

WISDOM MARINE LINES CO., LIMITED (CAYMAN)
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
30 JUNE 2015 AND 2014

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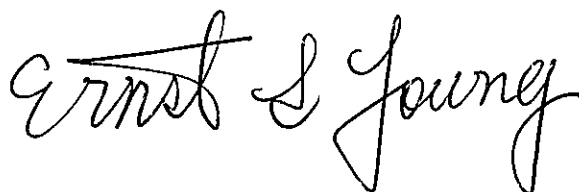
Review Report of Independent Auditors
English Translation of a Report Originally Issued in Chinese

To the Board of Directors and Stockholders of
Wisdom Marine Lines Co., Limited (Cayman)

We have reviewed the accompanying consolidated balance sheets of Wisdom Marine Lines Co., Limited (Cayman) (the "Company") and its subsidiaries (together the "Group") as of 30 June 2015 and 31 December 2014 and the related consolidated statements of comprehensive income for the three-month period ended 30 June 2015 and 2014 and the six-month period ended 30 June 2015 and 2014, and the related consolidated statements of changes in equity, and cash flows for the six-month period ended 30 June 2015 and 2014. The preparation of these consolidated financial statements is the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement on Auditing Standards No. 36, "Review of Financial Statements" of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above in order for them to be in conformity with the International Accounting Standard 34, "Interim Financial Reporting" which is endorsed by Financial Supervisory Commission of the Republic of China.



24 July 2015
Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

30 June 2015 and 31 December 2014

(All Amounts Expressed in US Dollars)

(30 June 2015 Was Unaudited)

	Notes	30 June 2015	31 December 2014
ASSETS			
Cash and cash equivalents	6.1	\$92,018,519	\$15,389,501
Financial assets at fair value through profit or loss — current	6.2	939,322	226,005
Held to maturity financial assets — current	6.3 & 8	6,075,131	3,274,000
Hedge derivatives financial assets — current	6.4	12,318,253	13,444,055
Accounts receivable, net	6.5	4,263,015	5,052,860
Lease receivables	6.11	1,184,720	2,672,555
Other receivables	7	801,262	1,062,374
Inventories	6.6	3,411,818	1,813,848
Prepaid expenses		5,617,166	5,396,545
Other financial assets — current	6.1 & 8	22,374,881	21,155,325
Other current assets	7	11,814,629	10,902,923
Total current assets		160,818,716	80,389,991
Financial assets at fair value through profit or loss — noncurrent	6.2	1,073,514	1,783,685
Held to maturity financial assets — noncurrent	6.3 & 8	606,629	3,650,668
Hedge derivative financial assets — noncurrent	6.4	7,497,478	16,384,317
Property and equipment	6.7 & 8	2,338,657,941	2,077,692,135
Deferred income tax assets	6.17	79,559	46,282
Long-term lease receivables	6.11	3,625,043	18,084,608
Other financial assets — noncurrent		2,709,119	2,591,855
Other noncurrent assets — Other	6.8	90,712,635	154,650,379
Total non-current assets		2,444,961,918	2,274,883,929
TOTAL ASSETS		\$2,605,780,634	\$2,355,273,920

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS(CONT'D)
30 June 2015 and 31 December 2014
(All Amounts Expressed in US Dollars)
(30 June 2015 Was Unaudited)

	Note	30 June 2015	31 December 2014
LIABILITIES			
Short — term borrowings	6.9	\$28,201,833	\$28,418,709
Financial liabilities at fair value through profit or loss	6.2& 6.10	3,282	29,783
— current			
Accounts payable		3,508,641	2,919,849
Accrued expenses	7	14,277,959	13,346,882
Dividends payable	6.12	47,381,032	-
Advance receipts		27,161,320	26,968,687
Other current liabilities — others		718,364	5,479
		<u>121,252,431</u>	<u>71,689,389</u>
Current portion of corporate bonds payable	6.10	25,355,361	47,590,470
Current portion of long-term borrowings	6.9	164,980,287	136,634,091
Current portion of long-term accounts payable	6.11	3,875,000	8,938,250
Current portion of lease payables	6.11	2,063,727	2,108,928
		<u>196,274,375</u>	<u>195,271,739</u>
Total current liabilities		<u>317,526,806</u>	<u>266,961,128</u>
Financial liabilities at fair value through profit or loss	6.2&6.10	1,428,712	924,074
— noncurrent			
Corporate bonds payable	6.10	74,052,360	7,974,529
Long-term borrowings	6.9	1,236,575,429	1,123,615,175
Deferred income tax liabilities	6.17	11,986	12,179
Long-term accounts payable	6.11	23,355,500	25,293,000
Long-term lease payables — noncurrent	6.11	13,092,667	14,433,896
Long-term accounts payable — related parties	7	71,406,387	71,568,666
Accrued pension liabilities		243,711	237,628
Total non-current liabilities		<u>1,420,166,752</u>	<u>1,244,059,147</u>
TOTAL LIABILITIES		<u>1,737,693,558</u>	<u>1,511,020,275</u>
EQUITY			
	6.12&6.10		
Common stock		158,019,372	149,096,462
Capital surplus		69,854,956	89,624,676
Retained earnings		297,637,787	262,763,887
Cumulative translation adjustments		313,664,261	295,891,857
Effective portion of gains on hedging instrument in a cash flow hedge		24,032,314	41,799,123
		<u>863,208,690</u>	<u>839,176,005</u>
Total equity attributable to equity holders of the Company		<u>863,208,690</u>	<u>839,176,005</u>
Non-controlling interest		4,878,386	5,077,640
TOTAL EQUITY		<u>868,087,076</u>	<u>844,253,645</u>
TOTAL EQUITY AND LIABILITIES		<u>\$2,605,780,634</u>	<u>\$2,355,273,920</u>

The accompanying notes are an integral part of the consolidated financial statements.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 June 2015 and 2014
AND FOR THE SIX MONTHS ENDED 30 June 2015 and 2014
(All Amounts Expressed in US Dollars)
(Unaudited)

	Notes	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
		2015	2014	2015	2014
Operating revenues	6.13 & 7	\$87,625,334	\$73,305,034	\$169,252,620	\$143,701,184
Operating costs	6.7, 6.14 & 7	66,498,612	58,331,831	128,199,717	114,596,861
Gross profit from operations		21,126,722	14,973,203	41,052,903	29,104,323
Operating expenses	6.7, 6.14 & 7	1,302,997	1,005,713	3,137,537	2,243,884
Profit from operating activities		19,823,725	13,967,490	37,915,366	26,860,439
Interest income	6.11 & 6.15	474,044	661,171	931,292	1,455,432
Others income and gains	6.7, 6.10, 6.11, 6.15 & 9	5,340,851	141,228	5,367,656	28,178,767
Gain on disposal of fixed assets	6.7 & 6.15	-	112,919	5,217,973	321,666
Foreign exchange gain (loss)	6.15	633,801	(22,351)	49,949	(329,346)
Gain on valuation of financial instruments or liabilities at fair value through profit or loss	6.10 & 6.15	(338,317)	(202,255)	142,602	(58,933)
Interest expense	6.7, 6.10, 6.11 & 7	(7,756,710)	(6,936,658)	(14,434,010)	(13,248,511)
Other expenses and losses	6.7 & 6.15 & 7	(57,002)	(271,626)	(163,302)	(16,708,241)
Total other income and losses		(1,703,333)	(6,517,572)	(2,887,840)	(389,166)
Profit before income tax		18,120,392	7,449,918	35,027,526	26,471,273
Income tax expense (income)	6.17	(1,773)	415	(7,120)	5,148
Profit for the year		18,122,165	7,449,503	35,034,646	26,466,125
Other Comprehensive income:	6.16				
Items that may be subsequently reclassified into profit or loss					
Cumulative translation adjustments		13,061,196	(12,571,393)	17,772,404	(29,033,188)
Effective portion of gains (losses) on hedging instrument in a cash flow hedge		580,185	(7,538,431)	(17,766,809)	(9,736,407)
Other Comprehensive income		13,641,381	(20,109,824)	5,595	(38,769,595)
Total Comprehensive income		\$31,763,546	\$(12,660,321)	\$35,040,241	\$(12,303,470)
Profit for the year attributable to:					
--Owners of the Company		\$18,185,754	\$7,187,062	\$34,873,900	\$25,955,254
--Non-controlling interests		(63,589)	262,441	160,746	510,871
		\$18,122,165	\$7,449,503	\$35,034,646	\$26,466,125
Total Comprehensive income attributable to:					
--Owners of the Company		\$31,827,135	\$(12,922,762)	\$34,879,495	\$(12,814,341)
--Non-controlling interests		(63,589)	262,441	160,746	510,871
		\$31,763,546	\$(12,660,321)	\$35,040,241	\$(12,303,470)
Primary Earnings per Share					
--Current	6.18	\$0.04	\$0.02	\$0.07	\$0.06
Diluted Earnings per Share					
--Current	6.18	\$0.03	\$0.01	\$0.06	\$0.05

The accompanying notes are an integral part of the consolidated financial statements.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 June 2015 and 2014

(All Amounts Expressed in US Dollars)

(Unaudited)

	Common stock	Stock dividend to be distributed	Capital surplus	Retained earnings	Cumulative translation adjustments	Effective portion of gains on hedging instrument in a cash flow hedge	Total equity attributable to equity holders of the Company	Non-controlling interest	Total
Balance, 1 January 2014	\$142,665,042	\$-	\$117,672,896	\$204,485,435	\$196,260,106	\$37,952,452	\$699,035,931	\$4,585,465	\$703,621,396
Capitalization of capital surplus cash	-	-	(30,159,398)	-	-	-	(30,159,398)	-	(30,159,398)
Capitalization of capital surplus stock	-	3,769,925	(3,769,925)	-	-	-	-	-	-
Profit for the six months ended 30 June 2014	-	-	-	25,955,254	-	-	25,955,254	510,871	26,466,125
Other comprehensive income for the six months ended 30 June 2014	-	-	-	-	(29,033,188)	(9,736,407)	(38,769,595)	-	(38,769,595)
Comprehensive income for the six months ended 30 June 2014	-	-	-	25,955,254	(29,033,188)	(9,736,407)	(12,814,341)	510,871	(12,303,470)
Exercise of convertible bonds	68,927	-	179,468	-	-	-	248,395	-	248,395
Due to issue of convertible corporate bonds with attached warrant	-	-	(19,606)	-	-	-	(19,606)	-	(19,606)
Non-controlling interest	-	-	-	-	-	-	-	(360,000)	(360,000)
Balance, 30 June 2014	\$142,733,969	\$3,769,925	\$83,903,435	\$230,440,689	\$167,226,918	\$28,216,045	\$656,290,981	\$4,736,336	\$661,027,317
Balance, 1 January 2015	\$149,096,462	\$-	\$89,624,676	\$262,763,887	\$295,891,857	\$41,799,123	\$839,176,005	\$5,077,640	\$ 844,253,645
Capitalization of capital surplus cash	-	-	(47,381,032)	-	-	-	(47,381,032)	-	(47,381,032)
Profit for the six months ended 30 June 2015	-	-	-	34,873,900	-	-	34,873,900	160,746	35,034,646
Other comprehensive income for the six months ended 30 June 2015	-	-	-	-	17,772,404	(17,766,809)	5,595	-	5,595
Comprehensive income for the six months ended 30 June 2015	-	-	-	34,873,900	17,772,404	(17,766,809)	34,879,495	160,746	35,040,241
Exercise of convertible bonds	8,922,910	-	23,289,022	-	-	-	32,211,932	-	32,211,932
Equity component-stock option from issuing convertible bonds	-	-	4,322,290	-	-	-	4,322,290	-	4,322,290
Non-controlling interest	-	-	-	-	-	-	-	(360,000)	(360,000)
Balance, 30 June 2015	\$158,019,372	\$-	\$69,854,956	\$297,637,787	\$313,664,261	\$24,032,314	\$863,208,690	\$4,878,386	\$868,087,076

The accompanying notes are an integral part of the consolidated financial statements.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 June 2015 and 2014
(All Amounts Expressed in US Dollars)
(Unaudited)

	For the Six Months Ended 30 June 2015	For the Six Months Ended 30 June 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$35,027,526	\$26,471,273
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expenses	55,454,860	48,683,506
Amortization expenses	7,680	13,569
Bad debt expenses	559,477	77,580
Gain on financial assets or liabilities at fair value through profit or loss	807,727	(81,481)
Interest expenses	14,434,010	13,248,511
Interest income	(931,292)	(1,455,432)
Gain on foreign currency exchange on corporate bond payable	131,449	(178,848)
Bond Payable redemption loss (gain)	-	(42,766)
Gain on disposal of property and equipment	(5,217,973)	(321,666)
Amortization of held to maturity financial assets	242,908	(258,450)
Charge fee	-	113
Amortization of convertible bonds payable issuance costs	148,318	116,733
Other losses (shipwreck loss)	-	15,767,873
Change in assets and liabilities		
Decrease (Increase) in accounts receivable	678,368	(23,446)
Decrease (Increase) in other receivables	(58,036)	222,696
Decrease (Increase) in inventories	(1,597,970)	814,201
Decrease (Increase) in prepaid expenses	(224,621)	(731,819)
Decrease (Increase) in other current assets	(919,547)	(3,268,811)
Increase (Decrease) in accounts payable	588,792	(571,893)
Increase (Decrease) in accrued expenses	1,528,944	(3,313,194)
Increase (Decrease) in advance receipts	192,633	(924,149)
Increase (Decrease) in other current liabilities	712,885	(85,635)
Increase (Decrease) in accrued pension liabilities	6,083	(58,023)
Cash generated from operating activities	101,572,221	94,100,442
Interest received	802,694	1,276,087
Interest paid	(13,611,865)	(11,749,869)
Income taxes paid	(254)	(4,082)
Net cash provided by operating activities	88,762,796	83,622,578
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of hedge derivative financial assets	13,636,409	-
Acquisition of property, plant and equipment	(9,250,707)	(6,045,376)
Proceeds from disposal of property, plant and equipment	33,320,000	18,140,800
Decrease (Increase) in long-term lease receivable	1,151,461	2,120,263
Increase in other noncurrent assets	(277,921,281)	(158,821,124)
Decrease (Increase) in other financial assets	(1,336,820)	1,400,982
Net cash used in investing activities	(240,400,938)	(143,204,455)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term borrowings	(216,876)	6,724,531
Increase (Decrease) in long-term borrowings	158,260,805	34,404,265
Repayment of bonds	-	(7,759,796)
Issuance of bonds payable	78,318,077	-
Decrease in guarantee deposits received	-	(1,000,000)
Decrease in lease payables	(1,047,630)	(1,433,774)
Increase in other finance liabilities	(7,163,029)	(4,823,896)
Changes in non-controlling interests	(360,000)	(360,000)
Net cash provided by financing activities	227,791,347	25,751,330
FOREIGN EXCHANGE RATE EFFECTS	475,813	(581,078)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	76,629,018	(34,411,625)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	15,389,501	81,405,179
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$92,018,519</u>	<u>\$46,993,554</u>

The accompanying notes are an integral part of the unaudited consolidated financial statement.

WISDOM MARINE LINES CO., LIMITED (CAYMAN)
AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2015 AND 2014
(Unaudited)
(In US Dollars Unless Stated Otherwise)

1. History and organization

Wisdom Marine Lines Co., Limited (Cayman) (the “Company”) was incorporated in the Cayman Islands on 21 October 2008 as a tax-exempt company with limited liability under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (the “Group”) primarily provide marine cargo transportation services, service related to the maintenance, vessel leasing, and shipping agency and management services. On 1 December 2010, the Company was approved and listed on Taiwan Stock Exchange (TWSE).

The Company’s parent company: None.

As of 30 June 2015 and 31 December 2014, the Company had 2,209 and 1,953 employees (including 2,079 and 1,824 crewmembers), respectively.

2. Date and authorization of financial statements for issue

The consolidated financial statements were authorized for issue by the Board of Directors on 24 July 2015.

3. Newly issued or revised standards and interpretations

- (1) Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2014. Please refer to Note 3 to the consolidated financial statements as of December 31, 2014.

A. *IAS 19 “Employee Benefits” (Defined benefit plans: employee contributions)*

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to provide a policy choice for a simplified accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment is effective for annual periods beginning on or after 1 July 2014.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

B. *Improvements to International Financial Reporting Standards (2010-2012 cycles):*

IFRS 2 "Share-based Payment"

The annual improvements amend the definitions of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendment prospectively applies to share-based payment transactions for which the grant date is on or after 1 July 2014.

IFRS 3 "Business Combinations"

The amendments include: (1) deleting the reference to "other applicable IFRSs" in the classification requirements; (2) deleting the reference to "IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or other IFRSs as appropriate", other contingent consideration that is not within the scope of IFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognized in profit or loss; (3) amending the classification requirements of IFRS 9 *Financial Instruments* to clarify that contingent consideration that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in profit or loss depending on the requirements of IFRS 9. The amendments apply prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

IFRS 8 "Operating Segments"

The amendments require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments. The amendments also clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 16 "Property, Plant and Equipment"

The amendment clarifies that when an item of property, plant and equipment is revalued, the accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 24 "Related Party Disclosures"

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment is effective for annual periods beginning on or after 1 July 2014.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

IAS 38 "Intangible Assets"

The amendment clarifies that when an intangible asset is revalued, the accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendment is effective for annual periods beginning on or after 1 July 2014.

C. *Improvements to International Financial Reporting Standards (2011-2013 cycles):*

IFRS 3 "Business Combinations"

This amendment clarifies that paragraph 2(a) of IFRS 3 *Business Combinations* excludes the formation of all types of joint arrangements as defined in IFRS 11 *Joint Arrangements* from the scope of IFRS 3; and the scope exception only applies to the financial statements of the joint venture or the joint operation itself. The amendment is effective for annual periods beginning on or after 1 July 2014.

IFRS 13 "Fair Value Measurement"

The amendment clarifies that paragraph 52 of IFRS 13 includes a scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. The objective of this amendment is to clarify that this portfolio exception applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation*. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 40 "Investment Property"

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property; in determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 *Business Combinations* and investment property as defined in IAS 40 *Investment Property*, separate application of both standards independently of each other is required. The amendment is effective for annual periods beginning on or after 1 July 2014.

In the current financial year, the Group has adopted all the new and revised standards and interpretations that are relevant to its operating. All standards and interpretations have no material impact on the Group.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (2) New accounting standards and interpretations that were issued but are not yet effective are as follows:

A. *IFRS 14 “Regulatory Deferral Accounts”*

IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. IFRS 14 is effective for annual periods beginning on or after 1 January 2016.

B. *IFRS 11 “Joint Arrangements” (Accounting for Acquisitions of Interests in Joint Operations)*

The amendments provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments require the entity to apply all of the principles on business combinations accounting in IFRS 3 “Business Combinations”, and other IFRS (that do not conflict with the guidance in IFRS 11), to the extent of its share in a joint operation acquired. The amendment also requires certain disclosure. The amendment is effective for annual periods beginning on or after 1 January 2016.

C. *IAS 16 “Property, Plant and Equipment and IAS 38 “Intangible Assets” — Clarification of Acceptable Methods of Depreciation and Amortization*

The amendment clarified that the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, such as selling activities and change in sales volumes or prices. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendment is effective for annual periods beginning on or after 1 January 2016.

D. *IFRS 15 “Revenue from Contracts with Customers”*

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The Standard is effective for annual periods beginning on or after 1 January 2017.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

E. *IAS 16 "Property, Plant and Equipment and IAS 41 "Agriculture" — Agriculture: Bearer Plants*

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 *Property, Plant and Equipment*, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, and the produce growing on bearer plants will remain within the scope of IAS 41. The amendment is effective for annual periods beginning on or after 1 January 2016.

F. *IFRS 9 "Financial Instruments"*

The IASB has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9 *Financial Instruments* (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).

Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that 'own credit risk' adjustments are not recognized in profit or loss.

Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.

The new standard is effective for annual periods beginning on or after 1 January 2018.

G. *IAS 27 "Separate Financial Statements" — Equity Method in Separate Financial Statements*

The IASB restored the option to use the equity method under IAS 28 for an entity to account for investments in subsidiaries and associates in the entity's separate financial statements. In 2003, the equity method was removed from the options. This amendment removes the only difference between the separate financial statements prepared in accordance with IFRS and those prepared in accordance with the local regulations in certain jurisdictions. The amendment is effective for annual periods beginning on or after 1 January 2016.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

H. *IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The amendment is effective for annual periods beginning on or after 1 January 2016.

I. *Improvements to International Financial Reporting Standards (2012-2014 cycles):*

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendment clarifies that a change of disposal method of assets (or disposal groups) from disposal through sale or through distribution to owners (or vice versa) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The amendment also requires identical accounting treatment for an asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners. The amendment is effective for annual periods beginning on or after 1 January 2016.

IFRS 7 "Financial Instruments: Disclosures"

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset and therefore the disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety under IFRS 7 *Financial Instruments: Disclosures* is required. The amendment also clarifies that whether the IFRS 7 disclosure related to the offsetting of financial assets and financial liabilities are required to be included in the condensed interim financial report would depend on the requirements under IAS 34 *Interim Financial Reporting*. The amendment is effective for annual periods beginning on or after 1 January 2016.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

IAS 19 "Employee Benefits"

The amendment clarifies the requirement under IAS 19.83, that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. The amendment is effective for annual periods beginning on or after 1 January 2016.

IAS 34 "Interim Financial Reporting"

The amendment clarifies what is meant by "elsewhere in the interim financial report" under IAS 34; the amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment is effective for annual periods beginning on or after 1 January 2016.

J. *IAS 1 "Presentation of Financial Statements" (Amendment):*

The amendments contain (1) clarifying that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments reemphasize that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted, (2) clarifying that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated, and how an entity shall present additional subtotals, (3) clarifying that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasize that understandability and comparability should be considered by an entity when deciding on that order, (4) removing the examples of the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be, and (5) clarifying that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The amendment is effective for annual periods beginning on or after 1 January 2016.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

K. *IFRS 10“Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities”, and IAS 28“Investments in Associates and Joint Ventures” — Investment Entities: Applying the Consolidation Exception*

The amendments contain (1) clarifying that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity when the investment entity measures all of its subsidiary at fair value, (2) clarifying that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated when all other subsidiaries of an investment entity are measured at fair value, and (3) allowing the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendment is effective for annual periods beginning on or after 1 January 2016.

The abovementioned standards and interpretations issued by IASB have not yet recognized at the date of issuance of the Group’s financial statements, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under D and F, it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated interim financial report has been prepared in accordance with IAS 34“Interim Financial Reporting”. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2014. This consolidated interim financial report does not include all information or disclosures required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

(2) Basis of preparation

A. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for those financial instruments that are measured at fair value with changes therein shown in the consolidated financial statements.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

B. Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The Group's consolidated financial statements are presented in US Dollar, which is the Company's functional currency and presentation currency.

(3) Basis of consolidation

(a) Preparation principle of consolidated financial statements

The consolidated financial statements have been prepared on the same basis as the consolidated financial statements as of 31 December 2014. Please refer to the Note 4 to the consolidated financial statements as of 31 December 2014 for details.

(b) The consolidated entities are listed as follows:

Investor	Investee Company Name	2015.06.30 Ownership Percentage	2014.12.31 Ownership Percentage
The Company	Wisdom Marine Lines S.A. (Panama) (WML)	100%	100%
"	Wisdom Marine International Inc. (WII)	100%	100%
WII	Well Shipmanagement and Maritime Consultant Co., Ltd.(WELL)	100%	100%
WML	Adixi Wisdom S.A.	100%	100%
"	Amis Carriers S.A.	100%	100%
"	Amis Elegance S.A.	100%	100%
"	Amis Fortune S.A.	100%	100%
"	Amis International S.A.	100%	100%
"	Amis Mariner S.A.	100%	100%
"	Amis Navigation S.A.	100%	100%
"	Amis Star S.A.	100%	100%
"	Amis Wisdom S.A.	100%	100%
"	Arikun Wisdom S.A.	100%	100%
"	Atayal Brave S.A.	100%	100%
"	Atayal Mariner S.A.	100%	100%
"	Atayal Star S.A.	100%	100%
"	Atayal Wisdom S.A.	100%	100%

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Investee Company Name	2015.06.30 Ownership Percentage	2014.12.31 Ownership Percentage
WML	Babuza Wisdom S.A.	100%	100%
"	Beagle Marine S.A.	100%	100%
"	Beagle Wisdom S.A.	100%	100%
"	Bunun Brave S.A.	100%	100%
"	Bunun Champion S.A.	100%	100%
"	Bunun Dynasty S.A.	100%	100%
"	Bunun Elegance S.A.	100%	100%
"	Bunun Fortune S.A.	100%	100%
"	Bunun Hero S.A.	100%	-
"	Bunun Marine S.A.	100%	100%
"	Bunun Navigation S.A.	100%	100%
"	Bunun Wisdom S.A.	100%	100%
"	Cosmic Wisdom S.A.	100%	100%
"	Daiwan Champion S.A.	100%	100%
"	Daiwan Dolphin S.A.	100%	100%
"	Daiwan Elegance S.A.	100%	100%
"	Daiwan Fortune S.A.	100%	100%
"	Daiwan Glory S.A.	100%	100%
"	Dumun Marine S.A.	100%	100%
"	Dumun Navigation S.A.	100%	100%
"	Elite Steamship S.A.	100%	100%
"	Euroasia Investment S.A.	100%	100%
"	Favoran Wisdom S.A.	100%	100%
"	Fourseas Maritime S.A. Panama	100%	100%
"	Fraternity Marine S.A.	100%	100%
"	Fraternity Ship Investment S.A.	100%	100%
"	Genius Marine S.A.	100%	100%
"	Genius Prince S.A.	100%	100%
"	Genius Star Carriers S.A.	100%	100%
"	Genius Star Navigation S.A.	100%	100%
"	GS Global S.A.	100%	100%
"	GS Navigation S.A.	100%	100%
"	GSX Maritime S.A.	100%	100%
"	Guma Marine S.A.	100%	100%

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Investee Company Name	2015.06.30 Ownership Percentage	2014.12.31 Ownership Percentage
WML	Guma Navigation S.A.	100%	100%
"	Harmony Pescadores S.A.(Panama)	100%	100%
"	Harmony Success S.A.	40%	40%
"	Harmony Transport S.A.	100%	100%
"	Hoanya Wisdom S.A.	100%	100%
"	Infinite Wisdom S.A.	100%	100%
"	Katagalan Carriers S.A.	100%	100%
"	Katagalan Line S.A.	100%	100%
"	Katagalan Marine S.A.	100%	100%
"	Katagalan Navigation S.A.	100%	100%
"	Katagalan Star S.A.	100%	100%
"	Katagalan Wisdom S.A.	100%	100%
"	Kavalan Wisdom S.A.	100%	100%
"	Ligulao Wisdom S.A.	100%	100%
"	Lloa Wisdom S.A.	100%	100%
"	Log Wisdom S.A.	100%	100%
"	Luilang Wisdom S.A.	100%	100%
"	Magnate Maritime S.A.	100%	100%
"	Makatao Wisdom S.A.	100%	100%
"	Mercy Marine Line S.A.	100%	100%
"	Mighty Maritime S.A.	100%	100%
"	Mimasaka Investment S.A.	100%	100%
"	Mount Wisdom S.A.	100%	100%
"	Paiwan Wisdom S.A.	100%	100%
"	Papora Wisdom S.A.	100%	100%
"	Pazeh Wisdom S.A.	100%	100%
"	Pescadores International Line S.A.	100%	100%
"	Poavosa International S.A.	100%	100%
"	Poavosa Maritime S.A.	100%	100%
"	Poavosa Navigation S.A.	100%	100%
"	Poavosa Wisdom S.A.	100%	100%
"	Rukai Maritime S.A.	100%	100%
"	Sakizaya Diamond S.A.	100%	100%
"	Sakizaya Fortune S.A.	100%	-

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Investee Company Name	2015.06.30 Ownership Percentage	2014.12.31 Ownership Percentage
WML	Sakizaya Glory S.A.	100%	-
"	Sakizaya Line S.A.	100%	100%
"	Sakizaya Marine S.A.	100%	100%
"	Sakizaya Navigation S.A.	100%	100%
"	Sakizaya Wisdom S.A.	100%	100%
"	Sao Wisdom S.A.	100%	100%
"	Saysiat Wisdom S.A.	100%	100%
"	Siraya Wisdom S.A.	100%	100%
"	Taivoan Wisdom S.A.	100%	100%
"	Tao Ace S.A.	100%	100%
"	Tao Brave S.A.	100%	100%
"	Tao Mariner S.A.	100%	100%
"	Tao Star S.A.	100%	100%
"	Tao Treasure S.A.	100%	100%
"	Taokas Marine S.A.	100%	100%
"	Taokas Navigation S.A.	100%	100%
"	Taokas Wisdom S.A.	100%	100%
"	Taroko Maritime S.A.	100%	100%
"	Taroko Wisdom S.A.	100%	100%
"	Triumph Wisdom S.A.	100%	100%
"	Trobian Wisdom S.A.	100%	100%
"	Unicorn Bravo S.A.	100%	100%
"	Unicorn Fortune S.A.	100%	100%
"	Unicorn Logger S.A.	100%	100%
"	Unicorn Logistics S.A.	100%	100%
"	Unicorn Marine S.A.	100%	100%
"	Unicorn Pescadores S.A.	100%	100%
"	Unicorn Successor S.A.	100%	100%
"	Vayi Wisdom S.A.	100%	100%
"	Winsome Wisdom S.A.	100%	100%
"	Wisdom Ace S.A.	100%	100%

Subsidiaries excluded from consolidation: None.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(4) Except for the following accounting policies, the same accounting policies have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2014. Please refer to Note 4 to the consolidated financial statements as of December 31, 2014 for the details of summary of significant accounting policy.

A. Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

B. Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. Significant accounting judgements, estimates and assumptions

The same significant accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2014. Please refer to the Note 5 to the consolidated financial statements as of 31 December 2014 for details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	30 June 2015	31 December 2014
Cash on hand	\$3,783	\$4,483
Check deposits	16	16
Demand deposits	13,875,926	8,223,532
Time deposits	78,138,794	7,161,470
Total	<u>\$92,018,519</u>	<u>\$15,389,501</u>

As of 30 June 2015 and 31 December 2014, cash and cash equivalents with carrying amounts of \$22,374,881 and \$21,155,325 respectively, were pledged to secure bank loans and were classified under other financial assets.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Financial instruments at fair value through profit or loss

	30 June 2015	31 December 2014
Financial assets at fair value through profit or loss		
-Financial assets held for trading-current	\$939,322	\$226,005
-Financial assets held for trading-noncurrent	\$1,073,514	\$1,783,685
Financial liabilities at fair value through profit or loss		
-Financial liabilities held for trading-current	\$(3,282)	\$(29,783)
-Financial liabilities held for trading-noncurrent	\$(1,428,712)	\$(924,074)

(a) As of 30 June 2015 and 31 December 2014, the amount of the Group's bonds payable, including embedded derivative instruments — put right were \$1,428,712 and \$953,857 respectively. The bonds payable, including embedded derivative instruments — put right was recognized as financial liabilities held for trading-current/noncurrent. Please refer 6.(10) for further details.

(b) In order to hedge the exchange rate risk in connection with foreign currency assets and liabilities held, the Group has entered into forward foreign exchange contracts with financial institutions. However, hedge accounting was not applied to these contracts. The non-deliverable forward contracts as of 30 June 2015 and 31 December 2014 were as follows:

30 June 2015				
Derivatives financial instruments	Fair value	Expiration date	Amount	Settlement
Financial assets held for trading-current				
Forward contracts	\$2,171	2015/04~2015/11	\$97,900	¥11,703,945
Forward contracts	469,816	2013/06~2016/01	\$2,090,000	¥197,233,300
Forward contracts	467,335	2013/06~2016/03	\$2,090,000	¥197,484,100
Total	<u>\$939,322</u>			
Financial assets held for trading-noncurrent				
Forward contracts	\$546,250	2013/10~2016/07	\$2,500,000	¥237,500,000
Forward contracts	527,264	2013/10~2017/02	\$2,500,000	¥234,600,000
Total	<u>\$1,073,514</u>			

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

30 June 2015

Derivatives financial instruments	Fair value	Expiration date	Amount	Settlement
Financial liabilities held for trading-current				
Forward contracts	\$3,282	2015/06~2016/01	\$400,000	¥49,220,000

31 December 2014

Derivatives financial instruments	Fair value	Expiration date	Amount	Settlement
Financial assets held for trading-current				
Forward contracts	\$44,730	2014/11~2015/01	\$1,870,350	€1,500,000
Forward contracts	43,965	2014/11~2015/02	\$1,870,050	€1,500,000
Forward contracts	43,845	2014/11~2015/03	\$1,870,350	€1,500,000
Forward contracts	46,755	2014/11~2015/04	\$1,873,800	€1,500,000
Forward contracts	46,710	2014/11~2015/05	\$1,874,250	€1,500,000
Total	\$226,005			

Financial assets held for trading-noncurrent

Forward contracts	\$413,064	2013/06~2016/01	\$2,090,000	¥197,233,300
Forward contracts	414,395	2013/06~2016/03	\$2,090,000	¥197,484,100
Forward contracts	492,066	2013/10~2016/07	\$2,500,000	¥237,500,000
Forward contracts	464,160	2013/10~2017/02	\$2,500,000	¥234,600,000
Total	\$1,783,685			

(3) Held-to-maturity financial assets

	30 June 2015	31 December 2014
Held-to-maturity financial assets		
Current	\$6,075,131	\$3,274,000
Non-current	\$606,629	\$3,650,668

(a) As of 30 June 2015 and 31 December 2014, the held-to-maturity financial assets had maturities during the period from October 2015 to February 2018.

(b) As of 30 June 2015 and 31 December 2014, financial assets with the carrying amounts of \$6,681,760 and \$6,924,668, respectively, were pledged for bank loans.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(4) Derivatives as hedging instruments

	<u>30 June 2015</u>	<u>31 December 2014</u>
Derivative financial assets(liabilities) for hedging		
Cash flow hedge - forward contracts		
Current	<u>\$12,318,253</u>	<u>\$13,444,055</u>
Non-current	<u>\$7,497,478</u>	<u>\$16,384,317</u>

The Group's risk control activities and hedging strategy relate primarily to the Group's operating activities. As the Group has foreign currency trading with shipyards, its foreign currency assets (liabilities) and future cash flows are exposed to foreign exchange risks and subject to exchange rate fluctuations. In order to manage foreign exchange risks, the Group engages in forward exchange contracts to hedge the foreign exchange risk for better control and measurement of such risks. These forward exchange contracts are cash flow hedges.

Hedge accounting was applied to these forward contracts. The non-deliverable forward contracts on 30 June 2015 and 31 December 2014 were as follows:

<u>30 June 2015</u>					
Hedging instrument	Fair value of designated hedging instrument	Periods when the cash flows are expected to occur	Periods when the related profit or loss are expected to affect the statement of comprehensive income	Amount	Settlement
Derivative financial assets(liabilities) for hedging –current					
Forward contracts	\$169,522	2015/02~2015/08	2015/02~2015/08	\$5,554,000	¥657,149,280
Forward contracts	843,973	2013/01~2015/11	2013/01~2015/11	\$3,000,000	¥263,130,000
Forward contracts	555,827	2015/02~2015/11	2015/02~2015/11	\$16,662,000	¥1,969,115,160
Forward contracts	5,126,023	2013/01~2016/01	2013/01~2016/01	\$18,000,000	¥1,569,960,000
Forward contracts	2,818,894	2013/06~2016/01	2013/06~2016/01	\$12,540,000	¥1,183,399,800
Forward contracts	2,804,014	2013/06~2016/03	2013/06~2016/03	\$12,540,000	¥1,184,904,600
Total	<u>\$12,318,253</u>				

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

30 June 2015

Hedging instrument	Fair value of designated hedging instrument	Periods when the cash flows are expected to occur	Periods when the related profit or loss are expected to affect the statement of comprehensive income	Amount	Settlement
Derivative financial assets(liabilities) for hedging -noncurrent					
Forward contracts	\$3,805,291	2013/10~2016/09	2013/10~2016/09	\$17,500,000	¥1,657,075,000
Forward contracts	3,692,187	2013/10~2017/03	2013/10~2017/03	\$17,500,000	¥1,640,450,000
Total	<u>\$7,497,478</u>				

31 December 2014

Hedging instrument	Fair value of designated hedging instrument	Periods when the cash flows are expected to occur	Periods when the related profit or loss are expected to affect the statement of comprehensive income	Amount	Settlement
Derivative financial assets(liabilities) for hedging –current					
Forward contracts	\$2,725,310	2014/05~2015/01	2014/05~2015/01	\$17,880,000	¥1,814,641,200
Forward contracts	4,543,533	2012/10~2015/03	2012/10~2015/03	\$12,600,000	¥963,018,000
Forward contracts	4,552,384	2012/10~2015/05	2012/10~2015/05	\$12,600,000	¥961,254,000
Forward contracts	793,196	2013/01~2015/11	2013/01~2015/11	\$3,000,000	¥263,130,000
Forward contracts	80,934	2014/11~2015/04	2014/11~2015/04	\$4,146,000	¥484,169,880
Forward contracts	255,220	2014/11~2015/05	2014/11~2015/05	\$12,870,000	¥1,501,929,000
Forward contracts	97,187	2014/11~2015/01	2014/11~2015/01	\$4,146,000	¥484,501,560
Forward contracts	52,796	2014/11~2015/03	2014/11~2015/03	\$2,650,000	¥309,308,000
Forward contracts	343,495	2014/11~2015/06	2014/11~2015/06	\$17,550,000	¥2,045,979,000
Total	<u>\$13,444,055</u>				

Derivative financial assets(liabilities) for hedging -noncurrent

Forward contracts	\$3,500,304	2013/10~2016/09	2013/10~2016/09	\$17,500,000	¥1,657,075,000
Forward contracts	3,246,607	2013/10~2017/03	2013/10~2017/03	\$17,500,000	¥1,640,450,000
Forward contracts	2,478,383	2013/06~2016/01	2013/06~2016/01	\$12,540,000	¥1,183,399,800
Forward contracts	2,486,372	2013/06~2016/03	2013/06~2016/03	\$12,540,000	¥1,184,904,600
Forward contracts	4,672,651	2013/01~2016/01	2013/01~2016/01	\$18,000,000	¥1,569,960,000
Total	<u>\$16,384,317</u>				

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(5) Accounts receivable, net

	30 June 2015	31 December 2014
Accounts receivable	\$4,346,273	\$5,052,860
Less: allowance for doubtful debts	(83,258)	-
Net accounts receivable	<u>\$4,263,015</u>	<u>\$5,052,860</u>

The aforementioned accounts receivable are generated by the operation and the Group does not hold any collateral for such trade receivables.

The Group's major revenue come from freight revenue and hire revenue. Freight revenue is recognized on the percentage of completion basis according to the sailing time of each trip. Hire revenue is recognized monthly on accrual basis. However, the main components of accounts receivable include hire revenue as contracted, hire dispute, vessel delay, and the claim receivables of collisions.

(6) Inventories

	30 June 2015	31 December 2014
Fuel	<u>\$3,411,818</u>	<u>\$1,813,848</u>

As of 30 June 2015 and 31 December 2014, the aforesaid inventories were not pledged as collateral.

(7) Property and equipment

	Beginning			Re -	Foreign	
30 June 2015	balance	Addition	Disposal	classification	exchange rate	Ending balance
Cost						
Vessel	\$2,394,731,073	\$1,706,352	\$32,200,000	\$337,017,039	\$-	\$2,701,254,464
Vessel equipment	10,697,598	3,383,850	-	-	-	14,081,448
Dry-dock	15,328,207	3,937,183	-	2,350,000	-	21,615,390
Transportation equipment	173,776	-	-	-	4,448	178,224
Office equipment	202,527	12,825	-	-	5,185	220,537
Leased assets	41,312,641	210,497	-	-	-	41,523,138
Leasehold improvements	85,458	-	-	-	2,188	87,646
Total	<u>2,462,531,280</u>	<u>9,250,707</u>	<u>32,200,000</u>	<u>339,367,039</u>	<u>11,821</u>	<u>2,778,960,847</u>

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

30 June 2015	Beginning balance	Addition	Disposal	Re - classification	Foreign exchange rate effects	Ending balance
Accumulated depreciation						
Vessel	363,633,011	49,465,837	-	-	-	413,098,848
Vessel equipment	3,583,232	1,366,593	-	-	-	4,949,825
Dry-dock	7,324,687	3,619,358	-	-	-	10,944,045
Transportation equipment	145,910	14,701	-	-	3,887	164,498
Office equipment	149,317	10,871	-	-	3,934	164,122
Leased assets	9,962,639	972,853	-	-	-	10,935,492
Leasehold improvements	40,349	4,647	-	-	1,080	46,076
Total	384,839,145	55,454,860	-	-	8,901	440,302,906
Net Balance	<u>\$2,077,692,135</u>	<u>\$(46,204,153)</u>	<u>\$32,200,000</u>	<u>\$339,367,039</u>	<u>\$2,920</u>	<u>\$2,338,657,941</u>

(a) For the six-month periods ended 30 June 2015 and 2014, the Group had amortization expenses as follows:

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2015	2014	2015	2014
Operating Cost	\$28,629,740	\$24,823,584	\$55,424,641	\$ 48,655,177
Operating Expenses	15,315	14,204	30,219	28,329

(b) As of 30 June 2015 and 31 December 2014, the residual value of the vessels amounted to \$305,682 thousand and \$258,033 thousand, respectively, and the estimated useful lives were both ranging from 8 to 25 years.

(c) As of 30 June 2015 and 31 December 2014, the Group had agreed to assign the chartering income of some vessels as security for loan repayment.

(d) As of 30 June 2015 and 31 December 2014, 94 and 85 vessels, respectively, were pledged to banks. The pledge of these vessels is required by the banks which granted the loans to finance the purchase of the vessels and to secure the timely repayment of the loans. The book value of these vessels was \$2,303,685 thousand and \$2,060,565 thousand, respectively.

(e) As of 30 June 2015 and 31 December 2014, the Group has entered into certain shipbuilding contracts. Refer to Note 9.(a) for further details.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
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- (f) As of 30 June 2015 and 31 December 2014, the vessels of the Group were insured for \$2,573,500 thousand and \$2,283,500 thousand, respectively.
- (g) For the six months ended 30 June 2015 and 2014, the Group disposed of certain vessels for \$33,320,000 and \$18,140,800 which resulted in a gain on disposal of property and equipment of \$5,217,973 and \$321,666, respectively.
- (h) On 18 March 2014, the Group reduced vessel equipment in the amount of ¥1,561,715,268 and the loss of other assets in book value recognized a loss of \$15,767,873 which was charged to profit or loss under other expenses and losses. The Group has insured 128% of the vessel's carrying amount and as of 31 December 2014, received the insurance claim payment of \$20,000 thousand in full which was also charged to profit or loss under income and gains.
- (i) For the six months ended 30 June 2015 and 2014, the amounts of total interest expense before capitalization of borrowing costs were \$14,854,485 and \$13,301,014; the capitalization of interest were \$420,475 and \$52,503, and the capitalization of interest will be paid annually at a rate of 1.87~2.4% and 1.91~3.42%, respectively.

(8) Other noncurrent assets — Other

	30 June 2015	31 December 2014
Prepayment for vessels	\$90,696,500	\$154,627,082
Deferred expenses	16,135	23,297
Total	<u>\$90,712,635</u>	<u>\$154,650,379</u>

(9) Interest-bearing loans and borrowings

The Group's interest-bearing loans and borrowings, which are measured at amortized cost, were as follows:

	30 June 2015	31 December 2014
Bank loans — Short-term borrowings	<u>\$28,201,833</u>	<u>\$28,418,709</u>
Long-term borrowings (including current portion)	<u>\$1,401,555,716</u>	<u>\$1,260,249,266</u>

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A. Terms and conditions of outstanding loans were as follows:

Loans	Currency	Nominal interest rate	Year of maturity	Amount
30 June 2015				
Unsecured	USD	1.18%~2.05%	2013.09.03~2017.03.26	\$24,466,667
	JPY	0.95%~1.20%	2014.08.19~2016.08.31	9,890,380
Secured	USD	0.56%~2.95%	2009.02.20~2026.06.30	572,118,382
	JPY	0.46%~2.43%	2005.12.12~2025.10.21	823,282,120
Total				<u>\$1,429,757,549</u>

Loans	Currency	Nominal interest rate	Year of maturity	Amount
31 December 2014				
Unsecured	USD	1.30%~3.35%	2013.09.03~2016.12.19	\$24,133,333
	JPY	0.96%~1.34%	2014.08.19~2016.08.31	10,107,006
Secured	USD	0.55%~3.30%	2009.02.20~2026.06.30	518,226,145
	JPY	0.47%~3.27%	2005.12.12~2025.10.21	736,201,491
Total				<u>\$1,288,667,975</u>

B. Future settlements of interest-bearing long-term loans and borrowings were as follows:

Maturity Period	30 June 2015	31 December 2014
Within one year	\$164,980,287	\$136,634,091
Beyond one year and up to five years	679,638,280	549,295,732
More than five years	556,937,149	574,319,443
Total	<u>\$1,401,555,716</u>	<u>\$1,260,249,266</u>

- (a) As of 30 June 2015 and 31 December 2014, WML had provided financing guarantees for its subsidiaries of \$1,208,019 thousand and \$1,105,865 thousand, respectively.
- (b) As of 30 June 2015 and 31 December 2014, the Group had unused credit facilities of \$44,661 thousand and \$113,754 thousand, respectively.
- (c) The Group's covenants under the loan agreements are as follows:
- (i) Loan lenders shall be notified of any significant movement of the Group's shareholder's equity.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (ii) In certain circumstances, the Group retains the option to select the currency to be used for loan or debt settlement.
- (iii) Some equity shares of the Company's subsidiaries were pledged to secure bank loans.
- (d) As of 30 June 2015 and 31 December 2014, WML and the Company had provided financial guarantees for the Company's subsidiaries. Please refer to Note 9.(d) for further details.

(10) Bonds Payable

	30 June 2015	31 December 2014
Domestic convertible bonds	\$99,407,721	\$55,564,999
Less: current portion	25,355,361	47,590,470
Net	<u>\$74,052,360</u>	<u>\$7,974,529</u>

- (a) The Group's overseas unsecured convertible bonds were as follows:

	30 June 2015	31 December 2014
First overseas unsecured convertible bonds issued in 2012		
Convertible bonds issued	\$20,387,360	\$20,387,360
Discounted on bonds payable	(141,235)	(431,035)
Accumulated converted amount	(9,323,226)	(3,382,336)
Accumulated redeemed amount	(7,682,967)	(7,682,967)
Valuation on bonds payable	<u>(785,044)</u>	<u>(916,493)</u>
Net	2,454,888	7,974,529
Less: Current portion of bonds payable	<u>-</u>	<u>-</u>
Subtotal	<u>2,454,888</u>	<u>7,974,529</u>

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	30 June	31 December
	2015	2014
First overseas unsecured convertible bonds issued in 2013		
Convertible bonds issued	60,000,000	60,000,000
Discounted on bonds payable	(2,144,639)	(4,659,530)
Accumulated converted amount	<u>(32,500,000)</u>	<u>(7,750,000)</u>
Net	25,355,361	47,590,470
Less: Current portion of bonds payable	<u>(25,355,361)</u>	<u>(47,590,470)</u>
Subtotal	<u>-</u>	<u>-</u>
Second overseas unsecured convertible bonds issued in 2015		
Convertible bonds issued	80,000,000	-
Discounted on bonds payable	(8,402,528)	-
Accumulated converted amount	<u>-</u>	<u>-</u>
Net	71,597,472	-
Less: Current portion of bonds payable	<u>-</u>	<u>-</u>
Subtotal	<u>71,597,472</u>	<u>-</u>
Total	<u><u>\$74,052,360</u></u>	<u><u>\$7,974,529</u></u>
Embedded derivative instruments — put right, accounted under financial liabilities at fair value through profit or loss	<u>\$1,428,712</u>	<u>\$953,857</u>
Equity components — Capital surplus, accounted under capital surplus	<u>\$8,420,019</u>	<u>\$4,097,729</u>
Liability components — Financial liabilities reported at fair value through profit or loss	<u>\$807,591</u>	<u>\$(741,989)</u>
Interest expense	<u><u>\$1,509,818</u></u>	<u><u>\$2,455,072</u></u>

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
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(b) The offering information of the unsecured convertible bonds was as follows:

Item	First overseas unsecured convertible bonds issued in 2012
1. Offering amount	NT\$600,000 thousand
2. Issue date	29 March 2012
3. Outstanding amount	NT\$78,500thousand
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 29 March 2012 to the maturity date of 29 March 2017
6. Guarantee Institutions	None
7. Settlement	A converting bond holder can convert bonds into the Company's common stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when they mature.
8. Redemption at the option of the holder	The bondholders can execute put option after two years from issuance date (29 March 2014). The Company should send through registered mail the "Notification of bondholder's put option" 30 days before the maturity date. (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 30 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value * 101% after two years maturity period, the real yield is 0.5%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.
9. Conversion	<p>(1) Conversion period</p> <p>The bondholders will have the right to convert their bonds at any time during the conversion period commencing 30 April 2012 (the 30th day following the closing date) and ending at the close of business on 19 March 2017 (the 10th day prior to the maturity Date).</p> <p>(2) Conversion price</p> <p>The conversion price had been adjusted from NT\$46.00 per share to NT\$40.36 per share effective 14 August 2012.</p> <p>The conversion price had been adjusted from NT\$40.36 per share to NT\$36.80 per share effective 20 August 2013.</p> <p>The conversion price had been adjusted from NT\$36.80 per share to NT\$33.70 per share effective 2 August 2014.</p> <p>The conversion price had been adjusted from NT\$33.70 per share to NT\$31.30 per share effective 4 July 2015.</p>

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Item	First overseas unsecured convertible bonds issued in 2013
1. Offering amount	US\$60 million
2. Issue date	12 November 2013
3. Outstanding amount	US\$27,500 thousands
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 12 November 2013 to maturity date of 12 November 2018
6. Guarantee Institutions	Citicorp International Limited
7. Settlement	Unless the bonds have been previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed by the Company on maturity date at an amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 110.46% of the principal amount.
8.Redemption at the option of the holder	<p>(1) Each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds on 12 November 2015 at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 104.06% of the principal amount.</p> <p>(2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis.</p> <p>(3) In the event of change of control occurs with respect to the Company, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount.</p>
9.Conversion	<p>(1) Conversion period Unless the bonds have been redeemed before maturity, repurchased and cancelled or converted, each holder of the bonds will have the right at any time during the conversion period commencing 23 December 2013 (the 41st day following the closing Date) and ending at the close of business on 2 November 2018 (the 10th day prior to the maturity Date), to convert their bonds.</p> <p>(2) Conversion price The conversion price was NT\$35.3369 per share which was 100.1% of the closing price reported by the TWSE in respect of the common shares of the Company on 4 November 2013. The conversion price had been adjusted from NT\$35.3369 per share to NT\$32.6486 per share effective 2 August 2014. The conversion price had been adjusted from NT\$32.6486 per share to NT\$30.3524 per share effective 4 July 2015.</p>

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
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Item	First overseas unsecured convertible bonds issued in 2012
	(3) Conversion to common shares Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of bonds of NT\$29.4180 = US\$1.00) divided by the conversion price on the conversion date.
Item	Second overseas unsecured convertible bonds issued in 2015
1. Offering amount	US\$80 million
2. Issue date	10 April 2015
3. Outstanding amount	US\$80 million
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 10 April 2015 to maturity date of 10 April 2020
6. Guarantee Institutions	Citicorp International Limited
7. Settlement	Unless the bonds have been previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed by the Company on maturity date at an amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 110.46% of the principal amount.
8.Redemption at the option of the holder	<p>(1) Each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds on 10 April 2017 at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 104.06% of the principal amount.</p> <p>(2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis.</p> <p>(3) In the event of change of control occurs with respect to the Company, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount.</p>
9.Conversion	<p>(1) Conversion period Unless the bonds have been redeemed before maturity, repurchased and cancelled or converted, each holder of the bonds will have the right at any time during the conversion period commencing 21 May 2015 (the 41st day following the closing Date) and ending at the close of business on 31 March 2020 (the 10th day prior to the maturity Date), to convert their bonds.</p>

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
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Item	Second overseas unsecured convertible bonds issued in 2015
	(2) Conversion price
	The conversion price was NT\$42.79 per share which was 110% of the closing price reported by the TWSE in respect of the common shares of the Company on 1 April 2015.
	The conversion price had been adjusted from NT\$42.79 per share to NT\$39.78 per share effective 4 July 2015.
	(3) Conversion to common shares
	Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of bonds of NT\$31.271 = US\$1.00) divided by the conversion price on the conversion date.

- (c) The bondholders exercised the right to repurchase within the period of repurchase (from 27 February 2014 to 29 March 2014) the first overseas unsecured convertible bonds issued by the Group in 2012 according to the issuance prospectus. The bondholders requested that the consolidated company redeem the convertible bonds at 101% face value, which amounts to NT\$234,100 thousands (US\$7,682,967). The Group recognized gain from redemption of corporate bonds in the amount of NT\$1,303 thousands (US\$39,454, under other income item) after deducting from the redemption price the book values of the corporate bond and the liabilities of conversion rights. The book value of the first overseas unsecured convertible bonds issued by the Group in 2012, less the accumulated conversion and accumulated reserve for redemption has been reclassified to non-current liabilities after the expiration of resale period.

(11) Leases

A. Lessors

(a) Finance leases

- (i) Future lease receivable under financing lease as of 30 June 2015 and 31 December 2014:

	30 June 2015	
	Minimum Lease	
	Receivable	Interest income
Within one year	\$1,184,720	\$279,280
Beyond one year and up to five years	3,625,043	301,549
Total	<u>\$4,809,763</u>	<u>\$580,829</u>

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	31 December 2014	
	Minimum Lease	
	Receivable	Interest income
Within one year	\$2,672,555	\$1,315,070
Beyond one year and up to five years	18,084,608	3,220,717
Total	<u>\$20,757,163</u>	<u>\$4,535,787</u>

- (ii) The Group leases out some vessels to third parties. The lessees have the option to purchase the assets at a price that is sufficiently lower than the fair value upon the expiry of the contracts. These lease agreements will mature in May 2018.

(b) Chartering

- (i) Future hiring receivables as of 30 June 2015 and 31 December 2014 were as follows:

	30 June 2015	31 December 2014
Within one year	\$290,595,585	\$244,975,080
Beyond one year and up to five years	810,301,194	681,178,947
More than five years	616,714,094	529,140,215
Total	<u>\$1,717,610,873</u>	<u>\$1,455,294,242</u>

- (ii) Due to early termination of contract by a lessee, the Group in 4 March 2014, the company recognized compensation of \$7,975,800 and has been recovered in full, booked as other revenue.

B. Lessee

(a) Finance leases

- (i) Future non-cancellable lease payments under financing lease as of 30 June 2015 and 31 December 2014:

	30 June 2015		31 December 2014	
	Minimum		Minimum	
	Lease	Interest	Lease	Interest
	Payment	expense	Payment	expense
Within one year	\$2,063,727	\$461,425	\$2,108,928	\$503,950
Beyond one year and up to five years	13,092,667	403,132	14,433,896	638,472
Total	<u>\$15,156,394</u>	<u>\$864,557</u>	<u>\$16,542,824</u>	<u>\$1,142,422</u>

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- (ii) The Group planned to exercise its right to acquire some vessels in October 2009, and pay for the purchase price of the vessels after delivery. However, the Group and the lessor had both agreed to extend the lease term to October 2017, and the other conditions of the lease remained unchanged.

(b) Bareboat Hire and Purchase (BBHP)

- (i) As of 30 June 2015, the Group engaged in vessels sale and lease back transactions based on the operating performance and the investment strategies. The sale and lease back transactions resulted in financial leases, and the related information of these transactions was as follows:

Vessel	Lease term	Rent	Contract price	Interest rate
A	5 years from 2012.04	\$276,000/quarter	\$6,900,000	3m Libor + 1.65%
B	7 years from 2012.12	\$347,750/quarter	\$14,980,000	Max (3m Libor+2.2%, Taifx+1.2%, 2.5%)
C	5 years from 2013.05	\$345,000/quarter	\$6,900,000	Max (3m Libor+2.2%, Taifx+1.9%, 2.5%)

- (ii) Future non-cancellable chartering payments as of 30 June 2015 and 31 December 2014 were as follows:

	30 June 2015	31 December 2014
Within one year	\$3,875,000	\$8,938,250
Beyond one year and up to five years	15,355,500	17,293,000
Total	\$19,230,500	\$26,231,250

- (iii) Based on the BBHP contracts, the Group has the option to buy the vessels at maturity date in the third year of the lease agreements and can acquire the lease vessels when the Group makes the payment.

- (iv) As of 30 June 2015 and 31 December 2014, the Group has issued promissory notes of \$22,761,000 and \$30,721,000, respectively, for these lease agreements.

(12) Equities

A. Capital

- (a) On 21 October 2008, the Company was incorporated with a registered capital of NT \$3,300,000 thousand. In January 2009, based on the approval of the board of directors, the Company issued shares of stock worth NT\$2,000,000 thousand, divided into 200,000 thousand shares with par value of \$10 per share.

As of 30 June 2015 and 31 December 2014, the total outstanding capital of the Company amounted to NT\$4,983,244 thousand and NT\$4,705,131 thousand, consisting of 498,324 thousand and 470,513 thousand shares with a par value of NT \$10 per share.

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- (b) On 29 May 2015, the shareholders resolved at their meeting to distribute the 2014 capital surplus as cash at NT\$3.00 per share. The record date of this capital increase was 4 July 2015.
- (c) As of 30 June 2015, convertible bonds were converted into common stock and capital surplus of \$8,922,910 and \$27,611,312, respectively.

B. Capital Surplus

The components of the capital surplus were as follows:

	30 June 2015	31 December 2014
From issuance of share capital	\$61,320,512	\$85,412,522
Employee share options	114,425	114,425
Stock option from convertible bonds	8,420,019	4,097,729
Total	<u>\$69,854,956</u>	<u>\$89,624,676</u>

C. Retained earnings

- (a) The Company's distribution of directors' and supervisors' remuneration is based on the level of earnings and the resolution of the board of directors. Distributions of directors' and supervisors' remuneration are classified into cost or operating expense. Any difference between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, is accounted for as a change in accounting estimates and is charged to profit or loss.
- (b) On 29 May 2015 and 27 June 2014, the Company's shareholders resolved at the shareholder's meeting to appropriate the 2014 and 2013 earnings, respectively. These earnings were distributed as dividends and remuneration to directors and supervisors as follows:

	Unit: NTD	
	For the Years Ended 31 December	
Item	2014	2013
Capital surplus Cash -per share	\$3.00	\$2.00
Capital surplus Stock -per share	\$-	\$0.25

	For the Years Ended 31 December	
Item	2014	2013
Directors' and supervisors' remuneration	\$275,263	\$255,400

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(c) The differences between the actual appropriations of 2014 and 2013 earnings for directors and supervisors' remunerations as approved at the shareholders' meeting and the amounts recognized in the financial statements were as follows:

2014			
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	\$275,263	\$275,259	\$4

2013			
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	\$255,400	\$262,078	\$(6,678)

The above-mentioned difference for the years ended 31 December 2014 and 2013 was accounted for as a change in accounting estimates and was charged to profit or loss for the years ended 31 December, 2015 and 2014. Management is expecting that the difference for the year ended 31 December 2014 will be treated as a change in accounting estimates and will be charged to profit or loss for the years ended 31 December 2015 and 2014.

Directors' and supervisors' remuneration amounted to \$96,932 and \$88,617 for the six months ended 30 June 2015 and 2014, respectively. These amounts were calculated based on the Company's net profit for the six months ended 30 June 2015 and 2014, and were estimated according to the earnings allocation method, priority and factor for employee benefits and key management personnel compensation as stated under the Articles of Association. These benefits were expensed under operating expenses during the six months ended 30 June 2015 and 2014.

Information on the board of directors' recommendations and shareholders' approval regarding the employee bonuses and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(13) Operating revenues

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2015	2014	2015	2014
Hire revenue	\$80,045,127	\$67,310,890	\$154,088,207	\$129,232,794
Freight revenue	5,239,660	3,974,245	10,167,713	8,958,573
Vessel management revenue	1,101,172	1,056,572	2,190,815	2,103,403
Other operating revenue	1,239,375	963,327	2,805,885	3,406,414
Total	<u>\$87,625,334</u>	<u>\$73,305,034</u>	<u>\$169,252,620</u>	<u>\$143,701,184</u>

(14) Operating costs

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2015	2014	2015	2014
Depreciation expense	\$28,629,740	\$24,823,584	\$55,424,641	\$48,655,177
Cost of materials	10,148,532	10,155,643	19,920,760	20,650,449
Expenses for chartering services	4,631,741	3,698,842	8,571,488	7,350,230
Wages and personnel expenses	20,126,653	17,158,550	38,557,438	33,372,295
Other operating costs	2,961,946	2,495,212	5,725,390	4,568,710
Total	<u>\$66,498,612</u>	<u>\$58,331,831</u>	<u>\$128,199,717</u>	<u>\$114,596,861</u>

(a) Cost of materials

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2015	2014	2015	2014
Fuel oil	\$2,679,802	\$2,374,326	\$5,367,576	\$5,676,032
Lubricants	2,437,028	2,155,856	4,550,907	4,396,724
Materials	1,152,164	1,314,800	2,378,868	2,557,942
Spare parts	961,827	1,402,526	2,312,300	2,783,976
Survey fees	963,344	857,634	1,679,242	1,498,580
Repairs and maintenance	381,039	641,241	822,755	1,078,339
Postage and international communication	667,129	474,445	1,089,866	930,291
Paints	280,939	254,697	424,540	444,163
Other	625,260	680,118	1,294,706	1,284,402
Total	<u>\$10,148,532</u>	<u>\$10,155,643</u>	<u>\$19,920,760</u>	<u>\$20,650,449</u>

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(b) Expenses for chartering services

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2015	2014	2015	2014
Commissions	\$2,762,005	\$2,148,373	\$5,226,502	\$4,126,293
Expenses at ports	1,000,462	501,086	1,675,422	1,137,049
Agency costs	190,743	142,954	317,503	296,774
Chartering expenses	620,418	784,387	1,236,749	1,555,883
Dispatch expenses	58,113	122,042	115,312	234,231
Total	<u>\$4,631,741</u>	<u>\$3,698,842</u>	<u>\$8,571,488</u>	<u>\$7,350,230</u>

(c) Wages and personnel expenses

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2015	2014	2015	2014
Crew wages	\$14,885,046	\$12,772,329	\$28,658,552	\$25,105,970
Insurance fees	2,178,293	1,869,783	4,244,821	3,517,771
Food and meals	1,314,891	1,137,036	2,569,085	2,250,700
Crew travel fees	1,283,609	988,201	2,249,270	1,752,168
Bonus	435,499	363,330	779,211	675,907
Pension cost	29,315	27,871	56,499	69,779
Total	<u>\$20,126,653</u>	<u>\$17,158,550</u>	<u>\$38,557,438</u>	<u>\$33,372,295</u>

(d) Other operating costs

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2015	2014	2015	2014
Hull and machinery insurance	\$2,362,197	\$1,837,445	\$4,685,263	\$3,576,727
Compensation	195,124	314,477	357,709	479,685
Lease payments	78,455	87,232	159,494	165,998
Other	326,170	256,058	522,924	346,300
Total	<u>\$2,961,946</u>	<u>\$2,495,212</u>	<u>\$5,725,390</u>	<u>\$4,568,710</u>

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
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- (e) Summary statement of employee benefits, depreciation and amortization expenses by function for the three months ended and six months ended 30 June 2015 and 2014:

	For the Three Months Ended 30 June					
	2015			2014		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$15,320,545	\$407,841	\$15,728,386	\$13,135,659	\$415,533	\$13,551,192
Insurance expenses	2,178,293	28,775	2,207,068	1,869,783	25,005	1,894,788
Pension	29,315	13,768	43,083	27,871	14,327	42,198
Other employee benefits expense	1,315,009	10,119	1,325,128	1,137,044	9,347	1,146,391
Depreciation	28,629,740	15,315	28,645,055	24,823,584	14,204	24,837,788
Amortization	-	3,171	3,171	-	6,803	6,803

	For the Six Months Ended 30 June					
	2015			2014		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$29,437,763	\$763,946	\$30,201,709	\$25,781,877	\$779,359	\$26,561,236
Insurance expenses	4,244,821	58,787	4,303,608	3,517,771	58,401	3,576,172
Pension	56,499	26,951	83,450	69,779	27,317	97,096
Other employee benefits expense	2,571,598	18,243	2,589,841	2,253,615	19,784	2,273,399
Depreciation	55,424,641	30,219	55,454,860	48,655,177	28,329	48,683,506
Amortization	-	7,680	7,680	-	13,569	13,569

(15) Other income and losses

(a) Other income

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2015	2014	2015	2014
Interest Income	\$474,044	\$661,171	\$931,292	\$1,455,432
Other income-Others	5,340,851	141,228	5,367,656	28,178,767
Total	<u>\$5,814,895</u>	<u>\$802,399</u>	<u>\$6,298,948</u>	<u>\$29,634,199</u>

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
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(b) Other gains and losses

	For the Three Months Ended 30 June	
	2015	2014
Gains on disposal of property, plant and equipment	\$-	\$112,919
Foreign exchange losses (gains), net	633,801	(22,351)
Gains (losses) on financial assets / financial liabilities at fair value through profit or loss	(338,317)	(202,255)
Other expenses	(57,002)	(271,626)
Total	<u>\$238,482</u>	<u>\$(383,313)</u>

	For the Six Months Ended 30 June	
	2015	2014
Gains on disposal of property, plant and equipment	\$5,217,973	\$321,666
Foreign exchange losses (gains), net	49,949	(329,346)
Gains (losses) on financial assets / financial liabilities at fair value through profit or loss	142,602	(58,933)
Other expenses	(163,302)	(16,708,241)
Total	<u>\$5,247,222</u>	<u>\$(16,774,854)</u>

(16) Components of other comprehensive income

For the three months ended 30 June 2015

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$-	\$-	\$-	\$-	\$-
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	13,061,196	-	13,061,196	-	13,061,196
Cash flow hedge	1,634,256	(1,054,071)	580,185	-	580,185
Total of other comprehensive income	<u>\$14,695,452</u>	<u>\$(1,054,071)</u>	<u>\$13,641,381</u>	<u>\$-</u>	<u>\$13,641,381</u>

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For the three months ended 30 June 2014

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$-	\$-	\$-	\$-	\$-
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(12,571,393)	-	(12,571,393)	-	(12,571,393)
Cash flow hedge	(1,187,602)	(6,350,829)	(7,538,431)	-	(7,538,431)
Total of other comprehensive income	<u>\$(13,758,995)</u>	<u>\$(6,350,829)</u>	<u>\$(20,109,824)</u>	<u>\$-</u>	<u>\$(20,109,824)</u>

For the six months ended 30 June 2015

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits(expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$-	\$-	\$-	\$-	\$-
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	17,772,404	-	17,772,404	-	17,772,404
Cash flow hedge	2,757,553	(20,524,362)	(17,766,809)	-	(17,766,809)
Total of other comprehensive income	<u>\$20,529,957</u>	<u>\$(20,524,362)</u>	<u>\$5,595</u>	<u>\$-</u>	<u>\$5,595</u>

For the six months ended 30 June 2014

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits(expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$-	\$-	\$-	\$-	\$-
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(29,033,188)	-	(29,033,188)	-	(29,033,188)
Cash flow hedge	(3,036,503)	(6,699,904)	(9,736,407)	-	(9,736,407)
Total of other comprehensive income	<u>\$(32,069,691)</u>	<u>\$(6,699,904)</u>	<u>\$(38,769,595)</u>	<u>\$-</u>	<u>\$(38,769,595)</u>

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(17) Income tax

- A. Pursuant to the rules and regulations of the Cayman Islands and the Republic of Panama, the Group is not subject to any income tax in the Cayman Islands and Panama, except for WELL and WII.
- B. For the three months and six months ended 30 June 2015 and 2014, the components of income tax expenses(benefits) of WELL and WII were as follows:

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2015	2014	2015	2014
Current income tax	\$7,443	\$(4,493)	\$25,146	\$(6,349)
Deferred tax expenses	(9,216)	4,908	(32,266)	11,497
Total	<u>\$(1,773)</u>	<u>\$415</u>	<u>\$(7,120)</u>	<u>\$5,148</u>

- C. The assessment of income tax returns

As of 30 June 2015, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
Wisdom Marine International Inc. (WII)	Assessed and approved up to 2013
Well Shipmanagement and Maritime Consultant Co., Ltd.(WELL)	Assessed and approved up to 2013

(18) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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	For the Three Months Ended 30 June	
	2015	2014
Basic earnings per share		
Profit attributable to ordinary shareholders	\$18,185,754	\$7,187,062
Weighted-average number of ordinary shares	470,835,238	462,518,538
	\$0.04	\$0.02
Diluted earnings per share		
Profit attributable to ordinary shareholders(diluted)	\$18,185,754	\$7,187,062
Interest expenses on convertible notes, net of tax	1,022,768	620,701
Foreign exchange Gain	48,760	190,486
Amortization of deferred issuance costs	103,182	58,287
Gain(loss) on valuation on convertible notes, net of tax	214,888	(219,501)
Profit attributable to ordinary shareholders (diluted)	\$19,575,352	\$7,837,035
Weighted average number of ordinary shares(diluted)	470,835,238	462,518,538
Effect of conversion of convertible notes	101,851,884	62,926,611
Weight average number of ordinary shares (diluted)	572,687,122	525,445,149
	\$0.03	\$0.01
	For the Six Months Ended 30 June	
	2015	2014
Basic earnings per share		
Profit attributable to ordinary shareholders	\$34,873,900	\$25,955,254
Weighted-average number of ordinary shares	481,589,023	462,447,431
	\$0.07	\$0.06

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	For the Six Months Ended 30 June	
	2015	2014
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	\$34,873,900	\$25,955,254
Interest expenses on convertible notes, net of tax	1,509,818	1,276,508
Foreign exchange Gain	131,449	(178,848)
Amortization of deferred issuance costs	148,318	116,733
Gain(loss) on valuation on convertible notes, net of tax	807,591	(487,041)
Profit attributable to ordinary shareholders (diluted)	\$37,471,076	\$26,682,606
Weighted average number of ordinary shares(diluted)	481,589,023	462,447,431
Effect of conversion of convertible notes	108,784,687	62,997,718
Weight average number of ordinary shares (diluted)	590,373,710	525,445,149
	\$0.06	\$0.05

7. Related parties

A. Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

B. Significant transactions with related parties

(a) Chartering expenses

	For the Three Months Ended 30 June	
Related party	2015	2014
Other related parties	\$620,418	\$675,479
	For the Six Months Ended 30 June	
Related party	2015	2014
Other related parties	\$1,236,749	\$1,339,852

The price of time chartering with other related parties was determined based on the normal market rate. There was no significant difference in the price and payment terms from those with third parties.

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(b) Services received / rendered

For the three months ended 30 June and the six months ended 30 June 2015 and 2014, the Group received service from (rendered service to) related parties as follows:

Related party	Item	Amount
For the Three Months Ended 30 June 2015		
Other related parties	Vessel management service	\$(742,175)
"	Commissions	370,034
"	Commissions and agency fees	400,661
"	Business travel expenses and entertainment exp.	68,661
"	Entertainment expenses and miscellaneous expenses	4,022
"	Management revenue	(1,389)
"	Other expenses	4,485
"	Commission income	(6,204)
"	Port charges 、 Agency fees 、 Travel	6,075
For the Three Months Ended 30 June 2014		
Other related parties	Vessel management service	\$(742,175)
"	Commissions	164,384
"	Commissions and agency fees	350,644
"	Business travel expenses and entertainment exp.	47,460
"	Entertainment expenses and miscellaneous expenses	18,699
"	Management revenue	(1,424)
"	Other expenses	4,485
"	Commission income	(6,755)
"	Port charges 、 Agency fees 、 Travel	9,651

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Related party	Item	Amount
For the Six Months Ended 30 June 2015		
Other related parties	Vessel management service	\$(1,476,425)
"	Commissions	572,717
"	Commissions and agency fees	742,300
"	Business travel expenses and entertainment exp.	166,858
"	Entertainment expenses and miscellaneous expenses	34,275
"	Management revenue	(2,749)
"	Other expenses	8,985
"	Commission income	(12,367)
"	Port charges 、 Agency fees 、 Travel	30,285
Related party	Item	Amount
For the Six Months Ended 30 June 2014		
Other related parties	Vessel management service	\$(1,477,725)
"	Commissions	338,526
"	Commissions and agency fees	714,881
"	Business travel expenses and entertainment exp.	143,385
"	Entertainment expenses and miscellaneous expenses	21,243
"	Management revenue	(2,840)
"	Other expenses	11,550
"	Commission income	(17,208)
"	Port charges 、 Agency fees 、 Travel	32,112
"	Other losses	79,758

(c) Receivables and payables

Related party	30 June 2015	31 December 2014
Other current assets / other receivables		
Other related parties	\$6,715	\$6,333

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Related party	30 June 2015	31 December 2014
Accrued expense		
Other related parties	\$11,388	\$43,165
Key management	-	14,622
Total	<u>\$11,388</u>	<u>\$57,787</u>

(d) Financing

The details of financing provided by a related party to the Group were as follows:

Name of related party		
30 June 2015	Max balance	Ending balance
Other related parties	<u>\$71,679,122</u>	<u>\$71,406,387</u>
31 December 2014		
Other related parties	<u>\$72,930,889</u>	<u>\$71,568,666</u>
Interest Expenses	For the Three Months Ended 30 June	
Name of related party	2015	2014
Other related parties	<u>\$393,249</u>	<u>\$272,668</u>
Interest Expenses	For the Six Months Ended 30 June	
Name of related party	2015	2014
Other related parties	<u>\$778,099</u>	<u>\$527,043</u>

The financing interest expenses were calculated based on the rate of LIBOR plus 2% per month commencing from 24 October 2011.

(e) Leases

For the three months ended 30 June and for the six months ended 30 June 2015 and 2014, the Group incurred other related parties and key management transactions as follows:

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2015	2014	2015	2014
Key management	\$45,017	\$46,120	\$89,062	\$91,987
Other related parties	35,925	36,806	71,075	73,410
	<u>\$80,942</u>	<u>\$82,926</u>	<u>\$160,137</u>	<u>\$165,397</u>

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The above leases are paid monthly, and do not involve rental deposits. Lease conditions agreed by both parties do not have any significant difference from those of nonrelated parties.

(f) Guarantee

As of 30 June 2015 and 31 December 2014, key management had provided a time deposit guarantee for the Group's financing loan of \$32,212 thousand and \$33,889 thousand, respectively.

C. Salaries and compensation for key management

The Group paid salaries to key management as follows:

	For the Three Months Ended 30 June	
	2015	2014
Salary and bonus (including BODS remunerations)	\$167,174	\$175,969
Post-employment benefits	2,028	2,738
	<u>\$169,202</u>	<u>\$178,707</u>
	For the Six Months Ended 30 June	
	2015	2014
Salary and bonus (including BODS remunerations)	\$301,895	\$342,933
Post-employment benefits	3,928	5,320
Retirement benefits	-	73,939
	<u>\$305,823</u>	<u>\$422,192</u>

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	30 June 2015	31 December 2014
Property and equipment	Bank Loans	\$2,303,685,000	\$2,060,565,000
Held-to-maturity investments	"	6,681,760	6,924,668
Other financial assets	"	22,374,881	21,155,325
		<u>\$2,332,741,641</u>	<u>\$2,088,644,993</u>

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9. Significant commitments and contingencies

(a) The Group had entered into shipbuilding contracts as follows:

	31 June 2015	31 December 2014
Vessels	30	36
Contract price	¥-	¥7,606,600 thousand
	\$836,830 thousand	\$931,322 thousand
Prepaid	¥-	¥1,854,340 thousand
	\$90,697 thousand	\$135,350 thousand

The remaining balance of the contract price is payable upon keel-laying, launching, and delivery.

The ship building contracts categorized by year of delivery were as follows:

Year of delivery	Contract Price		Number of vessels
	Yen(thousand)	USD(thousand)	
2015	¥-	\$106,510	4
2016	-	229,980	9
2017	-	395,640	13
2018	-	104,700	4
Total	¥-	\$836,830	30

- (b) As of 30 June 2015, the Group has signed four vessel disposal contracts with total contract amount of \$119,500,000. The Group has received the deposit amount of \$23,900,000 as agreed in the contracts.
- (c) On 19 March 2015, based on the approval of the board of directors, the Group settled the default payment of \$5,550,000 from SBI Merengue Shipping Company Limited for breaching the contract in the purchase of Vessel Tsuneishi SS179. Aforementioned default payment has been recovered in full after deducted commission \$390,000 and charged to profit or loss under other income.
- (d) Endorsement Guarantee

Guarantee	Name of relative party guarantee	30 June 2015	Period	Purpose
The Company	WML	\$3,438 thousand ¥3,254,268 thousand	2013.09~2017.07	Operating fund and line of financial instruments
WML	Subsidiaries	\$481,614 thousand ¥91,146,502 thousand	2005.12~2030.04	Borrowings
The Company	Subsidiaries	\$ 461,502 thousand ¥88,989,654 thousand	2009.05~2030.04	Borrowings and Operating fund

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<u>Guarantee</u>	<u>Name of relative party guarantee</u>	<u>31 December 2014</u>	<u>Period</u>	<u>Purpose</u>
The Company	WML	\$5,146 thousand ¥ -	2013.09~2015.09	Operating fund and line of financial instruments
WML	Subsidiaries	\$529,950 thousand ¥91,686,537 thousand	2005.12~2025.10	Borrowings
The Company	Subsidiaries	\$492,226 thousand ¥88,438,790 thousand	2009.05~2026.06	Borrowings and Operating fund

10. Losses due to major disasters: None.

11. Significant subsequent events: None.

12. Others

A. Categories of financial instruments

Financial assets

	<u>30 June 2015</u>	<u>31 December 2014</u>
Financial assets at fair value through profit or loss:		
Held for trading	<u>\$2,012,836</u>	<u>\$2,009,690</u>
Held-to-maturity investments	<u>6,681,760</u>	<u>6,924,668</u>
Loans and receivables:		
Cash and cash equivalents (exclude cash on hand)	92,014,736	15,385,018
Trade receivables and other receivables(include from related parties)	5,064,277	6,115,234
Lease Receivables	<u>4,809,763</u>	<u>20,757,163</u>
Subtotal	<u>101,888,776</u>	<u>42,257,415</u>
Derivative financial assets for hedging	19,815,731	29,828,372
Other financial assets	<u>25,084,000</u>	<u>23,747,180</u>
Total	<u>\$155,483,103</u>	<u>\$104,767,325</u>

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Financial liabilities

	30 June 2015	31 December 2014
Financial liabilities at amortized cost:		
Short-term borrowings	\$28,201,833	\$28,418,709
Trade payables	3,508,641	2,919,849
Bonds payable(include current portion)	99,407,721	55,564,999
Long-term borrowings(include current portion)	1,401,555,716	1,260,249,266
Long-term payable(include from related parties)	98,636,887	105,799,916
Lease payables(include current portion)	15,156,394	16,542,824
Subtotal	<u>1,646,467,192</u>	<u>1,469,495,563</u>
Financial liabilities at fair value through profit or loss:		
Financial liabilities held for trading	3,282	-
Embedded derivative instruments — put right	1,428,712	953,857
Total	<u>\$1,647,899,186</u>	<u>\$1,470,449,420</u>

B. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Group's board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

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In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily USD and Japanese Yen.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency Yen. The information of the sensitivity analysis is as follows:

When USD strengthens/weakens against foreign currency Yen by 10%, the profit for the six months ended 30 June 2015 and 2014 increases/decreases by \$4,230,192 and \$6,586,908, respectively; the equity increases/decreases by \$8,510,990 and \$11,501,508, respectively.

Interest rate risk

Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group's exposure to changes in interest rates relates primarily to the Group's cash and cash equivalents, bank deposits, and bank borrowings. The Group does not use financial derivatives to hedge against interest rate risk.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.25% of interest rate in a reporting period could cause the profit for the six months ended 30 June 2015 and 2014 to increase/decrease by \$3,858,877 and \$3,578,366, respectively.

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Equity price risk

The fair value of the Group's conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. Please refer to Note 12(h) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

D. Credit risk management

(a) Management has a credit policy in place, and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the balance sheet date, management is not expecting significant concentrations of credit risk.

(b) The risk exposure of credit risk

The book value of financial assets represents the maximum amount of credit risk exposure. On the reported date, the maximum amount of credit risk exposure is as follows:

	30 June 2015	31 December 2014
Cash and cash equivalents	\$92,014,736	\$15,385,018
Financial assets at fair value through profit or loss	2,012,836	2,009,690
Accounts receivables and other receivables	5,064,277	6,115,234
Lease receivables	4,809,763	20,757,163
Held to maturity financial assets	6,681,760	6,924,668
Derivatives as hedging financial assets	19,815,731	29,828,372
Other financial assets	25,084,000	23,747,180
	<u>\$155,483,103</u>	<u>\$104,767,325</u>

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

E. Liquidity risk management

The Group maintains financial flexibility by cash and cash equivalents, bank borrowings, Euro-convertible bonds and finance leases. The Group's liquidity risk did not change significantly from those disclosed in the 2014 annual consolidated financial statements. Please refer to the 2014 annual consolidated financial report for more information.

F. Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (i) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (ii) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for fixed rate commercial paper published by Reuters and credit risk, etc.)
- (iii) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Binomial Tree model) or other valuation method (for example, Monte Carlo Simulation).

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(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets (including held-to-maturity investments, loans and receivables) and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.H for fair value measurement hierarchy for financial instruments of the Group.

G. Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 30 June 2015 and 31 December 2014 is as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. Please refer to Note 6.(2) for forward currency contracts of the Group.

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6.(10) for further information on this transaction.

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

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H. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1– Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 30 June 2015	Level 1	Level 2	Level 3	Total
Derivative financial assets	\$-	\$19,815,731	\$-	\$19,815,731
Financial assets at fair value through profit or loss	\$-	\$2,012,836	\$-	\$2,012,836
Financial liabilities at fair value through profit or loss	\$-	\$3,282	\$1,428,712	\$1,431,994
As at 31 December 2014	Level 1	Level 2	Level 3	Total
Derivative financial assets	\$-	\$29,828,372	\$-	\$29,828,372
Financial assets at fair value through profit or loss	\$-	\$2,009,690	\$-	\$2,009,690
Financial liabilities at fair value through profit or loss	\$-	\$-	\$953,857	\$953,857

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Transfers between Level 1 and Level 2 during the period

During the six months ended 30 June 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Liabilities
	At fair value through profit or loss
	Derivatives
Beginning balances as at 1 January 2015	\$953,857
Total gains and losses recognized for the six-month period ended 30 June 2015:	
Amount recognized in profit or loss (presented in "other profit or loss")	807,591
Acquisition/issues for the three-month period ended 30 June 2015	800,000
Disposal/settlements for the three-month period ended 30 June 2015	(1,132,736)
Transfer in/(out) of Level 3	-
Ending balances as at 30 June 2015	\$1,428,712

Total gains and losses recognized for the six-month period ended 30 June 2015 in the table above contain gains and losses related to derivatives on hand as at 30 June 2015 in the amount of \$(338,473).

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at 30 June 2015

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives – Second overseas unsecured convertible bonds issued in 2015	Option pricing model	Volatility	11.93%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in increase in the Group's profit by \$102,400; 5% decrease in the volatility would result decrease in the Group's profit by \$154,160

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Embedded derivatives – First overseas unsecured convertible bonds issued in 2013	Option pricing model	Volatility	11.93%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by \$0; 5% decrease in the volatility would result increase in the Group's profit by \$0
Embedded derivatives – First overseas unsecured convertible bonds issued in 2012	Option pricing model	Volatility	14.36%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by \$57,284; 5% decrease in the volatility would result in increase in the Group's profit by \$32,378

As at 31 December 2014

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives – First overseas unsecured convertible bonds issued in 2013	Option pricing model	Volatility	11.34%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by \$32,918; 5% decrease in the volatility would result increase in the Group's profit by \$29,783
Embedded derivatives – First overseas unsecured convertible bonds issued in 2012	Option pricing model	Volatility	11.03%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by \$210,192; 5% decrease in the volatility would result in increase in the Group's profit by \$152,545

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Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The external evaluation institute ensures the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The group's accounting department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

I. Significant assets and liabilities denominated in foreign currencies

The Group is mainly affected by the impact of fluctuation in the currency exchange rate for US Dollar or Japanese Yen. The Group's significant exposure to foreign currency risk was as follows:

	30 June 2015			31 December 2014		
	Foreign currency	Exchange rate	USD	Foreign currency	Exchange rate	USD
	(Note1)	(Note2)		(Note1)	(Note2)	
Financial assets						
Derivatives financial assets						
Sell JPY: Buy USD	¥ 11,052,925,185	0.0082~0.0083	\$112,973,900	¥16,930,537,440	0.0084~0.0086	\$174,702,000
Sell EUR: Buy USD	-	-	-	€ 7,500,000	1.2171~1.2184	\$9,358,800
Financial liabilities						
Monetary item						
USD : JPY	\$25,557,594	122.24	\$25,557,594	\$19,736,768	119.62	\$19,736,768
JPY : USD	¥7,329,295,702	0.0082	\$59,958,244	¥7,502,734,924	0.0084	\$62,721,409

Note1: The amounts under the derivatives financial assets and monetary items are the carrying amounts of forward foreign exchange contract and financial liabilities, respectively.

Note2: The exchange rates under the derivatives financial assets and monetary items are the forward exchange rate and spot rate, respectively.

For the six months ended 30 June 2015 and 2014, the Group had foreign exchange gains (losses) of \$49,949 and \$(329,346), respectively.

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J. Capital management

The capital risk management is established to ensure the Group's ability to continue to operate as a going concern. Under this risk management, the Group may adjust dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, adjust capital expenditure plan and dispose assets to settle any liabilities in order to maintain or adjust capital structure according to operating needs, investment purpose and market environment.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, while maintaining an optimal capital structure to minimize the cost of capital. To meet these capital structure objectives, the Company will review annually with its board any proposed dividends as well as any needs to raise additional equity for future business opportunities or to reduce debt.

K. Accounting policy differences as referred to in Article 3 of Regulations Governing the Preparation of Financial Reports by Securities Issuers with respect to the Group's balance sheet and statement of comprehensive income for the periods: None .

L. Certain accounts in the consolidated financial statements as of and for the six months ended 30 June 2014 were reclassified to conform to the presentation adopted in the consolidated financial statements as of and for the six months ended 30 June 2015.

M. List of the Group vessels as of 30 June, 2015

No.	Name of Vessel	Construction		Vessel type
		year	D.W.T.	
1	Amis Ace	2013	60,830	Supramax
2	Amis Brave	2013	61,467	Supramax
3	Amis Champion	2014	60,830	Supramax
4	Amis Dolphin	2015	60,830	Supramax
5	Amis Elegance	2015	55,000	Supramax
6	Amis Fortune	2015	55,000	Supramax
7	Amis Wisdom I	2010	61,611	Supramax
8	Amis Wisdom II	2010	61,611	Supramax
9	Amis Wisdom III	2011	61,527	Supramax
10	Amis Wisdom VI	2011	61,456	Supramax
11	Arikun	2007	8,763	Logger
12	Atayal Ace	2013	16,805	Handy / Logger
13	Atayal Brave	2012	28,208	Handy / Logger
14	Atayal Mariner	2012	16,813	Handy / Logger
15	Atayal Star	2012	16,806	Handy / Logger

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No.	Name of Vessel	Construction	D.W.T.	Vessel type
		year		
16	Babuza Wisdom	2009	18,969	Handy / Logger
17	Beagle II	2007	17,224	Multi-purpose
18	Beagle VI	2001	18,320	Handy
19	Beagle VII	2007	16,822	Handy / Logger
20	Bizen	2008	8,721	Logger
21	Blue Horizon	2012	205,000	Cape Size
22	Bunun Ace	2013	37,744	Handy
23	Bunun Brave	2014	45,556	Handy
24	Bunun Champion	2014	45,556	Handy
25	Bunun Dynasty	2014	37,795	Handy
26	Bunun Elegance	2014	45,556	Handy
27	Bunun Fortune	2015	37,790	Handy
28	Bunun Glory	2015	37,090	Handy
29	Bunun Wisdom	2012	38,168	Handy
30	Caribbean ID	1996	28,748	Handy
31	Clear Horizon	2012	207,947	Cape Size
32	Coral Hero	1997	9,520	General
33	Daiwan Ace	2014	34,358	Handy
34	Daiwan Brave	2014	34,358	Handy
35	Daiwan Champion	2015	34,000	Handy
36	Daiwan Dolphin	2015	34,000	Handy
37	Daiwan Elegance	2015	35,300	Handy
38	Daiwan Fortune	2015	35,300	Handy
39	Daiwan Glory	2015	35,300	Handy
40	Daiwan Wisdom	2010	31,967	Handy / Logger
41	Del Sol	1998	11,410	General / RoRo
42	Dumun	2010	58,107	Handymax
43	Frontier Bonanza	2010	179,435	Cape Size
44	Genius Star I	2004	10,977	Multi-purpose
45	Genius Star II	2005	10,968	Multi-purpose
46	Genius Star III	2006	13,567	Multi-purpose
47	Genius Star IX	2009	12,005	Multi-purpose
48	Genius Star VII	2007	12,005	Multi-purpose
49	Genius Star VIII	2007	12,005	Multi-purpose

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No.	Name of Vessel	Construction		Vessel type
		year	D.W.T.	
50	Genius Star X	2010	12,005	Multi-purpose
51	Genius Star XI	2012	13,663	Multi-purpose
52	Genius Star XII	2013	13,077	Multi-purpose
53	Global Faith	2010	28,386	Handy / Logger
54	Golden Kiku	2005	29,858	Handy
55	Guma	2010	58,107	Handymax
56	Hibiscus	2002	48,603	Handymax
57	Hoanya Wisdom	2008	21,119	Handy / Logger
58	Itami	2009	20,150	Multi-purpose / RoRo
59	Izumo	2007	20,150	Multi-purpose / RoRo
60	Jasmine Ace	1997	8,704	General / RoRo
61	Katagalan Wisdom	2012	98,697	Panamax
62	Katagalan Wisdom III	2012	98,697	Panamax
63	LBC Energy	2011	71,066	Panamax
64	Ligulao	2010	5,295	PCTC
65	Magnate	2004	18,828	Handy / Logger
66	Mercy Wisdom	2003	12,764	Logger
67	Mimasaka	2010	14,118	Multi-purpose
68	Mino	2007	14,117	Multi-purpose
69	Naluhu	2010	58,107	Handymax
70	Ocean Victory	2011	28,386	Handy
71	Pacific Venus	2001	18,712	Handy
72	Paiwan Wisdom	2010	31,967	Handy / Logger
73	Papora Wisdom	2009	28,344	Handy / Logger
74	Pazeh Wisdom	2009	18,969	Handy / Logger
75	Poavosa Ace	2013	28,208	Handy
76	Poavosa Brave	2009	28,367	Handy
77	Poavosa Wisdom	2009	28,324	Handy / Logger
78	Poavosa Wisdom III	2011	28,232	Handy / Logger
79	Poavosa Wisdom VI	2011	28,213	Handy / Logger
80	Poavosa Wisdom VII	2012	28,208	Handy / Logger
81	Poavosa Wisdom VIII	2013	28,208	Handy / Logger
82	Sakizaya Ace	2013	74,936	Panamax
83	Sakizaya Brave	2013	74,940	Panamax

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No.	Name of Vessel	Construction	D.W.T.	Vessel type
		year		
84	Sakizaya Champion	2014	78,080	Panamax
85	Sakizaya Diamond	2015	81,600	Panamax
86	Sakizaya Wisdom	2011	76,457	Panamax
87	Scarlet Eagle	2014	81,842	Panamax
88	Scarlet Falcon	2014	82,260	Panamax
89	Scarlet Rosella	2015	82,000	Panamax
90	Siraya Wisdom	2007	21,119	Handy / Logger
91	Taikli	2011	13,139	General / RoRo
92	Tao Ace	2013	25,037	Handy
93	Tao Brave	2011	25,065	Handy / Logger
94	Tao Mariner	2010	25,065	Handy / Logger
95	Tao Star	2010	25,065	Handy / Logger
96	Tao Treasure	2013	25,036	Handy
97	Taokas Wisdom	2008	31,943	Handy / Logger
98	Timu	2005	17,224	Multi-purpose
99	Unicorn Bravo	2007	8,759	Logger
100	Unicorn Dolphin	2000	7,528	Logger
101	Unicorn Emerald	1999	10,122	General
102	Unicorn Logger	2008	8,732	Logger
103	Wisdom Grace	1998	18,193	Container

13. Segment information

(1) General information

The Group operates in a single industry. According to the global management nature of the ship management industry, the Group determined each business unit as an operating segment and was disclosed according to their operating types, operating assets and the Group's operating structure. The Group was identified as a single reportable segment.

The Group's chief operating decision maker allocates the profit and assesses performance of the segments based on the financial information used in internal management which is based on each vessel's operating result. The financial information is not different from the consolidated statement of comprehensive income therefore no further segmental information was disclosed.

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(2) Geographic information

Revenue from external customers is classified according to the location of customers and non-current assets are classified according to the registry of assets. The Group's geographic information is as follows:

For the six months ended 30 June		
	2015	2014
Revenue from external customers:		
Japan	\$44,664,620	\$49,073,325
Singapore	24,415,620	19,270,656
Denmark	15,358,848	13,868,855
The Netherlands	19,978,091	11,317,967
Hong Kong	13,046,000	9,382,844
Others	51,789,441	40,787,537
Total	<u>\$169,252,620</u>	<u>\$143,701,184</u>
	2015.06.30	2014.12.31
Non-current assets:		
Panama	\$2,262,381,690	\$2,114,484,498
Hong Kong	166,861,040	117,708,534
Taiwan	111,711	126,185
Total	<u>\$2,429,354,441</u>	<u>\$2,232,319,217</u>

Note: non-current assets are property, plant and equipment and prepaid expenses-vessel.

(3) Major customers

Individual customers accounting for at least 10% of net sales for the years ended 30 June, 2015 and 2014 were as follows:

For the six months ended 30 June		
	2015	2014
Customer A:	\$19,978,091	\$11,317,967
Customer B:	<u>\$17,996,577</u>	<u>\$18,506,943</u>