairment of vessels, property and equipment	(1,308)	0
Gain on sale of Intangible assets	0	233
Loss on sale of Intangible assets	0	11
Gain (loss) on valuation of derivatives, net	(2,105)	2,814
Gain (loss) on derivative transactions, net	(1,652)	(568)
Gain (loss) on foreign currency translations, net	(1,214)	1,599
Gain (loss) on foreign currency transactions, net	478	(841)
Expense of provision and marine accident	(836)	(9,693)
Donations	(734)	(27)
Other	1,835	1,132
Operating profit(loss) In IFRS	181,974	165,356