

# PAN OCEAN CO. LTD.

(Incorporated in the Republic of Korea)

## THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 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 30 September 2019 (in thousands of US\$)

	The Group			The Group		
	2019	2018	%	2019	2018	%
	Three months ended 30 Sep	Three months ended 30 Sep		Nine months ended 30 Sep	Nine months ended 30 Sep	
Sales	572,980	690,321	-17.0%	1,591,850	1,847,630	-13.8%
Cost of sales	(504,908)	(624,350)	-19.1%	(1,409,385)	(1,661,452)	-15.2%
<b>Gross profit</b>	68,072	65,971	3.2%	182,465	186,178	-2.0%
Selling and administrative expenses	(14,624)	(14,531)	0.6%	(45,686)	(47,254)	-3.3%
<b>Operating profit</b>	53,448	51,440	3.9%	136,779	138,924	-1.5%
Finance income	8,334	3,027	175.3%	17,222	7,857	119.2%
Finance costs	(14,777)	(13,907)	6.3%	(43,746)	(41,033)	6.6%
Other non-operating income (loss), net	(407)	(1,745)	-76.7%	(6,634)	2,166	N/M
Gain(loss) related to investments in associates and joint ventures	(13)	(39)	-66.7%	15	13	15.4%
<b>Profit before income tax</b>	46,585	38,776	20.1%	103,636	107,927	-4.0%
Income tax expense	221	442	-50.0%	471	975	-51.7%
<b>Profit for the period</b>	46,363	38,334	20.9%	103,165	106,952	-3.5%
<b>Other Comprehensive income(loss)</b>						
<b>Items that will be subsequently reclassified to profit or loss:</b>						
Changes in the fair value of derivative financial assets	(13)	1,729	N/M	(35)	(317)	-89.0%
Share of the other comprehensive income of associates and joint ventures	(57)	86	N/M	(82)	(39)	110.3%
	(70)	1,815	N/M	(117)	(356)	-67.1%
<b>Items that will not be reclassified to profit or loss:</b>						
Remeasurements of defined benefit liability	(26)	(59)	-55.9%	(213)	(114)	86.8%
Exchanges differences	(1,231)	1,308	N/M	(1,383)	(4,834)	-71.4%
<b>Total other comprehensive income(loss) for the period, net of tax</b>	(1,327)	3,064	N/M	(1,713)	(5,304)	-67.7%
<b>Total comprehensive income for the period</b>	45,037	41,398	8.8%	101,452	101,648	-0.2%
<b>Profit (loss) attributable to:</b>						
Owners of the Group	46,316	39,041	18.6%	105,851	108,630	-2.6%
Non-controlling interests	48	(707)	N/M	(2,686)	(1,678)	60.1%
	46,364	38,334	20.9%	103,165	106,952	-3.5%
<b>Total comprehensive income (loss) attributable to:</b>						
Owners of the Group	45,003	32,911	36.7%	104,154	103,396	0.7%
Non-controlling interests	34	(760)	N/M	(2,702)	(1,748)	54.6%
	45,037	32,151	40.1%	101,452	101,648	-0.2%

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\$).**

	<b>The Group</b>		<b>The Company</b>	
	<b>At 30 Sep 2019</b>	<b>At 31 Dec 2018</b>	<b>At 30 Sep 2019</b>	<b>At 31 Dec 2018</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	217,196	186,668	166,075	143,623
Trade receivables	97,609	127,837	79,019	107,156
Other receivables	28,464	32,085	27,079	30,391
Derivative financial assets	6,368	1,541	1,200	1,006
Other financial assets	16,487	16,042	14,386	9,893
Inventories	56,523	54,602	56,518	54,597
Other assets	103,995	113,076	91,370	110,206
Contract Assets	72,163	87,196	72,163	87,196
	<b>598,805</b>	<b>619,047</b>	<b>507,810</b>	<b>544,068</b>
<b>Non-current assets</b>				
Trade receivables	5	10	-	-
Other receivables	11,307	24,608	9,914	22,062
Other financial Assets	9,775	15,827	9,775	15,826
Investments in subsidiaries	-	-	41,159	41,158
Investments in associates and joint ventures	1,944	2,020	1,252	1,252
Vessels, property and equipment	3,134,964	3,007,560	3,118,683	2,993,294
Intangible assets	7,111	7,704	4,607	4,333
Other assets	4,846	7,596	4,189	4,447
	<b>3,169,952</b>	<b>3,065,325</b>	<b>3,189,579</b>	<b>3,082,372</b>
<b>Total assets</b>	<b>3,768,757</b>	<b>3,684,372</b>	<b>3,697,389</b>	<b>3,626,440</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade payables	64,104	80,773	43,863	69,919
Borrowings	371,554	340,699	371,554	340,699
Derivative financial liabilities	5,693	3,004	737	2,484
Other payables	45,455	57,704	40,786	54,867
Provisions	2,292	2,257	2,292	2,257
Other liabilities	65,304	47,138	58,106	42,483
Lease liabilities	14,556	-	13,353	-
Contract liabilities	49,550	68,107	49,550	68,107
	<b>618,508</b>	<b>599,682</b>	<b>580,241</b>	<b>580,816</b>
<b>Non-current liabilities</b>				
Borrowings	618,415	667,285	618,415	667,285
Derivative financial liabilities	36	1	36	1
Provisions	23,347	29,542	22,820	24,575
Retirement benefit obligations	4,431	3,793	4,088	3,653
Other payables	0	65	-	-
Lease liabilities	23,141	-	21,400	-
Other liabilities	-	4,577	-	4,577
	<b>669,370</b>	<b>705,263</b>	<b>666,759</b>	<b>700,091</b>
<b>Total liabilities</b>	<b>1,287,878</b>	<b>1,304,945</b>	<b>1,247,000</b>	<b>1,280,907</b>
<b>Equity</b>				
Share capital	480,755	480,755	480,755	480,755
Capital surplus	652,814	652,814	651,483	651,483
Other reserves	1,050,735	1,052,219	1,068,351	1,068,386
Accumulated deficit	284,385	178,747	249,800	144,909
Equity attributable to owners of the Group & Company	<b>2,468,689</b>	<b>2,364,535</b>	<b>2,450,389</b>	<b>2,345,533</b>
Non-controlling interest	12,190	14,892	-	-
<b>Total equity</b>	<b>2,480,879</b>	<b>2,379,427</b>	<b>2,450,389</b>	<b>2,345,533</b>
<b>Total equity and liabilities</b>	<b>3,768,757</b>	<b>3,684,372</b>	<b>3,697,389</b>	<b>3,626,440</b>

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

	At 30 Sep. 2019		At 31 Dec 2018	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less	329,932	41,622	302,283	38,416
Amount repayable after one year	519,356	99,059	607,933	59,352
	849,288	140,681	910,216	97,768

**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\$).**

	<b>The Group</b>	
	<b>Nine months ended 30 Sep</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	293,233	226,565
Interest paid	(39,363)	(36,177)
Income tax paid	(452)	(1,549)
<b>Net cash inflow(outflow) by operating activities</b>	<b>253,418</b>	<b>188,839</b>
<b>Cash flows from investing activities</b>		
Acquisition of vessels, property and equipment	(136,445)	(116,689)
Acquisition of intangible assets	(170)	(38)
Proceeds from sale of vessels, property and equipment	197	7,195
Proceeds from sale of intangible assets	-	-
Acquisition of other financial assets	(13,460)	(15,801)
Proceeds from sale of other financial assets	18,183	33,782
Dividend received	224	176
Increase in other receivables	(1,282)	(224)
Decrease in other receivables	2,027	771
Interest received	2,935	2,189
<b>Net cash inflow(outflow) from investing activities</b>	<b>(127,791)</b>	<b>(88,639)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	290,735	324,765
Repayment of borrowings	(372,372)	(423,646)
Repayments of lease liabilities	(10,668)	-
Changes in other controlling interests	-	-
<b>Net cash inflow(outflow) financing activities</b>	<b>(92,305)</b>	<b>(98,881)</b>
Currency translation differences (cash and cash equivalents)	(2,794)	(864)
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>30,528</b>	<b>455</b>
Cash and cash equivalents at beginning of the year	186,668	193,810
<b>Cash and cash equivalents at end of the period</b>	<b>217,196</b>	<b>194,265</b>

**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, 2018	480,727	651,920	1,056,427	39,240	19,343	2,247,657
<b>Comprehensive income (loss)</b>						
Profit for the Period	-	-	-	108,630	(1,678)	106,952
<b>Items that will be reclassified subsequently to profit or loss:</b>						
Changes in the fair value of derivative financial assets and liabilities	-	-	(317)	-	-	(317)
Share of the other comprehensive income of associates and joint venture	-	-	(39)	-	-	(39)
<b>Items that will not be reclassified to profit or loss:</b>						
Remeasurements of defined benefit liability	-	-	-	(114)	-	(114)
Exchanges differences	-	-	(4,764)	-	(70)	(4,834)
<b>Transactions with owners recorded directly in equity:</b>						
Changes in equity due to debt-equity swap	10	40	(225)	-	-	(175)
<b>Balance as of Sep 30, 2018</b>	<u>480,737</u>	<u>651,960</u>	<u>1,051,082</u>	<u>147,756</u>	<u>17,595</u>	<u>2,349,130</u>
Balance as of January 1, 2019	480,755	652,814	1,052,219	178,747	14,892	2,379,427
<b>Comprehensive income (loss)</b>						
Profit(loss) for the period	-	-	-	105,851	(2,686)	103,165
<b>Items that will be reclassified subsequently to profit or loss:</b>						
Changes in the fair value of derivative financial assets and liabilities	-	-	(35)	-	-	(35)
Share of the other comprehensive income of associates and joint ventures	-	-	(82)	-	-	(82)
<b>Items that will not be reclassified to profit or loss:</b>						
Remeasurements of defined benefit liability	-	-	-	(213)	-	(213)
Exchanges differences	-	-	(1,367)	-	(16)	(1,383)
<b>Balance as of Sep 30, 2019</b>	<u>480,755</u>	<u>652,814</u>	<u>1,050,735</u>	<u>284,385</u>	<u>12,190</u>	<u>2,480,879</u>

	Attributable to owners of the Company				
	Share capital	Capital surplus	Other reserves	Accumulated deficit	Total equity
Balance as of January 1, 2018	480,727	651,366	1,068,692	12,770	2,213,555
<b>Comprehensive income (loss)</b>					
Profit for the Period	-	-	-	105,114	105,114
<b>Items that will be reclassified subsequently to profit or loss:</b>					
Changes in the fair value of derivative financial assets and liabilities	-	-	14	-	14
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurement of defined benefit liability	-	-	-	(97)	(97)
<b>Transactions with owners recorded directly in equity:</b>					
Changes in equity due to debt-equity swap	10	40	(224)	-	(174)
<b>Balance as of Sep 30, 2018</b>	<u>480,737</u>	<u>651,406</u>	<u>1,068,482</u>	<u>117,787</u>	<u>2,318,412</u>
Balance as of January 1, 2019	480,755	651,483	1,068,385	144,909	2,345,532
<b>Comprehensive income (loss)</b>					
Profit for the Period	-	-	-	104,955	104,955
<b>Items that will be reclassified subsequently to profit or loss:</b>					
Changes in the fair value of derivative financial assets and liabilities	-	-	(34)	-	(34)
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurement of defined benefit liability	-	-	-	(64)	(64)
<b>Balance as of Sep 30, 2019</b>	<u>480,755</u>	<u>651,483</u>	<u>1,068,351</u>	<u>249,800</u>	<u>2,450,389</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>	<b>At 30 Sep 2019</b>		<b>At 31 Dec 2018</b>	
	<b>Number of shares issued</b>	<b>outstanding stock</b>	<b>Number of shares issued</b>	<b>outstanding stock</b>
Beginning number of shares	534,569,207	534,569,207	534,537,812	534,537,812
Debt-equity swap	0	0	31,395	31,395
Ending number of shares	534,569,207	534,569,207	534,569,207	534,569,207

**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.**

	<b>The Issuer At 30 Sep 2019</b>	<b>The Issuer At 31 Dec 2018</b>
Total number of issued shares	534,569,207	534,569,207
Less number of shares held as treasury shares	-	-
Total number of issued shares excluding treasury shares of the issuer	534,569,207	534,569,207

**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 1116 Leases for the period ended 31 March 2019 compared with the audited financial statements for the year ended 31 December 2018.

**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.**

**- The adoption of Korean IFRS 1116 Leases**

The Group adopted Korean IFRS 1116 retrospectively as at January 1, 2019, the comparative figures for prior periods have not been restated in accordance with the transitional provision which is one of applicable methods.

Therefore, the group recognized the reclassifications and adjustments in accordance with this new accounting standards in the initial balance sheet as at January 1, 2019.

**- The adjustments from adoption of Korean IFRS 1116 Leases**

Korean IFRS 1116 leases issued on May22, 2017 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. This standard will replace Korean IFRS 1017 Leases, Interpretation 2104 Determining whether an Arrangement contains a Lease, Interpretation 2015 Operating Leases-Incentives, and Interpretation 2027 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The group discounted lease liabilities with the lessee's incremental borrowing rates to recognize the present value of remaining lease payments as at January 1, 2019. The incremental borrowing rates were 4.92% for leased vessels and leased container vans and 4.09% for leased buildings and leased autos.

The group has recognized right-of-use assets and lease liabilities for finance leases at the commencement date of the lease. Before the commencement date, the group recognized lease assets and lease liabilities for finance leases. The evaluation standard of Korean IFRS 1116 Leases has been applied after the commencement date of the lease.

With the practical expedient, the group may choose to apply new standard to only contracts entered after the commencement date. Prior contracts before the commencement date will not be required to be evaluated. The group has consistently applied this practical expedient for all contracts entered.

The group has applied the transitional provision for each lease contract which has a short-term lease (a lease term of 12 months or less at the commencement date) or low value assets (e.g. underlying assets below \$5,000).



The effects in income statement affected by new lease standard as follows:

(In thousands of US dollars)

	<b>The Group</b>
	<b>2019 3Q</b>
Depreciation expenses of right-of-use assets	
Chartered vessels	8,011
Container vans	1,656
Buildings	1,962
Autos	159
Total	11,788
Interest expenses from leases ( included in finance expenses)	1,305
Short term lease expense ( included in COGS and S&A)	302,881
Lease expense otherthan short term lease ( included in S&A)	41

**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:**

	<b>The Group</b>	<b>The Group</b>
	<b>2019</b>	<b>2018</b>
	<b>9 months</b>	<b>9 months</b>
	<b>ended 30 Sep</b>	<b>ended 30 Sep</b>
Earnings per share for profit attributable to owners of the Company during the period (expressed in US\$ per share)		
(a) Basic	0.20	0.20
(b) Diluted	0.20	0.20

**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\$).**

	<b>The Group</b>		<b>The Company</b>	
	At 30 Sep. 2019	At 31 Dec. 2018	At 30 Sep. 2019	At 31 Dec. 2018
Net asset value per ordinary share based on issued share capital of the issuer	4.64	4.45	4.58	4.39

**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 2019 3Q VS FY 2018 3Q**

The group achieved sales of US\$ 1,592 million, decrease of 13.8% compared to the same period in the prior year. And Costs of sales was decreased from US\$ 1,661 million as of 2018 3Q to US\$ 1,409 million as of 2019 3Q.

The group recorded operating profit of US\$ 137 million in 2019, as compared to the operating profit of US\$ 139 million in the corresponding period of preceding financial year.

For the non-operating profit, the group recorded finance cost of US\$ 41 million in 2019 3Q.

Consequently, Profit for the period, which had recorded US\$ 103 million in 2019, as compared US\$ 107 million in 2018 3Q.

**(2) Balance Sheet & Cash Flow**

The group's total assets increased US\$ 85 million, from US\$ 3,684 million as of 31 December 2018 to US\$ 3,769 million as of 30 Sep 2019.

Total liabilities of the Group increased US\$ 17 million, from US\$ 1,305 million as of 31 December 2018 to US\$ 1,288 million as of 30 Sep 2019.

Cash flows from operating activities were surplus amounting to US\$ 253 million but Net cash used in investing activities for 2019 3Q recorded the deficit amounting to US\$ 128 million. And financing activities for 2019 3Q recorded the deficit amounting to US\$ 92 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.**

The average Baltic Dry Index (BDI) is 895 for the first half of 2019, which is down 26% from the average BDI in the same period of 2018 due to the impact of some accidents in major iron ore production places and a decrease in grain trade affected by US-China trade disputes. The average BDI in the third quarter was up 26% from the same period in 2018 thanks to the resumption of iron ore production and increased grain exports from South America. Eventually, the average BDI in the first to third quarters fell just 5% year-on-year, despite the market slump in the first half.

On the supply side, the newbuilding deliveries of dry bulk vessels were 29.3 million DWT, up about 29% from 22.8 million DWT a year earlier. Scrapping volume of the bulkers in the first three quarters rose 74 percent year-on-year to 5.4 million DWT due to the market slump in the first half. Due to the favorable market conditions, the scrapping volume of the bulkers is expected to decrease for the remainder of 2019 and new ships will continue to be delivered. As a result, it is estimated that the fleet supply growth rate will reach to be in the early 4% range.

As for the demand, China's imports of iron ore in the first three quarters of 2019 fell 2 percent year-on-year to 786 million tons due to supply disruptions caused by accidents in major iron ore-producing areas earlier this year. In the first three quarters, global coal shipments reached 950 million tons, unchanged from the same period a year earlier, due to both positive factors such as increased electricity demand in emerging economies and negative factors such as increased supply of natural gas, a substitute for fuel coal.

According to the International Monetary Fund's World Economic Outlook report released in October, the world's GDP growth rate for 2019 was forecasted to 3.0%, down 0.2% from last July's forecast, which is 0.6% lower than last year. The contraction of manufacturing industries, trade conflicts, and worsening sentiment in the financial market have adversely affected economic growth. However, despite these concerns, dry bulk shipping volume in 2019 is expected to increase 1.6% year-on-year. Demand growth for iron ore in the fourth quarter is expected to be eased due to relatively high prices, but demand for coal in major emerging economies and grain exports in the Northern Hemisphere are expected to continue to strengthen. In addition, the fourth quarter market is expected to be supported by reduced operational efficiency due to the installation of ship facilities prior to the implementation of the International Maritime Organization's environmental regulations, and the average BDI for 2019 is expected to exceed last year's level.

**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)	
	Nine months Ended 30 Sep. 2019.	Nine months Ended 30 Sep. 2018.	Nine months Ended 30 Sep. 2019.	Nine months Ended 30 Sep. 2018.
PanOcean(America), Inc.	37,120 <sup>3)</sup>	44,232 <sup>3)</sup>	23,726 <sup>1)</sup>	23,540 <sup>1)</sup>
Sunjin Co., Ltd.	-	-	2,863 <sup>2)</sup>	4,674 <sup>2)</sup>
Farmsco	-	-	4,200 <sup>2)</sup>	4,254 <sup>2)</sup>
Jeil Feed Company, Ltd.	-	-	6,386 <sup>2)</sup>	4,325 <sup>2)</sup>
Harim Co., Ltd.	-	-	1,891 <sup>2)</sup>	2,269 <sup>2)</sup>
Harim USA, Ltd.	341 <sup>4)</sup>	-	-	-
Total	37,461	44,232	39,066	39,062

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

4) The group's effective interest of transaction relating to lending of money to interested person (Harim USA, Ltd.)

**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 2019 3Q and 2018 3Q shall be adjusted as below:

*(In thousands of US dollars)*

	<b>The Group</b>	
	<b>2019 3Q</b>	<b>2018 3Q</b>
Operating profit(loss) In K-IFRS	136,779	138,924
Adjustment :		
Gain on sale of vessels, property and equipment	197	2,371
Loss on sale of vessels, property and equipment	(482)	(384)
Gain on impairment of vessels, property and equipment	0	0
Loss on impairment of vessels, property and equipment	0	(1,308)
Gain on sale of Intangible assets	0	0
Loss on sale of Intangible assets	0	0
Gain (loss) on valuation of derivatives, net	559	1,730
Gain (loss) on derivative transactions, net	892	157
Gain (loss) on foreign currency translations, net	(2,900)	(539)
Gain (loss) on foreign currency transactions, net	26	818
Expense of provision and marine accident	(1,281)	(880)
Donations	(969)	(267)
Other	(2,676)	249
Operating profit(loss) In IFRS	130,145	140,871