WISDOM MARINE LINES CO., LIMITED

(CAYMAN)

AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT AUDITORS

30 JUNE 2018 AND 2017

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Review Report of Independent Accountants

English Translation of a Report Originally Issued in Chinese

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

Introduction

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 June 30 2018, the related consolidated statements of comprehensive income for the three-month periods ended 30 June 2018 and 2017 and the six-month periods ended 30 June 2018 and 2017, changes in equity and cash flows for the six-month periods ended 30 June 2018 and 2017, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the administration rule No.10200546801 of Financial Supervisory Commission of the Republic of China and International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at June 30 2018, their consolidated financial performance for the three-month periods ended 30 June 2018 and 2017 and the six-month periods ended 30 June 2018 and 2017, and cash flows for the six-month periods ended June 30 2018 and 2017, in accordance with the administration rule No.10200546801 of Financial Supervisory Commission of the Republic of China and International Accounting Standard 34, "Interim Financial Reporting".

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Emphasis of Matter – Applying for New Accounting Standards

We draw attention to Note 3 of the consolidated financial statements, which describes the Company and its subsidiaries applied for the International Financial Reporting Standard 9, "Financial Instruments" and 15, "Revenue from Contracts with Customers" starting from January 1 2018, and elected not to restate the consolidated financial statements for prior periods. Our conclusion is not modified in respect of this matter.

Ernst & Young

July 20 2018
Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan 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.

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

CONSOLIDATED BALANCE SHEETS

30 June 2018 and 31 December 2017

(All Amounts Expressed in US Dollars)

(30 June 2018 Was Unaudited)

	Notes	30 June 2018	31 December 2017
ASSETS			
Cash and cash equivalents	6.1	$26,352,557	$40,860,641
Financial assets at fair value through other comprehensive income-current	6.3 & 8	991,843	-
Available-for-sale financial assets-current	6.4 & 8	-	1,028,103
Held to maturity financial assets-current	6.5 & 8	-	614,211
Hedge financial assets-current	6.6	62,915	-
Accounts receivable, net	6.7 & 6.18	5,216,471	4,327,938
Accounts receivable-related parties	6.7, 6.18 & 7	524,999	221,707
Other receivables	7	1,721,796	1,048,206
Inventories	6.8	5,381,299	3,893,003
Prepaid expenses	7	7,206,206	6,694,427
Other financial assets-current	6.1 & 8	46,289,228	52,024,592
Other current assets	7	12,235,875	10,986,931
Total current assets		105,983,189	121,699,759
Hedge financial assets-noncurrent	6.6	154,821	80,058
Investment accounted for using the equity method	6.9	4,684,205	3,655,924
Property, plant and equipment	6.10 & 8	2,735,552,226	2,668,567,098
Deferred income tax assets	6.21	42,425	45,911
Other financial assets-noncurrent		11,224,699	8,378,150
Other noncurrent assets-other	6.11	30,525,775	52,888,711
Total noncurrent assets		2,782,184,151	2,733,615,852
TOTAL ASSETS		$2,888,167,340	$2,855,315,611

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS(CONT'D)
30 June 2018 and 31 December 2017
(All Amounts Expressed in US Dollars)
(30 June 2018 Was Unaudited)

	Note	30 June 2018	31 December 2017
LIABILITIES			
Short-term borrowings	6.12	$40,810,816	$44,399,387
Financial liabilities at fair value through profit or loss -current	6.2 & 6.13	2,308,602	3,009,409
Hedge financial liabilities-current	6.6	-	986
Accounts payable		7,890,376	6,507,493
Accounts payable-related parties	7	27,077	-
Accrued expenses	7	24,478,693	20,700,562
Dividend payable	6.16	20,594,676	-
Advance receipts		15,480,223	15,343,881
Other current liabilities-others	7	4,744,992	3,050,020
		116,335,455	93,011,738
Current portion of corporate bonds payable	6.13	10,902,400	10,773,060
Current portion of long-term borrowings	6.12	275,076,296	217,027,648
Current portion of long-term accounts payable	6.14	1,933,349	1,923,576
Current portion of lease payables	6.14	15,367,751	14,405,443
		303,279,796	244,129,727
Total current liabilities		419,615,251	337,141,465
Corporate bonds payable	6.13	42,567,002	43,041,562
Long-term borrowings	6.12	1,374,960,676	1,434,235,585
Deferred income tax liabilities	6.21	35,855	7,235
Long-term accounts payable	6.14	25,101,837	25,862,475
Long-term lease payables-noncurrent	6.14	82,889,020	59,378,089
Long-term accounts payable-related parties	7	74,883,932	74,736,418
Net defined benefit liabilities	6.15	126,343	129,315
Guarantee deposits received		415,162	415,162
Total non-current liabilities		1,600,979,827	1,637,805,841
TOTAL LIABILITIES		2,020,595,078	1,974,947,306
EQUITY	6.13 & 6.16		
Common stock		196,262,789	196,262,789
Capital surplus		32,209,446	52,804,122
Legal reserve		6,960	6,960
Unappropriated earnings		413,297,767	390,552,635
Cumulative translation adjustments		225,582,177	240,630,693
Unrealized gains (losses) on financial assets at fair value through other comprehensive income		(4,613)	-
Unrealized gains or losses on available-for-sale financial assets		-	32,034
Effective portion of gains on hedging instrument in a cash flow hedge		-	79,072
Gains (Losses) from hedging instruments		217,736	-
TOTAL EQUITY		867,572,262	880,368,305
TOTAL EQUITY AND LIABILITIES		$2,888,167,340	$2,855,315,611

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 2018 and 2017

AND FOR THE SIX MONTHS ENDED 30 June 2018 and 2017

(All Amounts Expressed in US Dollars)

(Unaudited)

		For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	Notes	2018	2017	2018	2017
Operating revenues	6.17 & 7	$107,494,070	$86,524,093	$208,420,290	$170,411,124
Operating costs	6.19 & 7	78,496,288	73,954,529	154,281,887	145,501,018
Gross profit from operations		28,997,782	12,569,564	54,138,403	24,910,106
Operating expenses					
General and administrative	7	1,226,708	1,229,957	2,576,286	2,761,615
Expected credit losses	6.18	144,041	-	149,046	-
Total operating expenses		1,370,749	1,229,957	2,725,332	2,761,615
Profit from operating activities		27,627,033	11,339,607	51,413,071	22,148,491
Interest income		223,655	103,904	420,185	220,051
Others income and gains		21,336	29,712	56,340	69,184
Gains on disposal of investment	6.23	-	1,020,985	-	743,812
Foreign exchange gains (losses)		3,826,339	218,479	955	(517,896)
Gains (Losses) on valuation of financial assets or liabilities at fair value through profit or loss	6.13	(479,363)	36,435	700,807	2,214,209
Interest expense	6.10, 6.13 & 7	(14,309,991)	(10,610,119)	(27,476,290)	(20,235,940)
Other expenses and losses	6.13	(1,192,007)	(5,748,806)	(1,790,056)	(5,985,845)
Losses on disposal of property, plant and equipment	6.10	-	(762,266)	-	(1,430,022)
Share of loss of associates and joint ventures accounted for using equity method	6.9	(245,408)	(239,231)	(478,024)	(461,168)
Total other income and losses		(12,155,439)	(15,950,907)	(28,566,083)	(25,383,615)
Profit before income tax		15,471,594	(4,611,300)	22,846,988	(3,235,124)
Income tax expense (income)	6.21	99,839	15,794	101,856	19,649
Profit for the year		15,371,755	(4,627,094)	22,745,132	(3,254,773)
Other comprehensive income:	6.20				
Cumulative translation adjustments		33,167,051	1,646,662	(15,048,516)	(35,415,549)
Unrealized gains (losses) on available-for-sale financial assets		-	91,663	-	578,372
Effective portion of gains (losses) on hedging instrument in a cash flow hedge		-	(1,663,642)	-	(1,663,642)
Unrealized gains (losses) on debt instruments investment measured at fair value through other comprehensive income		(3,680)	-	(36,647)	-
Gains (Losses) from hedging instruments		35,190	-	138,664	-
Other comprehensive income		33,198,561	74,683	(14,946,499)	(36,500,819)
Total comprehensive income		$48,570,316	$(4,552,411)	$7,798,633	$(39,755,592)
Profit for the year attributable to:					
－Owners of the Company		$15,371,755	$(4,637,404)	$22,745,132	$(3,269,114)
－Non-controlling interests		-	10,310	-	14,341
		$15,371,755	$(4,627,094)	$22,745,132	$(3,254,773)
Total Comprehensive income attributable to:					
－Owners of the Company		$48,570,316	$(4,562,721)	$7,798,633	$(39,769,933)
－Non-controlling interests		-	10,310	-	14,341
		$48,570,316	$(4,552,411)	$7,798,633	$(39,755,592)
Primary earnings per Share	6.22	$0.02	($0.01)	$0.04	($0.01)
Diluted earnings per Share	6.22	$0.02	($0.01)	$0.03	($0.01)

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 2018 and 2017

(All Amounts Expressed in US Dollars)

(Unaudited)

				Retained earnings		Other components of equity							
	Common stock	Stock dividend to be distributed	Capital surplus	Legal reserve	Unappropriated earnings	Cumulative translation adjustments	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Unrealized gains or losses on available-for-sale financial assets	Effective portion of gains (losses) on hedging instrument in a cash flow hedge	Gains (Losses) from hedging instruments	Total equity attributable to equity holders of the Company	Non-controlling interest	Total
Balance, 1 January 2017	$175,871,257	$-	$64,554,101	$6,960	$376,817,835	$272,468,139	$-	$111,672	$1,626,743	$-	$891,456,707	$3,584,181	$895,040,888
Cash dividends from capital surplus	-	-	(18,332,983)	-	-	-	-	-	-	-	(18,332,983)	-	(18,332,983)
Stock dividends from capital surplus	-	9,166,491	(9,166,491)	-	-	-	-	-	-	-	-	-	-
Profit for the six months ended 30 June 2017	-	-	-	-	(3,269,114)	-	-	-	-	-	(3,269,114)	14,341	(3,254,773)
Other comprehensive income for the six months ended 30 June 2017	-	-	-	-	-	(35,415,549)	-	578,372	(1,663,642)	-	(36,500,819)	-	(36,500,819)
Comprehensive income for the six months ended 30 June 2017	-	-	-	-	(3,269,114)	(35,415,549)	-	578,372	(1,663,642)	-	(39,769,933)	14,341	(39,755,592)
Exercise of convertible bonds	622,695	-	1,250,273	-	-	-	-	-	-	-	1,872,968	-	1,872,968
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(3,598,522)	(3,598,522)
Balance, 30 June 2017	$176,493,952	$9,166,491	$38,304,900	$6,960	$373,548,721	$237,052,590	$-	$690,044	$(36,899)	$-	$835,226,759	$-	$835,226,759
Balance, 1 January 2018	$196,262,789	$-	$52,804,122	$6,960	$390,552,635	$240,630,693	$32,034	$-	$-	$79,072	$880,368,305	$-	$880,368,305
Cash dividends from capital surplus	-	-	(20,594,676)	-	-	-	-	-	-	-	(20,594,676)	-	(20,594,676)
Profit for the six months ended 30 June 2018	-	-	-	-	22,745,132	-	-	-	-	-	22,745,132	-	22,745,132
Other comprehensive income for the six months ended 30 June 2018	-	-	-	-	-	(15,048,516)	(36,647)	-	-	138,664	(14,946,499)	-	(14,946,499)
Comprehensive income for the six months ended 30 June 2018	-	-	-	-	22,745,132	(15,048,516)	(36,647)	-	-	138,664	7,798,633	-	7,798,633
Balance, 30 June 2018	$196,262,789	$-	$32,209,446	$6,960	$413,297,767	$225,582,177	$(4,613)	$-	$-	$217,736	$867,572,262	$-	$867,572,262

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 2018 and 2017
(All Amounts Expressed in US Dollars)
(Unaudited)

	For the Six Months Ended 30 June 2018	For the Six Months Ended 30 June 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$22,846,988	$(3,235,124)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expenses	68,350,509	63,087,791
Amortization expenses	5,016	5,353
Bad debt expenses	-	61,310
Expected credit losses	149,046	-
Losses (Gains) on financial assets or liabilities at fair value through profit or loss	(700,807)	(2,214,209)
Interest expenses	27,476,290	20,235,940
Interest income	(420,185)	(220,051)
Losses (Gains) on foreign currency exchange on corporate bond payable	(891,102)	25,095
Losses (Gains) on reacquisition of bonds payable	-	4,462,107
Share of loss of associates and joint ventures accounted for using equity method	478,024	461,168
Losses (Gains) on disposal of property, plant and equipment	-	1,430,022
Amortization of held to maturity financial assets	(17,544)	(35,718)
Amortization of convertible bonds payable issuance costs	31,234	118,458
Other income	(347,762)	(347,762)
Losses (Gains) on disposal of investments	-	(743,812)
Amortization of available-for-sale financial assets	(387)	(387)
Change in assets and liabilities		
Decrease (Increase) in accounts receivable	(1,037,579)	(396,631)
Decrease (Increase) in accounts receivable-related parties	(303,292)	(281,560)
Decrease (Increase) in other receivables	(692,941)	(124,386)
Decrease (Increase) in inventories	(1,488,296)	(876,478)
Decrease (Increase) in prepaid expenses	(511,779)	(1,758,982)
Decrease (Increase) in other current assets	(1,248,944)	616,759
Increase (Decrease) in accounts payable	1,382,883	2,425,651
Increase (Decrease) in accounts payable-related parties	27,077	(3,335)
Increase (Decrease) in accrued expenses	2,679,692	4,966,003
Increase (Decrease) in advance receipts	484,104	(336,767)
Increase (Decrease) in other current liabilities	1,694,972	1,068,758
Increase (Decrease) in net defined benefit liabilities	-	7,656
Cash generated from operating activities	117,945,217	88,396,869
Interest received	439,665	245,350
Interest paid	(25,927,473)	(22,164,687)
Income taxes paid	(3,517)	(3,871)
Net cash provided by operating activities	92,453,892	66,473,661
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment accounted for using equity method	(1,575,837)	-
Proceeds from derecognition of held-to-maturity financial assets	631,755	-
Acquisition of property, plant and equipment	(9,208,766)	(7,699,884)
Proceeds from disposal of property, plant and equipment	-	4,332,250
Decrease (Increase) in other financial assets	2,985,939	(9,980,109)
Decrease (Increase) in other noncurrent assets (prepaid expenses-vessel)	(103,827,178)	(132,485,568)
Proceeds from available-for-sale financial assets	-	2,592,827
Net cash used in investing activities	(110,994,087)	(143,240,484)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term borrowings	(3,588,571)	8,441,775
Increase (Decrease) in long-term borrowings	(14,290,591)	126,696,769
Increase (Decrease) in lease payables	23,517,555	(2,681,431)
Increase (Decrease) in guarantee deposits received	-	261,375
Increase (Decrease) in other finance liabilities	(969,830)	3,344,926
Repayment of bonds	-	(78,173,840)
Changes in non-controlling interests	-	(180,000)
Net cash provided by financing activities	4,668,563	57,709,574
FOREIGN EXCHANGE RATE EFFECTS	(636,452)	(2,431,612)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,508,084)	(21,488,861)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	40,860,641	32,603,818
CASH AND CASH EQUIVALENTS, END OF PERIOD	$26,352,557	$11,114,957

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

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 ultimate parent company: None.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements were authorized for issue by the board of directors on 20 July 2018.

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 31 December 2017. Shown below are the standards and interpretations effective for annual periods beginning on or after 1 January 2018.

A. *IFRS 15"Revenue from Contracts with Customers" (including Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers")*

IFRS 15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations. In accordance with the transition provision in IFRS 15, the Group elected to recognize the cumulative effect of initially applying IFRS 15 at the date of initial application (1 January 2018). The Group also elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The Group's principal activities are rendering of services. The impacts arising from the adoption of IFRS 15 on the Group are summarized as follows:

(a) Please refer to Note 4 for the accounting policies before or after 1 January 2018.

(b) Before 1 January 2018, revenue from rendering of services was recognized by reference to the stage of completion which was measured by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total contract costs. Starting from 1 January 2018, in accordance with IFRS 15, the Group recognized revenue when (or as) the Group satisfies a performance obligation by transferring a promised service to a customer and also by reference to the stage of completion. IFRS 15 has no significant impact on the Group's revenue recognition from rendering of services. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, then the Group has the obligation to provide the services subsequently. Before 1 January 2018, the Group recognized the consideration received in advance from customers under other current liabilities. Starting from 1 January 2018, in accordance with IFRS 15, it should be recognized as contract liabilities. For some contracts, if the Group has the right to render services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. It is different from the accounting treatment of recognizing trade receivables before the date of initial application. Besides, loss allowance for contract assets was assessed in accordance with IFRS 9.

(c) Please refer to Note 4 and Note 6 for additional disclosure note required by IFRS 15.

B. *IFRS 9"Financial Instruments"*

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. In accordance with the transition provision in IFRS 9, the Group elected not to restate prior periods at the date of initial application (1 January 2018). The adoption of IFRS 9 has the following impacts on the Group:

(a) The Group adopted IFRS 9 since 1 January 2018 and it adopted IAS 39 before 1 January 2018. Please refer to Note 4 for more details on accounting policies.

(b) In accordance with the transition provision in IFRS 9, the assessment of the business model and classification of financial assets into the appropriate categories are based on the facts and circumstances that existed as at 1 January 2018. The classifications of financial assets and it carrying amounts as at 1 January 2018 are as follow:

IAS 39		*IFRS 9*	
Measurement categories	Carrying amounts	Measurement categories	Carrying amounts
Fair value through other comprehensive income		Fair value through other comprehensive income	$1,028,103
Available-for-sale financial assets	$1,028,103		
At amortized cost		At amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, trade receivables and other receivables (including due from related parties))	47,068,168
Held-to-maturity investments	614,211		
Loans and receivables (including cash and cash equivalents, trade receivables and other receivables (including due from related parties))	46,453,957		
Subtotal	47,068,168		
Derivative financial assets for hedging	80,058	Financial assets for hedging	80,058
Other financial assets	60,402,742	Other financial assets	60,402,742
Total	$108,579,071	Total	$108,579,071

(c) In accordance with IAS 39, available-for-sale financial assets are bonds of listed companies. Details are described as follow:

The cash flow characteristics for bonds investments are solely payments of principal and interest on the principal amount outstanding. In accordance with IFRS 9, the assessment of the business model is based on the facts and circumstances that existed as at 1 January 2018. These financial assets are managed to achieve the business model's objective by both collecting contractual cash flows and selling financial assets, and they should be reclassified to financial assets measured at fair value through other comprehensive income. As at 1 January 2018, available-for-sale investments of $1,028,103 were reclassified to financial assets measured at fair value through other comprehensive income of $1,028,103. This reclassification did not result any difference in the carrying amount. Besides, in accordance with IFRS 9, there was no adjustment arised from the assessment of impairment losses for the aforementioned assets as at 1 January 2018.

(d) In accordance with IAS 39, the cash flow characteristics for held-to-maturity investments and loans and receivables are solely payments of principal and interest on the principal amount outstanding. The assessment of the business model is based on the facts and circumstances that exited as at 1 January 2018. These financial assets were measured at amortized cost as they were held within a business model whose objective was to hold financial assets in order to collect contractual cash flows. Besides, in accordance with IFRS 9, there was no adjustment arised from the assessment of impairment losses for the aforementioned assets as at 1 January 2018. Therefore, there is no impact on the carrying amount as at 1 January 2018. As at 1 January 2018, financial assets held-to-maturity investments of $614,211 were reclassified to financial assets measured at amortized cost of $614,211.

(e) Please refer to Note 4, Note 6 and Note 12 for the related disclosures required by IFRS 7 and IFRS 9.

C. IFRIC 22 "*Foreign Currency Transactions and Advance Consideration*"

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 "The Effects of Changes in Foreign Exchange Rates", in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The Group has no relevant transaction or event. Aforementioned standards and interpretations have no material impact on the Group.

(2) The following standards or interpretations issued by IASB are not yet effective:

A. *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.

B. *IFRS 16 "Leases"*

The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions). Lessor accounting still uses the dual classification approach: operating lease and finance lease.

C. *IFRIC 23 "Uncertainty Over Income Tax Treatments"*

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments.

D. *IFRS 17 "Insurance Contracts"*

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The fulfillment cash flows comprise of the following:

(a) estimates of future cash flows;
(b) discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
(c) a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

E. *IAS 28"Investment in Associates and Joint Ventures" — Amendments to IAS 28*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture before it applies IAS 28, and in applying IFRS 9, does not take account of any adjustments that arise from applying IAS 28.

F. *Prepayment Features with Negative Compensation — Amendments to IFRS 9*

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income.

G. *Improvements to International Financial Reporting Standards (2015-2017 cycle):*

IFRS 3 "Business Combinations"

The amendments clarify that an entity that has joint control of a joint operation shall remeasure its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint Arrangements"

The amendments clarify that an entity that participates in, but does not have joint control of, a joint operation does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income Taxes"

The amendments clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

IAS 23 "Borrowing Costs"

The amendments clarify that an entity should treats as part of general borrowings any borrowing made specifically to obtain an asset when the asset is ready for its intended use or sale.

H. Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The amendments clarify that when a change in a defined benefit plan is made (such as amendment, curtailment or settlement, etc.), the entity should use the updated assumptions to remeasure its net defined benefit liability or asset.

The abovementioned standards and interpretations issued by IASB are not yet effective at the date when the Group's financial statements were authorized for issue. As the Group is still currently determining the potential impact of the standards and interpretations listed under A~C, E, G and H 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 2017. 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.

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 at 31 December 2017. Please refer to Note 4 to the consolidated financial statements as at 31 December 2017 for details.

B. The consolidated entities are listed as follows:

Investor	Investee Company Name	2018.06.30 Ownership Percentage	2017.12.31 Ownership Percentage
The Company	Wisdom Marine Lines S.A. (Panama) (WML)	100%	100%
The Company	Wisdom Marine International Inc. (WII)	100%	100%
WII	Well Ship management and Maritime Consultant Co., Ltd. (WELL)	100%	100%
WML	Adixi Wisdom S.A.	100%	100%
WML	Amis Carriers S.A.	100%	100%
WML	Amis Elegance S.A.	100%	100%
WML	Amis Fortune S.A.	100%	100%
WML	Amis Hero S.A.	100%	100%
WML	Amis Integrity S.A.	100%	100%
WML	Amis International S.A.	100%	100%
WML	Amis Justice S.A.	100%	100%
WML	Amis Mariner S.A.	100%	100%
WML	Amis Miracle S.A.	100%	100%
WML	Amis Nature Inc.	100%	-
WML	Amis Navigation S.A.	100%	100%
WML	Amis Star S.A.	100%	100%
WML	Amis Wisdom S.A.	100%	100%
WML	Arikun Wisdom S.A.	100%	100%
WML	Atayal Brave S.A.	100%	100%
WML	Atayal Mariner S.A.	100%	100%
WML	Atayal Star S.A.	100%	100%
WML	Atayal Wisdom S.A.	100%	100%
WML	Babuza Wisdom S.A.	100%	100%

Investor	Investee Company Name	2018.06.30 Ownership Percentage	2017.12.31 Ownership Percentage
WML	Beagle Marine S.A.	100`%	100%
WML	Beagle Wisdom S.A.	100%	100%
WML	Bunun Brave S.A.	100%	100%
WML	Bunun Champion S.A.	100%	100%
WML	Bunun Dynasty S.A.	100%	100%
WML	Bunun Elegance S.A.	100%	100%
WML	Bunun Fortune S.A.	100%	100%
WML	Bunun Hero S.A.	100%	100%
WML	Bunun Infinity S.A.	100%	100%
WML	Bunun Justice S.A.	100%	100%
WML	Bunun Marine S.A.	100%	100%
WML	Bunun Navigation S.A.	100%	100%
WML	Bunun Wisdom S.A.	100%	100%
WML	Cosmic Wisdom S.A.	100%	100%
WML	Daiwan Champion S.A.	100%	100%
WML	Daiwan Dolphin S.A.	100%	100%
WML	Daiwan Elegance S.A.	100%	100%
WML	Daiwan Fortune S.A.	100%	100%
WML	Daiwan Glory S.A.	100%	100%
WML	Daiwan Hero S.A.	100%	100%
WML	Daiwan Infinity S.A.	100%	100%
WML	Daiwan Justice S.A.	100%	100%
WML	Daiwan Kalon S.A.	100%	100%
WML	Daiwan Leader S.A.	100%	100%
WML	Daiwan Miracle S.A.	100%	100%
WML	Dumun Marine S.A.	100%	100%
WML	Dumun Navigation S.A.	100%	100%
WML	Elite Steamship S.A.	100%	100%
WML	Euroasia Investment S.A.	100%	100%
WML	Favoran Wisdom S.A.	100%	100%
WML	Fourseas Maritime S.A. Panama	100%	100%
WML	Fraternity Marine S.A.	100%	100%
WML	Fraternity Ship Investment S.A.	100%	100%
WML	Genius Marine S.A.	100%	100%
WML	Genius Prince S.A.	100%	100%

Investor	Investee Company Name	2018.06.30 Ownership Percentage	2017.12.31 Ownership Percentage
WML	Genius Star Carriers S.A	100%	100%
WML	Genius Star Navigation S.A.	100%	100%
WML	GS Global S.A.	100%	100%
WML	GS Navigation S.A.	100%	100%
WML	GSX Maritime S.A.	100%	100%
WML	Guma Marine S.A.	100%	100%
WML	Guma Navigation S.A.	100%	100%
WML	Harmony Pescadores S.A.(Panama)	100%	100%
WML	Harmony Success S.A.	-	- (Note a)
WML	Harmony Transport S.A.	100%	100%
WML	Hoanya Wisdom S.A.	100%	100%
WML	Infinite Wisdom S.A.	100%	100%
WML	Katagalan Carriers S.A.	100%	100%
WML	Katagalan Line S.A.	100%	100%
WML	Katagalan Marine S.A.	100%	100%
WML	Katagalan Navigation S.A.	100%	100%
WML	Katagalan Star S.A.	100%	100%
WML	Katagalan Wisdom S.A.	100%	100%
WML	Kavalan Wisdom S.A.	100%	100%
WML	Ligulao Wisdom S.A.	100%	100%
WML	Lloa Wisdom S.A.	100%	100%
WML	Log Wisdom S.A.	100%	100%
WML	Luilang Wisdom S.A.	100%	100%
WML	Magnate Maritime S.A.	100%	100%
WML	Makatao Wisdom S.A.	100%	100%
WML	Mercy Marine Line S.A.	100%	100%
WML	Mighty Maritime S.A.	100%	100%
WML	Mimasaka Investment S.A.	100%	100%
WML	Mount Wisdom S.A.	100%	100%
WML	Paiwan Wisdom S.A	100%	100%
WML	Papora Wisdom S.A.	100%	100%
WML	Pazeh Wisdom S.A.	100%	100%
WML	Pescadores International Line S.A.	100%	100%
WML	Poavosa International S.A.	100%	100%
WML	Poavosa Maritime S.A.	100%	100%

Investor	Investee Company Name	2018.06.30 Ownership Percentage	2017.12.31 Ownership Percentage
WML	Poavosa Navigation S.A.	100%	100%
WML	Poavosa Wisdom S.A.	100%	100%
WML	Rukai Maritime S.A.	100%	100%
WML	Sakizaya Diamond S.A.	100%	100%
WML	Sakizaya Fortune S.A.	100%	100%
WML	Sakizaya Glory S.A.	100%	100%
WML	Sakizaya Hero S.A.	100%	100%
WML	Sakizaya Integrity S.A.	100%	100%
WML	Sakizaya Justice S.A.	100%	100%
WML	Sakizaya Kalon S.A.	100%	100%
WML	Sakizaya Leader S.A.	100%	100%
WML	Sakizaya Line S.A.	100%	100%
WML	Sakizaya Marine S.A.	100%	100%
WML	Sakizaya Miracle S.A.	100%	100%
WML	Sakizaya Navigation S.A.	100%	100%
WML	Sakizaya Orchid S.A.	100%	100%
WML	Sakizaya Power S.A.	100%	100%
WML	Sakizaya Queen S.A.	100%	100%
WML	Sakizaya Respect S.A.	100%	100%
WML	Sakizaya Wisdom S.A.	100%	100%
WML	Sao Wisdom S.A.	100%	100%
WML	Saysiat Wisdom S.A.	100%	100%
WML	Siraya Wisdom S.A.	100%	100%
WML	Taivoan Wisdom S.A.	100%	100%
WML	Tao Ace S.A.	100%	100%
WML	Tao Brave S.A.	100%	100%
WML	Tao Mariner S.A.	100%	100%
WML	Tao Star S.A.	100%	100%
WML	Tao Treasure S.A.	100%	100%
WML	Taokas Marine S.A.	100%	100%
WML	Taokas Navigation S.A.	100%	100%
WML	Taokas Wisdom S.A.	100%	100%
WML	Taroko Maritime S.A.	100%	100%
WML	Taroko Wisdom S.A.	100%	100%
WML	Triumph Wisdom S.A.	100%	100%

Investor	Investee Company Name	2018.06.30 Ownership Percentage	2017.12.31 Ownership Percentage
WML	Trobian Wisdom S.A.	100%	100%
WML	Unicorn Bravo S.A.	100%	100%
WML	Unicorn Fortune S.A.	100%	100%
WML	Unicorn Logger S.A.	100%	100%
WML	Unicorn Logistics S.A.	100%	100%
WML	Unicorn Marine S.A.	100%	100%
WML	Unicorn Pescadores S.A.	100%	100%
WML	Unicorn Successor S.A.	100%	100%
WML	Vayi Wisdom S.A.	100%	100%
WML	Winsome Wisdom S.A.	100%	100%
WML	Wisdom Ace S.A.	100%	100%

Note a : Although the percentage of ownership interests in Harmony Success S.A. is less than 50%, the Group determined that it has control over Harmony Success S.A. This is due to by virtue of an agreement with other investors, the Group has the ability to fully control the operation of Harmony Success S.A. and appoints or approves the key management personnel of Harmony Success S.A. who have the ability to direct the relevant activities. The Group also has rights to the variable returns of Harmony Success S.A. Based on the aforementioned facts and circumstances, management is of the view that the Group controls Harmony Success S.A. and therefore it has been consolidated.

The Group sold the shares account for 40% of Harmony Success S.A. on 31 May 2017, please refer to Note 6. (23) for further information.

b: Subsidiaries excluded from consolidation: None.

(4) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* (Before January 1, 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

The following partial disposals are accounted for as disposals:

A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and

B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Group holds the asset primarily for the purpose of trading
C. The Group expects to realize the asset within twelve months after the reporting period
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Group expects to settle the liability in its normal operating cycle
B. The Group holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Time deposits which mature over three months are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, therefore they are reported as cash and cash equivalents.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* (Before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The accounting policy from 1 January 2018 as follow:

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost or fair value through other comprehensive income on the basis of both:

(a) the Group's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

    i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

    ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

The accounting policy before 1 January 2018 as follow:

The Group accounts for regular way purchase or sales of financial assets on the trade date.

Financial assets of the Group are classified as financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments and loans and receivables. The Group determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated as at fair value through profit or loss. A financial asset is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or those not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, or loans and receivables.

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss.

If equity instrument investments do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity, other than those that are designated as available-for-sale, classified as financial assets at fair value through profit or loss, or meet the definition of loans and receivables.

After initial measurement held-to-maturity financial assets are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

B. Impairment of financial assets

The accounting policy from 1 January 2018 as follow:

The Group is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

The accounting policy before 1 January 2018 as follow:

The Group assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account is reduced directly and the amount of the loss is recognized in profit or loss.

Loss events include:

(a) significant financial difficulty of the issuer or obligor; or
(b) a breach of contract, such as a default or delinquency in interest or principal payments; or
(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(d) the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

D. Financial liabilities and equity

<u>Classification between liabilities or equity</u>

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

<u>Compound instruments</u>

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not re-measured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments* (before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*).

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

<u>Financial liabilities</u>

Financial liabilities within the scope of IFRS 9 *Financial Instruments* (before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or losses including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

Before 1 January 2018, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

(10) Fair value measurement

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are bunker oil and are carried at the lower of cost or net realizable value. The cost of fuel is determined using the "weighted-average" cost method. Net realizable value is the determined based on the estimated selling price in the ordinary course of business, less the estimated selling expenses at the end of the period.

(12) Investments accounted for using equity method

The Group's investment in its associate is accounted for using equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence.

Under equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate.

When the associate issues new stock, and the Group's interest in an associate is reduced or increased as the Group fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment accounted for using equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures* (before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*). If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

All major components of the vessels are depreciated on a straight-line basis over the useful life of the assets. Depreciation is based on cost less the estimated residual value. The residual value is estimated as the lightweight tonnage of each vessel multiplied by scrap value per ton.

The dry-docking cost, including acquisition of a new vessel, is separated from the remaining cost of the vessel. These two cost elements are recognized and depreciated separately. For the building of new vessels, the initial dry-docking cost is also segregated and capitalized separately.

The Group has a long-term plan for dry-docking of the vessels. Dry-docking cost is capitalized and depreciated until the next planned dry-docking. Other capitalized improvements are depreciated over the estimated economic life.

The carrying values of vessels and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The residual values, useful lives, and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, except for those cases which are of little consequence.

A vessel or item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is derecognized.

Expenditures on the building of new vessels are capitalized as vessels under construction as they are paid. Capitalized value is reclassified from vessel under construction to vessels upon delivery from the dock. The total acquisition cost of a vessel is determined based on the sum of installments paid plus the costs incurred during the construction period. Borrowing costs that are attributable to the construction of the vessels are capitalized as part of the vessel. The interest rate is based on the weighted-average borrowing costs for the Group, limited to the total borrowing costs incurred in the period.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

vessels	15-25 years
vessel equipment	3-5 years
dry-dockings	2.5 years
other	3-10 years

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(14) Leases

<u>Group as a lessee</u>

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

<u>Group as a lessor</u>

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract or the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(17) Revenue recognition

The accounting policy from 1 January 2018 as follow:

Hire Revenue

Hire revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. The revenue is measured at the fair value of consideration that the Group has received or had the right to receive. The revenue is recognized on a time proportion basis over the lease term.

Freight Revenue and Vessel Management Revenue

The Group's revenue arising from contracts with customers are rendering of services, including shipping services and vessel management services. Such services are separately priced or negotiated based on the contract period that provide the services. As the Group provides the services over the contract period, so that the customers simultaneously receive and consume the benefits provided by the Group. The services are satisfied over time, thus, revenue are recognized by reference to the stage of completion over the period.

Most of the contractual considerations of the Group are received on average during the contract period after the provision of services. When the Group has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, then the Group has the obligation to provide the services subsequently and it should be recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

The accounting policy before 1 January 2018 as follow:

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. The revenue is measured at the fair value of consideration that the Group has received or had the right to receive. The revenue is recognized on the following basis:

(a) From freight, on a percentage of completion basis;
(b) From chartering hire, on a time proportion basis over the lease term;
(c) From vessel management, in the period in which the vessels are managed in accordance with the respective agreement;
(d) Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Post-employment benefits

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.

(20) Income taxes

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 judgments, 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 31 December 2017. Please refer to the Note 5 in the consolidated financial statements as at 31 December 2017 for details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	30 June 2018	31 December 2017
Cash on hand	$7,481	$4,535
Check deposits	181	185
Demand deposits	16,540,559	13,465,881
Time deposits	9,804,336	27,390,040
Total	$26,352,557	$40,860,641

As at 30 June 2018 and 31 December 2017, cash and cash equivalents with carrying amounts of $46,289,228 and $52,024,592 respectively, were pledged to secure bank loans and were classified under other financial assets.

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

	30 June 2018	31 December 2017
Financial liabilities at fair value through profit or loss		
-Financial liabilities held for trading-current	$2,308,602	$3,009,409

As at 30 June 2018 and 31 December 2017, the amount of the Group's derivative instruments －put right embedding in bonds payable were $2,308,602 and $3,009,409 respectively, were recognized as financial liabilities held for trading-current. Please refer 6.(13) for further details.

(3) Financial assets at fair value through other comprehensive income

	30 June 2018	31 December 2017 (note)
Debt instrument investments measured at fair value through other comprehensive income		
Bonds		
Current	$991,843	$-

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate period periods in accordance with the transition provision in IFRS 9.

A. For the amount of aforementioned financial assets pledged for bank loans as at 30 June 2018, please refer to Note 8.

B. For the credit risk information of financial assets at fair value through other comprehensive income, please refer to Note 12.

(4) Available-for-sale financial assets

	30 June 2018 (note)	31 December 2017
Available-for-sale financial assets		
Bonds		
Current	$-	$1,028,103

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate period periods in accordance with the transition provision in IFRS 9.

The Group adopted IAS 39 before 1 January 2018 and classified certain financial assets as available-for-sale financial assets. Please refer to Note 8 for more details on available-for-sale financial assets pledged for bank loans as at 31 December 2017.

(5) Held-to-maturity financial assets

	30 June 2018 (note)	31 December 2017
Held-to-maturity financial assets		
Bonds		
Current	$-	$614,211

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate period periods in accordance with the transition provision in IFRS 9.

A. As at 31 December 2017, the held-to-maturity financial assets had maturities in February 2018.

B. For the amount of aforementioned financial assets pledged for bank loans as at 31 December 2017, please refer to Note 8.

(6) Financial instruments for hedging

	30 June 2018	31 December 2017
Financial assets(liabilities) for hedging		
Cash flow hedge - Interest rate swap		
Current	$62,915	$(986)
Non-current	$154,821	$80,058

The Group's risk control activities and hedging strategy relate primarily to the Group's operating activities. As the Group has variable interest rate loan with bank, its future cash flows are exposed to interest rate risks and subject to interest rate fluctuations. In order to manage interest rate risks, the Group engages in interest rate swap contract to hedge the interest risk for better control and measurement of such risks. These interest rate swap contracts are cash flow hedges.

Interest rate swap contracts are designed to match the hedged items. The unsettled Interest rate swap contracts at 30 June 2018 and 31 December 2017 were as follows:

As at 30 June 2018

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
Financial assets(liabilities) for hedging – current				
Interest rate swap contracts	$62,915	2018/07~2019/06	2018/07~2019/06	$9,855,000
Financial assets(liabilities) for hedging –non-current				
Interest rate swap contracts	$154,821	2019/07~2021/06	2019/07~2021/06	$8,605,000

As 31 December 2017

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
Derivative financial assets(liabilities) for hedging –current				
Interest rate swap contracts	$(986)	2018/01~2018/12	2018/01~2018/12	$10,480,000
Derivative financial assets (liabilities) for hedging –non-current				
Interest rate swap contracts	$80,058	2019/01~2021/06	2019/01~2021/06	$9,230,000

(7) Accounts receivable, net

	30 June 2018	31 December 2017
Accounts receivable	$5,365,517	$4,411,196
Less: loss allowance	(149,046)	(83,258)
Subtotal	5,216,471	4,327,938
Accounts receivable－related parties	524,999	221,707
Less: loss allowance	-	-
Subtotal	524,999	221,707
Net accounts receivable	$5,741,470	$4,549,645

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

The Group adopted IFRS 9 for impairment assessment since 1 January 2018. Please refer to Note 6.18 for more details on impairment of accounts receivable. The Group adopted IAS 39 for impairment assessment before 1 January 2018. The movements in the provision for impairment of trade receivables and trade receivables-related parties are as follows: (Please refer to Note 12 for more details on credit risk management.)

	31 December 2017
Amount at beginning of period	$83,258
Provision for impairment	79,487
Write off	(79,487)
Amount at end of period	$83,258

Impairment loss that was individually determined at 31 December 2017, and was arose due to the fact that the counterparty was in financial difficulties. The amount of impairment loss recognized was the difference between the carrying amount of the trade receivable and the present value of its expected recoverable amount. The Group does not hold any collateral for such accounts receivables.

The aging analysis of accounts receivable and accounts receivable from related parties, net was as follow:

	Neither past due nor impaired	Past due but not impaired					Total
		Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	
2017.12.31	$3,902,583	$85,854	$338,855	$124,253	$98,100	$-	$4,549,645

The Group's major revenue comes 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. The main portion of accounts receivable include hire revenue as contracted, hire dispute, vessel delay.

(8) Inventories

	30 June 2018	31 December 2017
Fuel	$5,381,299	$3,893,003

As at 30 June 2018 and 31 December 2017, the aforementioned inventories were not pledged as collateral.

(9) Investments accounted for using the equity method

	30 June 2018		31 December 2017	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Pescadores Investment and Development Inc.	$4,684,205	40%	$3,655,924	40%

A. For the purpose of building the Group's headquarter, the Group has participated in an investment with Pescadores Co., Ltd. and Mr. Lan Chun Sheng by subscribing for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT$1 billion. The Group holds 40% of the shares issued by Pescadores Investment and Development Inc.
B. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT1.12 billion, with a par value of NT$10 per share for 4,800,000 shares. The Group remains 40% share of the shares issued by Pescadores Investment and Development Inc. As at 2 April 2018, the Group had fully paid the amount. As at 11 May 2018, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.
C. The summary financial information of the investment in associa was as follow:

	30 June 2018	31 December 2017
Current assets	$889,295	$401,896
Non-current assets	141,016,522	144,318,524
Current liabilities	(188,739)	(135,580,611)
Non-current liabilities	(130,006,566)	-
Equity	11,710,512	9,139,809
Percentage of ownership (%)	40%	40%
Group's carrying amount of the investment	$4,684,205	$3,655,924

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2018	2017	2018	2017
Revenue	$-	$-	$-	$-
Profit for the year (continuing operations)	(613,522)	(598,080)	(1,195,061)	(1,152,921)
Other comprehensive income for the year	-	-	-	-
Comprehensive income for the year	$(613,522)	$(598,080)	$(1,195,061)	$(1,152,921)

(a) The investments in associates do not have a quoted market price in active market.
(b) The investments in associates had no contingent liabilities, capital commitments, or guaranty

D. As at 30 June 2018 and 31 December 2017, the foreign exchange rate effect for investments accounted for using the equity method were as follows

	30 June 2018	31 December 2017
Pescadores Investment and Development Inc.	$14,484	$336,015

E. The aforementioned investments in associates had no contingent liabilities, capital commitments, or guaranty as at 30 June 2018 and 31 December 2017.

(10) Property, plant and equipment

30 June 2018	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Vessel	$3,193,780,321	$2,234,429	$-	$99,831,768	$(61,900)	$3,295,784,618
Vessel equipment	15,459,370	1,127,941	-	-	(310)	16,587,001
Dry-dock	21,893,845	5,420,450	-	142,649	(13,471)	27,443,473
Transportation equipment	184,812	-	-	-	(4,247)	180,565
Office equipment	252,386	6,126	-	-	(5,985)	252,527
Leased assets	108,225,403	413,382	-	26,000,000	-	134,638,785
Leasehold improvements	90,886	6,438	-	-	(2,284)	95,040
Total	3,339,887,023	9,208,766	-	125,974,417	(88,197)	3,474,982,009
Accumulated depreciation						
Vessel	634,384,543	59,792,363	-	-	(13,606)	694,163,300
Vessel equipment	8,206,314	1,553,574	-	-	(320)	9,759,568
Dry-dock	10,131,485	4,568,988	-	(209,959)	(5,780)	14,484,734
Transportation equipment	184,812	-	-	-	(4,247)	180,565
Office equipment	211,851	6,574	-	-	(5,068)	213,357
Leased assets	18,132,434	2,425,798	-	-	-	20,558,232
Leasehold improvements	68,486	3,212	-	-	(1,671)	70,027
Total	671,319,925	68,350,509	-	(209,959)	(30,692)	739,429,783
Net Balance	$2,668,567,098	$(59,141,743)	$-	$126,184,376	$(57,505)	$2,735,552,226

31 December 2017	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Vessel	$2,900,034,948	$1,214,975	$9,153,048	$301,475,479	$207,967	$3,193,780,321
Vessel equipment	15,064,310	3,175,995	2,709,478	(72,500)	1,043	15,459,370
Dry-dock	20,999,113	8,990,109	9,957,691	1,831,988	30,326	21,893,845
Transportation equipment	170,543	-	-	-	14,269	184,812
Office equipment	232,900	-	-	-	19,486	252,386
Leased assets	93,516,827	15,226,725	518,149	-	-	108,225,403
Leasehold improvements	83,869	-	-	-	7,017	90,886
Total	3,030,102,510	28,607,804	22,338,366	303,234,967	280,108	3,339,887,023
Accumulated depreciation						
Vessel	532,386,291	113,495,563	3,497,530	(8,025,408)	25,627	634,384,543
Vessel equipment	7,898,630	3,088,966	2,709,478	(72,500)	696	8,206,314
Dry-dock	10,597,120	9,619,367	9,850,937	(240,994)	6,929	10,131,485
Transportation equipment	170,543	-	-	-	14,269	184,812
Office equipment	184,077	12,100	-	-	15,674	211,851
Leased assets	14,820,513	3,830,070	518,149	-	-	18,132,434
Leasehold improvements	56,945	6,627	-	-	4,914	68,486
Total	566,114,119	130,052,693	16,576,094	(8,338,902)	68,109	671,319,925
Net Balance	$2,463,988,391	$(101,444,889)	$5,762,272	$311,573,869	$211,999	$2,668,567,098

A. As at 30 June 2018 and 31 December 2017, the residual value of the vessels amounted to $421,580 thousand and $402,413 thousand, respectively, and the estimated useful lives were ranging from 15 to 25 years and 15 to 25 years.

B. As at 30 June 2018 and 31 December 2017, the Group had deposited the chartering income of some vessels, including those still being building, into reserve accounts of lending institutions.

C. For the amount of property, plant and equipment under pledge at 30 June 2018 and 31 December 2017, please refer to Note 8.

D. As at 30 June 2018 and 31 December 2017, the Group has entered into certain shipbuilding contracts. Refer to Note 9.(1) for further details.

E. For the six months ended 30 June 2018 and 2017, the Group disposed of certain vessels for $0 and $4,332,250 which resulted in a loss on disposal of property and equipment of $0 and $1,430,022, respectively.

F. For the six months ended 30 June 2018 and 2017, the amounts of total interest expense before capitalization of borrowing costs were $27,523,063 and $20,307,881; the capitalization of interest were $46,773 and $71,941, and the interest rates of capitalization of interest were 1.35~4.34% and 3~3.5%, respectively.

(11) Other noncurrent assets－Other

	30 June 2018	31 December 2017
Prepayment for vessels	$30,495,000	$52,856,831
Deferred expenses	30,775	31,880
Total	$30,525,775	$52,888,711

Prepayment for vessels is the amount prepaid for building new vessels.

(12) Loans and borrowings

	30 June 2018	31 December 2017
Bank loans－Short-term borrowings	$40,810,816	$44,399,387
Long-term borrowings (including current portion)	$1,650,036,972	$1,651,263,233

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

Loans	Currency	Nominal interest rate	Year of maturity	Amount
30 June 2018				
Unsecured	USD	3.16%~4.01%	2016.06.30~2019.12.29	$24,000,000
	JPY	0.88%~1.20%	2017.05.31~2019.08.31	11,570,099
Secured	USD	2.94%~5.00%	2009.02.20~2026.06.30	918,076,532
	JPY	0.85%~2.13%	2005.12.12~2030.04.02	722,966,095
	TWD	1.76%~2.06%	2016.03.28~2023.03.28	14,235,062
Total				$1,690,847,788

Loans	Currency	Nominal interest rate	Year of maturity	Amount
31 December 2017				
Unsecured	USD	2.10%~3.04%	2016.06.30~2019.03.26	$23,750,000
	JPY	0.88%~1.13%	2017.05.31~2019.08.31	11,104,207
Secured	USD	1.97%~4.16%	2009.02.20~2026.06.30	908,495,757
	JPY	0.85%~2.11%	2005.12.12~2030.04.02	737,635,236
	TWD	1.76%~1.86%	2016.03.28~2023.03.28	14,677,420
Total				$1,695,662,620

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

Maturity Period	30 June 2018	31 December 2017
Within one year	$275,076,296	$217,027,648
Beyond one year and up to five years	1,003,229,343	1,017,159,280
More than five years	371,731,333	417,076,305
Total	$1,650,036,972	$1,651,263,233

(a) As at 30 June 2018 and 31 December 2017, WML had provided financing guarantees for its subsidiaries of $1,272,956 thousand and $1,319,653 thousand, respectively.

(b) As at 30 June 2018 and 31 December 2017, the Group had unused credit facilities of $63,466 thousand and $40,773 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.
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 at 30 June 2018 and 31 December 2017, WML and the Company had provided financial guarantees for the Company's subsidiaries. Please refer to Note 9.(2) for further details.

(13) Bonds Payable

	30 June 2018	31 December 2017
Convertible bonds	$53,469,402	$53,814,622
Less: current portion	10,902,400	10,773,060
Net	$42,567,002	$43,041,562

A. The Group's overseas convertible bonds were as follows:

	30 June 2018	31 December 2017
First R.O.C. unsecured convertible bonds issued in 2012		
Convertible bonds issued	$-	$20,387,360
Discounted on bonds payable	-	-
Accumulated converted amount	-	(11,676,075)
Accumulated redeemed amount	-	(7,811,807)
Valuation on bonds payable	-	(899,478)
Net	-	-
Less: Current portion of bonds payable	-	-
Subtotal	-	-
First Singapore unsecured convertible bonds issued in 2013		
Convertible bonds issued	60,000,000	60,000,000
Discounted on bonds payable	(97,600)	(226,940)
Accumulated converted amount	(49,000,000)	(49,000,000)
Net	10,902,400	10,773,060
Less: Current portion of bonds payable	(10,902,400)	(10,773,060)
Subtotal	-	-
Second Singapore unsecured convertible bonds issued in 2015		
Convertible bonds issued	80,000,000	80,000,000
Discounted on bonds payable	(201,222)	(256,397)
Accumulated converted amount	-	-
Accumulated redeemed amount	(75,000,000)	(75,000,000)
Net	4,798,778	4,743,603
Less: Current portion of bonds payable	-	-
Subtotal	4,798,778	4,743,603
Second R.O.C. secured convertible bonds issued in 2017		
Convertible bonds issued	13,218,771	13,218,771
Discounts on bonds payable	(903,861)	(1,101,982)
Accumulated converted amount	-	-
Accumulated redeemed amount	-	-
Valuation on bonds payable	(86,056)	203,083
Net	12,228,854	12,319,872
Less: Current portion of bonds payable	-	-
Subtotal	12,228,854	12,319,872
Third R.O.C. unsecured convertible bonds issued in 2017		
Convertible bonds issued	26,307,136	26,307,136
Discounts on bonds payable	(720,281)	(883,527)
Accumulated converted amount	-	-
Accumulated redeemed amount	-	-
Valuation on bonds payable	(47,485)	554,478
Net	25,539,370	25,978,087
Less: Current portion of bonds payable	-	-
Subtotal	25,539,370	25,978,087
Total	$42,567,002	$43,041,562
Embedded derivative instruments－put right, accounted under financial liabilities at fair value through profit or loss	$2,308,602	$3,009,409
Equity components－Capital surplus, accounted under capital surplus and other	$7,124,808	$7,124,808
Liability components－Financial liabilities reported at fair value through (profit) or loss	$(700,807)	$(1,114,575)
Interest expense	$686,794	$1,672,874

B. The offering information of the overseas convertible bonds was as follows:

Item	First R.O.C. unsecured convertible bonds issued in 2012
1. Offering amount	NT$600,000 thousand
2. Issue date	29 March 2012
3. Outstanding amount	NT$0 thousand
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	(a) Conversion period 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), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction. (b) Conversion price The conversion price had been adjusted from NT$46.00 per share to NT$40.36 per share effective 14 August 2012. The conversion price had been adjusted from NT$40.36 per share to NT$36.80 per share effective 20 August 2013. The conversion price had been adjusted from NT$36.80 per share to NT$33.70 per share effective 2 August 2014. The conversion price had been adjusted from NT$33.70 per share to NT$31.30 per share effective 4 July 2015. The conversion price had been adjusted from NT$31.30 per share to NT$29.20 per share effective 3 July 2016. The conversion price had been adjusted from NT$29.20 per share to NT$29.10 per share effective 28 October 2016.

Item	First Singapore unsecured convertible bonds issued in 2013
1. Offering amount	US$60 million
2. Issue date	12 November 2013
3. Outstanding amount	US$11,000 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	None
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	(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. (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. (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.
9. Conversion	(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. (2) Conversion price The conversion price was NT$35.3369 per share which was100.1% 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. The conversion price had been adjusted from NT$30.3524 per share to NT$28.3011 per share effective 3 July 2016. The conversion price had been adjusted from NT$28.3011 per share to NT$28.2794 per share effective 28 October 2016. The conversion price had been adjusted from NT$28.2794 per share to NT$26.0777 per share effective 29 July 2017. The conversion price had been adjusted from NT$26.0777 per share to NT$25.8578 per share effective 3 November 2017. (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 Singapore unsecured convertible bonds issued in 2015
1. Offering amount	US$80 million
2. Issue date	10 April 2015
3. Outstanding amount	US$5 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	None
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	(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. (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. (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.
9. Conversion	(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. (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. The conversion price had been adjusted from NT$39.78 per share to NT$37.09 per share effective 3 July 2016. The conversion price had been adjusted from NT$37.09 per share to NT$36.43 per share effective 28 October 2016. The conversion price had been adjusted from NT$36.43 per share to NT$33.5938 per share effective 29 July 2017. The conversion price had been adjusted from NT$33.5938 per share to NT$33.31 per share effective 3 November 2017. (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.

Item	Second R.O.C. secured convertible bonds issued in 2017
1. Offering amount	NT$400,000 thousand
2. Issue date	30 September 2017
3. Outstanding amount	NT$400,000 thousand
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 30 September 2017 to maturity date of 30 September 2020
6. Guarantee Institutions	Bank Sinopac Company Limited
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 (30 September 2019). The Company should send through registered mail the "Notification of bondholder's put option" 40 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 40 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value *0% after two years maturity period, the real yield is 0%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.
9. Conversion	(1) Conversion period The bondholders will have the right to convert their bonds at any time during the conversion period commencing 1 January 2018 (the 90th day following the closing date) and ending at the close of business on 30 September 2020 (the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction. (2) Conversion price The conversion price was NT$30 per share which was 106.07% of the average closing price (NT$28.28) reported by the TWSE in respect of the common shares of the Company during the 3 trading day period prior to 22 September 2017. The conversion price had been adjusted from NT$30 per share to NT$29.8 per share effective 3 November 2017.

Item	Third R.O.C. unsecured convertible bonds issued in 2017
1. Offering amount	NT$800,000 thousand
2. Issue date	2 October 2017
3. Outstanding amount	NT$800,000 thousand
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 2 October 2017 to maturity date of 2 October 2020
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 (2 October 2019). The Company should send through registered mail the "Notification of bondholder's put option" 40 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 40 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value *1% 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	(1) Conversion period The bondholders will have the right to convert their bonds at any time during the conversion period commencing 3 January 2018 (the 90th day following the closing date) and ending at the close of business on 2 October 2020 (the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction. (2) Conversion price The conversion price was NT$29.5 per share which was 103.98% of the average closing price (NT$28.37) reported by the TWSE in respect of the common shares of the Company during the 3 trading day period prior to 25 September 2017. The conversion price had been adjusted from NT$29.5 per share to NT$29.3 per share effective 3 November 2017.

C. First R.O.C. unsecured convertible bonds issued in 2012 has matured on 29 March 2017.

D. The bondholders exercised the right to repurchase within the period of repurchase (five business days prior to April 10, 2017) the second overseas unsecured convertible bonds issued by the Group in 2015 according to the issuance prospectus. The bondholders requested that the consolidated company redeem the convertible bonds at 104.06% face value. The Group recognized loss from the right to repurchase of corporate bonds in the amount of US$4,462 thousand (under other loss item) after deducting the book values of the corporate bond and the liabilities of the right to repurchase from the repurchase price. The Group reclassified expired conversion rights of US$5,871 thousand from Capital Surplus - Stock option from convertible bonds to Capital Surplus - Others. The book value of the second overseas unsecured convertible bonds issued by the Group in 2015, less the accumulated conversion has been reclassified to non-current liabilities after the expiration of resale period.

(14) Leases

A. Lessors

Chartering

Future hiring receivables as at 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018	31 December 2017
Within one year	$356,370,048	$305,601,092
Beyond one year and up to five years	619,286,596	594,859,161
More than five years	272,555,892	325,934,314
Total	$1,248,212,536	$1,226,394,567

B. Lessee

(a) Bareboat Hire and Purchase (BBHP)

i. Future non-cancellable lease payments under financing lease as at 30 June 2018 and 31 December 2017:

	30 June 2018		31 December 2017	
	Minimum Lease Payment	Interest expense	Minimum Lease Payment	Interest expense
Within one year	$15,367,751	$1,103,386	$14,405,443	$983,001
Beyond one year and up to five years	26,827,406	3,491,458	20,086,115	2,602,883
More than five years	56,061,614	1,172,495	39,291,974	1,083,523
Total	$98,256,771	$5,767,339	$73,783,532	$4,669,407

ii. The Group planned to exercise its right to acquire some vessels in October 2009 and August 2017, 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 2019 and August 2018, and the other conditions of the lease remained unchanged.

(b) Sale and lease back transaction

i. As at 30 June 2018 and 31 December 2017, 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
30 June 2018	A	7 years from 2012.12	$347,750/quarter	$14,980,000	Max (3m Libor+2.2%, Taifx+1.2%, 2.5%)

	Vessel	Lease term	Rent	Contract price	Interest rate
31 December 2017	A	7 years from 2012.12	$347,750/quarter	$14,980,000	Max (3m Libor+2.2%, Taifx+1.2%, 2.5%)

ii. Future non-cancellable chartering payments as at 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018	31 December 2017
Within one year	$1,391,000	$1,391,000
Beyond one year and up to five years	5,938,500	6,634,000
Total	$7,329,500	$8,025,000

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 at 30 June 2018 and 31 December 2017, the Group has issued promissory notes of $7,814 thousand and $8,706 thousand, respectively, for these lease agreements.

(15) Post-Employment Defined Benefit Plan

A. Defined contribution plans

WELL and WII provide cash contribution at the rate of 6% of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act.

B. Defined benefit plans

WII also have a defined benefit plan covering all regular employees in accordance with the Labor Standards Act. This plan provides for a pension benefit payment of 2 units for each year of service. Each unit of retirement payment referred to above shall be computed as the average monthly salary for the last six months at the time of approved retirement. Under this plan, the Company contributes monthly an amount equal to 2% of gross salary to a pension fund, which is deposited into a designated depository account with the Bank of Taiwan.

(16) 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 NT $10 per share for listing in Taiwan purpose.
As at 30 June 2018 and 31 December 2017, the total outstanding capital of the Company amounted to NT$6,167,076 thousand and NT$6,167,076 thousand, consisting of 616,708 thousand and 616,708 thousand shares with a par value of NT $10 per share.

(b) On 23 June 2017, the shareholders resolved at their meeting to distribute the 2016 capital surplus as cash at NT$1.00 per share and increase capital by capitalizing its capital surplus of NT$ 278,432 thousand, comprising 27,843 thousand shares with a par value of NT$10. The record date of this capital increase was 29 July 2017.

(c) A resolution was passed at a board of directors meeting of the Company held on 28 July 2017 to issued 32,000,000 shares of stock with per value of NT$10 per share. The board of directors authorized the chairman of directors to set the offering price at NT$23.5 per share on 6 October. The issuance was approved by the Financial Supervisory Commission on 8 September 2017, and the subscription was completed on 3 November 2017.

(d) On 25 May 2018, the shareholders resolved at their meeting to distribute the 2017 capital surplus as cash at NT$1.00 per share.

B. Capital Surplus

The components of the capital surplus were as follows:

	30 June 2018	31 December 2017
From issuance of share capital	$24,746,317	$45,340,993
Employee share options	338,321	338,321
Stock option from convertible bonds	1,254,063	1,254,063
Others	5,870,745	5,870,745
Total	$32,209,446	$52,804,122

C. Retained earnings

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.

On 25 May 2018 and 23 June 2017, the Company's shareholders resolved at the shareholder's meeting to appropriate the 2017 and 2016 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	2017	2016
Cash dividends distributed from Capital surplus -per share	$1.00	$1.00
Stock dividends distributed from Capital surplus -per share	$-	$0.50

For the amount and estimate basis of Directors' and supervisors' remuneration please refer to Note 6.(19).E.

(17) Operating revenues

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2018	2017	2018	2017
Revenue from contracts with customers				
Freight revenue	$3,964,586	$4,289,758	$5,916,386	$9,512,935
Vessel management revenue	916,943	1,087,907	2,025,534	2,159,691
Subtotal	4,881,529	5,377,665	7,941,920	11,672,626
Hire revenue	100,245,515	79,844,350	196,124,474	156,142,022
Other operating revenue	2,367,026	1,302,078	4,353,896	2,596,476
Total	$107,494,070	$86,524,093	$208,420,290	$170,411,124

Note: The Group has adopted IFRS 15 from 1 January 2018. The Group elected to apply the standard retrospectively by recognizing the cumulative effect of initially applying the standard at the date of initial application (1 January 2018).

Contract balances

As at 30 June 2018, the Group had no contract asset or contract liability from contracts with customers.

(18) Expected credit losses/(gains)

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2018	2017(note)	2018	2017(note)
Operating expenses – Expected credit losses/(gains)				
Accounts receivable	$144,041	$-	$149,046	$-

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 30 June 2018 is as follow:

Considering couterparties's credit rating, industry characteristics and past experiences, the loss allowance of accounts receivable is measured as a single group by using a provision matrix. Details for provision matrix are as follow:

		Past due					
	Neither past due	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	Total
Gross carrying amount	$5,236,674	$135,224	$51,903	$341,712	$125,003	$-	$5,890,516
Loss ratio	0.63%	11.04%	15.11%	17.78%	26.18%	100%	
Lifetime expected credit losses	32,778	14,932	7,842	60,767	32,727	-	149,046
Net carrying amount	$5,203,896	$120,292	$44,061	$280,945	$92,276	$-	$5,741,470

The movement in the provision for impairment of accounts receivable during the period is as follows:

	Accounts receivable
Beginning balance (in accordance with IAS 39)	$83,258
Beginning adjusted retained earnings	-
Beginning balance (in accordance with IFRS 9)	83,258
Addition/(reversal) for the current period	149,046
Write off for past due over 24months	(83,258)
Ending balance	$149,046

(19) Operating costs

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2018	2017	2018	2017
Depreciation expense	$34,546,370	$32,112,153	$68,340,723	$63,078,178
Cost of materials	10,602,507	10,330,846	18,869,383	20,175,826
Expenses for chartering services	6,471,265	6,416,418	13,393,981	12,750,013
Wages and personnel expenses	24,411,645	22,480,802	48,452,004	44,232,433
Other operating costs	2,464,501	2,614,310	5,225,796	5,264,568
Total	$78,496,288	$73,954,529	$154,281,887	$145,501,018

A. Cost of materials

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2018	2017	2018	2017
Fuel oil	$1,799,655	$2,101,084	$2,791,006	$4,644,838
Lubricants	2,587,160	2,339,489	5,098,010	4,637,823
Materials	1,908,139	1,578,315	3,405,212	2,931,130
Spare parts	2,188,355	2,180,571	3,989,982	4,271,519
Survey fees	1,547,833	1,434,822	2,448,368	2,472,588
Repairs and maintenance	263,504	469,174	619,743	813,826
Paints	307,861	227,391	517,062	404,102
Total	$10,602,507	$10,330,846	$18,869,383	$20,175,826

B. Expenses for chartering services

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2018	2017	2018	2017
Commissions	$4,032,026	$2,885,184	$7,729,084	$5,541,537
Expenses at ports	619,403	820,846	1,147,594	1,835,427
Agency costs	154,873	192,784	297,280	404,266
Chartering expenses	93,031	1,052,200	1,114,398	2,084,892
Dispatch expenses	66,285	93,045	89,714	202,943
Postage and international communication	708,440	680,446	1,417,721	1,323,015
Other	797,207	691,913	1,598,190	1,357,933
Total	$6,471,265	$6,416,418	$13,393,981	$12,750,013

C. Wages and personnel expenses

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2018	2017	2018	2017
Crew wages	$18,270,027	$17,005,579	$36,419,392	$33,371,102
Insurance fees	2,224,854	1,969,181	4,610,756	4,150,974
Food and meals	1,598,299	1,506,293	3,224,865	2,983,732
Crew travel fees	1,529,717	1,370,930	2,718,379	2,533,151
Bonus	751,414	592,926	1,403,776	1,123,154
Pension cost	37,334	35,893	74,836	70,320
Total	$24,411,645	$22,480,802	$48,452,004	$44,232,433

D. Other operating costs

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2018	2017	2018	2017
Hull and machinery insurance	$2,127,388	$2,182,380	$4,272,099	$4,394,624
Compensation	143,419	193,100	506,507	369,177
Lease payments	79,162	77,535	156,825	149,282
Other	114,532	161,295	290,365	351,485
Total	$2,464,501	$2,614,310	$5,225,796	$5,264,568

E. Summary statement of employee benefits, depreciation and amortization expenses by function for the three months ended and six months ended 30 June 2018 and 2017:

	For the Three Months Ended 30 June					
	2018			2017		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$19,021,441	$382,488	$19,403,929	$17,598,505	$363,796	$17,962,301
Insurance expenses	2,224,854	27,339	2,252,193	1,969,181	24,550	1,993,731
Pension	37,334	14,345	51,679	35,893	14,274	50,167
Other employee benefits expense	1,598,288	9,215	1,607,503	1,506,330	10,832	1,517,162
Depreciation	34,546,370	5,007	34,551,377	32,112,153	4,808	32,116,961
Amortization	-	2,606	2,606	-	2,955	2,955

	For the Six Months Ended 30 June					
	2018			2017		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$37,823,168	$ 756,518	$38,579,686	$34,494,256	$690,233	$35,184,489
Insurance expenses	4,610,756	58,894	4,669,650	4,150,974	55,027	4,206,001
Pension	74,836	29,193	104,029	70,320	28,415	98,735
Other employee benefits expense	3,226,259	19,142	3,245,401	2,986,517	18,272	3,004,789
Depreciation	68,340,723	9,786	68,350,509	63,078,178	9,613	63,087,791
Amortization	-	5,016	5,016	-	5,353	5,353

	For the Years Ended 31 December	
Item	2017	2016
Directors' and supervisors' remuneration	$148,304	$208,634

The differences between the actual appropriations of 2017 and 2016 earnings for directors and supervisors' remunerations as approved at the shareholders' meeting and the amounts recognized in the financial statements were as follows:

	2017		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	$148,304	$148,487	$(183)

	2016		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	$208,634	$232,835	$(24,201)

The aforementioned difference for the years ended 31 December 2017 and 2016 was accounted for as a change in accounting estimates and was charged to profit or loss for the years ended 31 December, 2018 and 2017. Management is expecting that the difference for the year ended 31 December 2017 will be treated as a change in accounting estimates and will be charged to profit or loss for the years ended 31 December 2018 and 2017.

Directors' and supervisors' remuneration amounted to $78,691 and $65,746 for the six months ended 30 June 2018 and 2017, respectively. These amounts were calculated based on the Company's net profit for the six months ended 30 June 2018 and 2017, 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 salaries expense during the six months ended 30 June 2018 and 2017.

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.

(20) Components of other comprehensive income

For the three months ended 30 June 2018

	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:					
Defined benefit plan actuarial losses	$-	$-	$-	$-	$-
To be reclassified to profit or loss in subsequent periods:					
Cumulative translation adjustments	33,167,051	-	33,167,051	-	33,167,051
Unrealized gains or losses on debt instruments investment measured at fair value through other comprehensive income	(3,680)	-	(3,680)	-	(3,680)
Gains (losses) from hedging instruments	35,190	-	35,190	-	35,190
Total of other comprehensive income	$33,198,561	$-	$33,198,561	$-	$33,198,561

For the three months ended 30 June 2017

	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:					
Defined benefit plan actuarial losses	$-	$-	$-	$-	$-
To be reclassified to profit or loss in subsequent periods:					
Cumulative translation adjustments	1,646,662	-	1,646,662	-	1,646,662
Unrealized gains or losses on available-for-sale financial assets	91,663	-	91,663	-	91,663
Effective portion of gains (losses) on hedging instrument in a cash flow hedge	(36,899)	(1,626,743)	(1,663,642)	-	(1,663,642)
Total of other comprehensive income	$1,701,426	$(1,626,743)	$74,683	$-	$74,683

For the six months ended 30 June 2018

	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:					
Defined benefit plan actuarial losses	$-	$-	$-	$-	$-
To be reclassified to profit or loss in subsequent periods:					
Cumulative translation adjustments	(15,048,516)	-	(15,048,516)	-	(15,048,516)
Unrealized gains or losses on debt instruments investment measured at fair value through other comprehensive income	(36,647)	-	(36,647)	-	(36,647)
Gains (losses) from hedging instruments	138,664	-	138,664	-	138,664
Total of other comprehensive income	$(14,946,499)	$-	$(14,946,499)	$-	$(14,946,499)

For the six months ended 30 June 2017

	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:					
Defined benefit plan actuarial losses	$-	$-	$-	$-	$-
To be reclassified to profit or loss in subsequent periods:					
Cumulative translation adjustments	(35,415,549)	-	(35,415,549)	-	(35,415,549)
Unrealized gains or losses on available-for-sale financial assets	578,372	-	578,372	-	578,372
Effective portion of gains (losses) on hedging instrument in a cash flow hedge	(36,899)	(1,626,743)	(1,663,642)	-	(1,663,642)
Total of other comprehensive income	$(34,874,076)	$(1,626,743)	$(36,500,819)	$-	$(36,500,819)

(21) Income tax

A. Pursuant to the rules and regulations of the local authority, the Group is not subject to any income tax, except for WELL and WII. The Company has no issue of Integrated Income Tax. 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. As a result, the Group does not disclose the reconciliation between accounting profit and taxable income.

B. Based on the amendments to the Income Tax Act announced on 7 February 2018, applicable corporate income tax rate of WELL and WMI for the year ended 31 December 2018 has changed from 17% to 20%. The corporate income surtax on undistributed retained earnings has changed from 10% to 5%.

C. For the three months and six months ended 30 June 2018 and 2017, 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	
	2018	2017	2018	2017
Current income tax expense (income)	$35,634	$1,097	$69,664	$26,939
Deferred tax expense (income)				
Deferred tax expense (income) relating to origination and reversal of temporary differences	64,150	14,697	39,069	(7,290)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	-	(6,877)	-
Effect of changes in foreign exchange rates	55	-	-	-
Total income tax expense (income)	$99,839	$15,794	$101,856	$19,649

D. The assessment of income tax returns

As at 30 June 2018, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
Wisdom Marine International Inc. (WII)	Assessed and approved up to 2016
Well Shipmanagement and Maritime Consultant Co., Ltd. (WELL)	Assessed and approved up to 2016

(22) 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.

	For the Three Months Ended 30 June	
	2018	2017
Basic earnings(losses) per share		
Profit(losses) attributable to ordinary shareholders	$15,371,755	$(4,637,404)
Weighted-average number of ordinary shares	616,707,566	584,707,566
	$0.02	$(0.01)
Diluted earnings(losses) per share		
Profit(losses) attributable to ordinary shareholders (diluted)	$15,371,755	$(4,637,404)
Interest expenses on convertible notes, net of tax	342,956	-
Foreign exchange (gains) losses	(1,754,203)	-
Amortization of deferred issuance costs	15,617	-
(Gains) Losses on valuation on convertible notes, net of tax	479,362	-
Profit(losses) attributable to ordinary shareholders (diluted)	$14,455,487	$(4,637,404)
Weighted-average number of ordinary shares (diluted)	616,707,566	584,707,566
Effect of conversion of convertible notes	57,935,028	-
Weighted-average number of ordinary shares (diluted)	674,642,594	584,707,566
	$0.02	$(0.01)

Note: For the three months ended 30 June 2017, all convertible bonds are excluded from calculation of earnings per share due to anti-dilution.

	For the Six Months Ended 30 June	
	2018	2017
Basic earnings(losses) per share		
Profit(losses) attributable to ordinary shareholders	$22,745,132	$(3,269,114)
Weighted-average number of ordinary shares	616,707,566	583,741,628
	$0.04	$(0.01)
Diluted earnings(losses) per share		
Profit(losses) attributable to ordinary shareholders (diluted)	$22,745,132	$(3,269,114)
Interest expenses on convertible notes, net of tax	686,795	936,944
Foreign exchange (gains) losses	(891,102)	25,095
Amortization of deferred issuance costs	31,234	95,566
(Gains) Losses on valuation on convertible notes, net of tax	(700,807)	(2,214,209)
Profit(losses) attributable to ordinary shareholders (diluted)	$21,871,252	$(4,425,718)
Weighted-average number of ordinary shares (diluted)	616,707,566	583,741,628
Effect of conversion of convertible notes	57,935,028	5,033,727
Weighted-average number of ordinary shares (diluted)	674,642,594	588,775,355
	$0.03	$(0.01)

(23) Deconsolidation of Subsidiary

The Group sold the shares account for 40% of Harmony Success S.A. on 31 May 2017 for $3,300,000 as a repayment of other payables – related party. After deducting the carrying amount of the investment for $2,279,015, the Group recognized Gains on disposal of investments for $1,020,985.

As at 31 May 2017, Harmony Success S.A.'s assets and liabilities mainly consist of:

	31 May 2017
Accounts receivable	$61,860
Inventories	147,065
Prepaid expenses	78,596
Other current assets	89,974
Property, plant and equipment	7,931,176
Accounts payable – related parties	(2,463,064)
Other payables	(24,780)
Other current liabilities	(123,290)
Net assets	$5,697,537

7. Related parties

(1) Names and Relationships of Related Parties

Name of Related Party	Relationship
Lan Chun Sheng	Chairman
Pescadores Merchandise Co., Ltd.	Other Related Party
Pescadores Travel Co., Ltd.	Other Related Party
Wisdom Marine Agency Co., Ltd.	Other Related Party
Hui-wen Investment Co., Ltd.	Other Related Party
Unicorn Maritime Agency Co., Ltd.	Other Related Party
Brave Line Co., Ltd.	Other Related Party
YOKO CO., LTD.	Other Related Party
Rich Containership S.A.	Other Related Party
Benefit Transport S.A.	Other Related Party
Samurai Investment S.A.	Other Related Party
Genius Star Management Consulting Co., Ltd.	Other Related Party
Pescadores Investment and Development Inc.	Associates
Directors, Supervisors, President and Vice President	Key Management

Note1: The name of related party with balance or amount of single transaction over 10% of the total transaction balance or amount would be disclosed separately.

Note2: Genius Star Management Consulting Co., Ltd. has become our related party since January 2018.

(2) Significant transactions with related parties

A. Chartering expenses

	For the Three Months Ended 30 June	
Related party	2018	2017
Other related parties	$93,031	$1,052,200

	For the Six Months Ended 30 June	
Related party	2018	2017
Other related parties	$1,114,398	$2,084,892

The price of time chartering with other related parties was determined based on the normal market rate and operating cost of the Group.

B. Services received / rendered

For the three months ended 30 June and the six months ended 30 June 2018 and 2017, the Group received service from (rendered service to) related parties as follows:

Related party	Item	Amount
For the Three Months Ended 30 June 2018		
Other related parties	Vessel management service	$(566,836)
〃	Commission income	1,602
〃	Other income (Passenger ticket revenue and other revenue)	(208,291)
〃	Commissions	780,245
〃	Other expense (Business travel expense, agency fee, management consultant fee)	132,960
〃	Operating expenses (Business travel expense, entertainment expense)	73,488
〃	Ballast water management systems cost	783,065

Related party	Item	Amount
For the Three Months Ended 30 June 2017		
Other related parties	Vessel management service	$(737,800)
〃	Commission income	(6,429)
〃	Other income (Passenger ticket revenue and other revenue)	(234,522)
〃	Commissions	593,956
〃	Other expense (Business travel expense, agency fee, management consultant fee)	138,203
〃	Operating expenses (Business travel expense, entertainment expense)	45,476

Related party	Item	Amount
For the Six Months Ended 30 June 2018		
Other related parties	Vessel management service	$(1,328,893)
〃	Commission income	(4,855)
〃	Other income (Passenger ticket revenue and other revenue)	(696,608)
〃	Commissions	1,488,999
〃	Other expense (Business travel expense, agency fee, management consultant fee)	279,924
〃	Operating expenses (Business travel expense, entertainment expense)	129,344
〃	Ballast water management systems cost	783,065

Related party	Item	Amount
For the Six Months Ended 30 June 2017		
Other related parties	Vessel management service	$(1,463,050)
〃	Commission income	(12,708)
〃	Other income (Passenger ticket revenue and other revenue)	(336,468)
〃	Commissions	1,143,871
〃	Other expense (Business travel expense, agency fee, management consultant fee)	276,096
〃	Operating expenses (Business travel expense, entertainment expense)	72,093

C. Receivables and payables

For the years ended 30 June 2018 and 31 December 2017, the Group incurred receivables and payables with related parties due to vessels operation as follows:

Prepaid expense	30 June 2018	31 December 2017
Name of related party		
Other related parties	$21,491	$41,037

Other receivables	30 June 2018	31 December 2017
Name of related party		
Other related parties	$5,291	$1,335
Benefit Transport S.A.	434,496	2,279
Total	$439,787	$3,614

Other current assets	30 June 2018	31 December 2017
Name of related party		
Other related parties	$337,970	$240,031

Accounts receivable	30 June 2018	31 December 2017
Name of related party		
Brave Line Co., Ltd.	$524,999	$221,707

Accounts payable	30 June 2018	31 December 2017
Name of related party		
Genius Star Management Consulting Co., Ltd.	$27,077	$-

Accrued expense	30 June 2018	31 December 2017
Name of related party		
Other related parties	$1,976,999	$1,035,166

Other current liabilities	30 June 2018	31 December 2017
Name of related party		
Benefit Transport S.A.	$-	$554,726

D. Financing

The details of financing provided by a related party to the Group were as follows (accounted for long-term accounts payable-related parties):

30 June 2018 Name of related party	Max balance	Ending balance
Benefit Transport S.A.	$31,528,953	$31,186,654
Samurai Investment S.A.	43,697,278	43,697,278
Total	$75,226,231	$74,883,932

31 December 2017 Name of related party	Max balance	Ending balance
Benefit Transport S.A.	$53,138,834	$31,039,140
Samurai Investment S.A.	43,697,278	43,697,278
Total	$96,836,112	$74,736,418

Interest Expenses	For the Three Months Ended 30 June	
Name of related party	2018	2017
Benefit Transport S.A.	$275,900	$369,247
Samurai Investment S.A.	433,865	333,036
Total	$709,765	$702,283

Interest Expenses	For the Six Months Ended 30 June	
Name of related party	2018	2017
Benefit Transport S.A.	$517,761	$688,339
Samurai Investment S.A.	827,650	636,418
Total	$1,345,411	$1,324,757

The financing interesting expenses were calculated based on the rate of LIBOR plus 2% per month commencing from 24 October 2011, and the rate of 2.5% per month from 29 July to 17 August 2016.

E. Leases

For the three months ended 30 June and the six months ended 30 June 2018 and 2017, 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	
	2018	2017	2018	2017
Key management	$46,626	$45,873	$94,011	$90,523
Other related parties	37,208	36,607	75,024	72,240
Total	$83,834	$82,480	$169,035	$162,763

For the three months ended 30 June and the six months ended 30 June 2018 and 2017, the Group leased other related parties transactions as follows:

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2018	2017	2018	2017
Other related parties	$-	$-	$516	$-

The above leases are paid monthly, and do not involve rental deposits. Lease conditions are agreed by both parties. There was no significant difference in the price and payment terms from those with third parties.

F. Guarantee

(a) As at 30 June 2018 and 31 December 2017, key management had provided a time deposit guarantee for the Group's financing loan of $32,678 thousand and $32,608 thousand, respectively.

(b) As at 30 June 2018, the Group entered into a loan agreement with financial institutes with M.V. Wisdom Grace and M.V. Golden Kiku as pledge, provided by Benefit Transport S.A.

(c) As at 31 December 2017, the Group entered into a loan agreement with financial institutes with M.V. Jasmine Ace, M.V. Wisdom Grace and M.V. Golden Kiku as pledge, provided by Benefit Transport S.A.

(d) As at 30 June 2018, for the issuance of Second R.O.C. secured convertible bonds issued in 2017, Hui-wen Investment Co., Ltd provided a time deposit of $5,100 thousand and 15,000 thousand shares of Taiwan Land Development Co., Ltd. stocks, and Pescadores Merchandise Co., Ltd provided 10,000 thousand shares of Taiwan Land Development Co., Ltd. stocks as pledge for the Group.

(e) As at 31 December 2017, for the issuance of Second R.O.C. secured convertible bonds issued in 2017, Hui-wen Investment Co., Ltd provided 12,000 thousand shares of First Financial Holding Co., Ltd. stocks and 15,000 thousand shares of Taiwan Land Development Co., Ltd. stocks, and Pescadores Merchandise Co., Ltd provided 10,000 thousand shares of Taiwan Land Development Co., Ltd. stocks as pledge for the Group.

G. Others

On 31 May 2017, the Group sold the shares account for 40% of Harmony Success S.A. to Benefit Transport S.A. Please refer to Note 6.(23) for further information.

(3) Salaries and compensation for key management

The Group paid salaries to key management as follows:

	For the Three Months Ended 30 June	
	2018	2017
Salary and bonus (including BODS remunerations)	$144,884	$166,284
Post-employment benefits	3,988	3,732
	$148,872	$170,016

	For the Six Months Ended 30 June	
	2018	2017
Salary and bonus (including BODS remunerations)	$315,312	$290,246
Post-employment benefits	7,983	7,365
	$323,295	$297,611

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	30 June 2018	31 December 2017
Property, plant and equipment	Bank Loans	$2,735,236,000	$2,661,928,000
Financial assets at fair value through other comprehensive income	〃	991,843	(note)
Available-for-sale financial assets	〃	(note)	1,028,103
Held-to-maturity investments	〃	(note)	614,211
Other financial assets	〃	41,989,228	47,724,592
Other financial assets	Bonds Payable	4,300,000	4,300,000
		$2,782,517,071	$2,715,594,906

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

9. Significant commitments and contingencies

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

	30 June 2018	31 December 2017
Vessels	13	14
Contract price	¥- thousand	¥2,270,000 thousand
	$315,600 thousand	$310,100 thousand
Prepaid	¥- thousand	¥113,500 thousand
	$30,495 thousand	$51,850 thousand
Financed shipbuilding contracts	$- thousand	$30,000 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 USD(thousand)	Number of vessels
2018	70,450	3
2019	88,450	4
2020	156,700	6
Total	$315,600	13

(2) Financial Guarantee

Guarantor	Name of relative party guarantee	30 June 2018	Period	Purpose
The Company	WII	NT$270,000 thousand	2017.08~2018.08	Operating fund
The Company	WELL	NT$130,000 thousand	2017.08~2018.08	Operating fund
WML	Subsidiaries	$653,748 thousand ¥78,355,451 thousand	2005.12~2030.04	Borrowings
The Company	Subsidiaries	$726,211 thousand ¥84,683,467 thousand	2009.10~2030.04	Borrowings and Operating fund
WML	The Company	$6,000 thousand	2018.01~2019.01	Operating fund

Guarantor	Name of relative party guarantee	31 December 2017	Period	Purpose
The Company	WML	$16,250 thousand	2016.06~2018.06	Operating fund
The Company	WII	NT$270,000 thousand	2017.08~2018.08	Operating fund
The Company	WELL	NT$130,000 thousand	2017.08~2018.08	Operating fund
WML	Subsidiaries	$691,991 thousand ¥83,429,501 thousand	2005.12~2030.04	Borrowings
The Company	Subsidiaries	$742,752 thousand ¥86,528,449 thousand	2009.10~2030.04	Borrowings and Operating fund
WML	The Company	$6,000 thousand	2016.12~2017.12	Operating fund

10. Losses due to major disasters: None.

11. Significant subsequent events: None.

12.Others

(1) Categories of financial instruments

Financial assets

	30 June 2018	31 December 2017 (note)
Financial assets at fair value through other comprehensive income	$991,843	
Financial assets at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	26,345,076	
Accounts receivable and other receivables (include from related parties)	7,463,266	
Subtotal	33,808,342	
Financial assets for hedging	217,736	
Other financial assets	57,513,927	
Total	$92,531,848	

	30 June 2018 (note)	31 December 2017
Available-for-sale financial assets		1,028,103
Held-to-maturity investments		614,211
Loans and receivables:		
Cash and cash equivalents (exclude cash on hand)		40,856,106
Trade receivables and other receivables (include from related parties)		5,597,851
Subtotal		46,453,957
Derivative financial assets for hedging		80,058
Other financial assets		60,402,742
Total		$108,579,071

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Financial liabilities

	30 June 2018	31 December 2017
Financial liabilities at amortized cost:		
Short-term borrowings	$40,810,816	$44,399,387
Accounts payables (include from related parties)	7,917,453	6,507,493
Bonds payable (include current portion)	53,469,402	53,814,622
Long-term borrowings (include current portion)	1,650,036,972	1,651,263,233
Long-term payable (include from related parties)	101,919,118	102,522,469
Lease payables (include current portion)	98,256,771	73,783,532
Subtotal	1,952,410,532	1,932,290,736
Financial liabilities at fair value through profit or loss:		
Embedded derivative instruments－put right	2,308,602	3,009,409
Financial liabilities for hedging－current (Derivative financial liabilities for hedging as at 31 December 2017)	-	986
Total	$1,954,719,134	$1,935,301,131

(2) 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.

(3) 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).

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 2018 and 2017 decreases/increases by $3,666,519 and $3,924,121, respectively; the equity decreases/increases by $0 and $0, 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 2018 and 2017 to decrease/increase by $4,727,559 and $4,481,902, respectively; the equity to decrease/ increase by $60,323 and $87,208, respectively.

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.(8) 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.

(4) 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 2018	31 December 2017
Cash and cash equivalents	$26,345,076	$40,856,106
Accounts receivables and other receivables (include from related parties)	7,463,266	5,597,851
Financial assets at fair value through other comprehensive income	991,843	(note)
Available-for-sale financial assets	(note)	1,028,103
Held to maturity financial assets	(note)	614,211
Financial assets for hedging (derivative financial assets for hedging as at 31 December 2017)	217,736	80,058
Other financial assets	57,513,927	60,402,742
	$92,531,848	$108,579,071

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

(5) Liquidity risk management

The Group manages the difference between current assets and current liabilities and maintains financial flexibility by cash and cash equivalents, bank borrowings, Euro-convertible bonds and finance leases. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

As at 30 June 2018:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	$40,810,816	$41,686,942	$41,686,942	$-	$-	$-
Accounts payables (include due to related parties)	7,917,453	7,917,453	7,917,453	-	-	-
Corporate bonds payable	53,469,402	57,069,529	12,150,600	44,918,929	-	-
Long-term borrowings	1,650,036,972	1,815,460,042	322,751,776	410,599,739	695,591,067	386,517,460
Long-term Accounts payable	27,035,186	29,792,589	2,730,531	7,101,175	3,031,164	16,929,719
Long-term Accounts payable-related parties	74,883,932	86,477,216	2,898,321	2,898,321	2,898,321	77,782,253
Lease payables	98,256,771	104,908,888	16,643,128	8,459,963	22,354,518	57,451,279
	$1,952,410,532	$2,143,312,659	$406,778,751	$473,978,127	$723,875,070	$538,680,711

As at 31 December 2017:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	$44,399,387	$45,343,081	$45,343,081	$-	$-	$-
Accounts payables (include due to related parties)	6,507,493	6,507,493	6,507,493	-	-	-
Corporate bonds payable	53,814,622	57,996,180	12,150,600	40,322,580	5,523,000	-
Long-term borrowings	1,651,263,233	1,804,561,152	256,206,968	287,212,188	827,742,041	433,399,955
Long-term Accounts payable	27,786,051	30,499,353	2,642,957	7,825,784	2,753,186	17,277,426
Long-term Accounts payable-related parties	74,736,418	81,721,749	2,328,444	2,328,444	2,328,444	74,736,417
Lease payables	73,783,532	80,112,002	15,388,460	6,533,699	16,155,298	42,034,545
	$1,932,290,736	$2,106,741,010	$340,568,003	$344,222,695	$854,501,969	$567,448,343

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(6) 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:

(a) 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.

(b) 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).

(c) 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).

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.(8) for fair value measurement hierarchy for financial instruments of the Group.

(7) Derivative financial instruments

The Group's derivative financial instruments include and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 30 June 2018 and 31 December 2017 is as follows:

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.(13) 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.

(8) 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 was as follows:

As at 30 June 2018	Level 1	Level 2	Level 3	Total
Financial assets for hedging	$-	$217,736	$-	$217,736
Financial assets at fair value through other comprehensive income	$991,843	$-	$-	$991,843
Financial liabilities at fair value through profit or loss	$-	$-	$2,308,602	$2,308,602

As at 31 December 2017	Level 1	Level 2	Level 3	Total
Derivative financial assets	$-	$80,058	$-	$80,058
Derivative financial liabilities	$-	$986	$-	$986
Available-for-sale financial assets	$1,028,103	$-	$-	$1,028,103
Financial liabilities at fair value through profit or loss	$-	$-	$3,009,409	$3,009,409

Transfers between Level 1 and Level 2 during the period

During the six months ended 30 June 2018 and 2017, 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 31 December 2017	$3,009,409
Total gains and losses recognized for the six-month period ended 30 June 2018:	
Amount recognized in (profit) or loss (presented in "other profit or loss")	(700,807)
Acquisition/issues for the six-month period ended 30 June 2018	-
Disposal/settlements for the six-month period ended 30 June 2018	-
Transfer in/(out) of Level 3	-
Ending balances as at 30 June 2018	$2,308,602

Total gains and losses recognized for the six-month period ended 30 June 2018 in the table above contain gains and losses related to derivatives on hand as at 30 June 2018 in the amount of $700,807.

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 2018

	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 R.O.C. secured convertible bonds issued in 2017	Option pricing model	Volatility	15.75%	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 $336,179;5% decrease in the volatility would result in increase in the Group's profit by $367,695
Embedded derivatives – Third R.O.C. unsecured convertible bonds issued in 2017	Option pricing model	Volatility	15.75%	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 $611,950;5% decrease in the volatility would result in increase in the Group's profit by $680,236

As at 31 December 2017

	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 R.O.C. secured convertible bonds issued in 2017	Option pricing model	Volatility	17.83%	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 $331,989;5% decrease in the volatility would result in increase in the Group's profit by $391,129
Embedded derivatives – Third R.O.C. unsecured convertible bonds issued in 2017	Option pricing model	Volatility	17.83%	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 $604,839;5% decrease in the volatility would result in increase in the Group's profit by $704,301

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.

(9) 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 2018			31 December 2017		
	Foreign currency (Note1)	Exchange rate (Note2)	USD/JPY	Foreign currency (Note1)	Exchange rate (Note2)	USD/JPY
Financial liabilities						
Monetary item						
USD：JPY	$35,718,550	110.63	￥3,951,543,187	$33,392,724	112.66	￥3,762,024,286
JPY：USD	￥8,007,813,445	0.0090	$72,383,743	￥8,207,923,349	0.0089	$72,855,702
NTD：USD	NT$1,150,420,084	0.0328	$37,768,223	NT$1,139,747,264	0.0336	$38,297,959

Note 1 : The foreign currency amount of monetary item is the carrying amount of foreign currency financial liabilities

Note 2 : The exchange rate of monetary item is spot rate.

For the six months ended 30 June 2018 and 2017, the Group had foreign exchange gains (losses) of $955 and $(517,896), respectively.

(10) 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, issue new shares, adjust capital expenditure plan and dispose assets to settle any liabilities in order to maintain or adjust capital structure. The capital structure consists of net liability (i.e. bank loans deduct from cash and cash equivalent) and equity (i.e. share capital, capital surplus, retained earnings, and other equity.)

(11) 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.

(12) Certain accounts in the consolidated financial statements as at and for the six months ended 30 June 2017 were reclassified to conform to the presentation adopted in the consolidated financial statements as at and for the six months ended 30 June 2018.

(13) List of the Group vessels as at 30 June 2018

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
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	55,404	Supramax
6	Amis Fortune	2015	55,468	Supramax
7	Amis Glory	2016	55,474	Supramax
8	Amis Hero	2017	63,469	Supramax
9	Amis Integrity	2017	62,980	Supramax
10	Amis Justice	2017	63,531	Supramax
11	Amis Kalon	2010	58,107	Supramax
12	Amis Leader	2010	58,107	Supramax
13	Amis Miracle	2018	59,982	Supramax
14	Amis Orchid	2012	58,120	Supramax
15	Amis Wisdom I	2010	61,611	Supramax
16	Amis Wisdom II	2010	61,611	Supramax
17	Amis Wisdom III	2011	61,527	Supramax
18	Amis Wisdom VI	2011	61,456	Supramax
19	Arikun	2007	8,763	Small Handy
20	Atayal Ace	2013	16,805	Small Handy
21	Atayal Brave	2012	16,805	Small Handy
22	Atayal Mariner	2012	16,805	Small Handy

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
23	Atayal Star	2012	16,805	Small Handy
24	Babuza Wisdom	2009	18,969	Small Handy
25	Beagle II	2007	17,224	Small Handy
26	Beagle VI	2001	18,320	Small Handy
27	Beagle VII	2007	16,822	Small Handy
28	Bizen	2008	8,721	Small Handy
29	Blue Horizon	2012	207,867	Cape
30	Bunun Ace	2013	37,744	Handy
31	Bunun Brave	2014	45,556	Handy
32	Bunun Champion	2014	45,556	Handy
33	Bunun Dynasty	2014	37,795	Handy
34	Bunun Elegance	2014	45,556	Handy
35	Bunun Fortune	2015	37,790	Handy
36	Bunun Glory	2015	37,046	Handy
37	Bunun Hero	2015	37,811	Handy
38	Bunun Infinity	2016	37,654	Handy
39	Bunun Justice	2017	37,748	Handy
40	Bunun Kalon	2018	37,653	Handy
41	Bunun Wisdom	2012	38,168	Handy
42	Clear Horizon	2012	207,947	Cape
43	Daiwan Ace	2014	34,358	Handy
44	Daiwan Brave	2014	34,358	Handy
45	Daiwan Champion	2015	34,393	Handy
46	Daiwan Dolphin	2015	34,393	Handy
47	Daiwan Elegance	2015	35,331	Handy
48	Daiwan Fortune	2015	34,893	Handy
49	Daiwan Glory	2015	35,531	Handy
50	Daiwan Hero	2016	34,376	Handy
51	Daiwan Infinity	2016	34,376	Handy
52	Daiwan Justice	2016	34,327	Handy
53	Daiwan Kalon	2016	34,327	Handy
54	Daiwan Wisdom	2010	31,967	Handy
55	Frontier Bonanza	2010	179,435	Cape
56	Genius Star I	2004	10,977	Small Handy
57	Genius Star II	2005	10,977	Small Handy
58	Genius Star III	2006	13,567	Small Handy
59	Genius Star IX	2009	12,005	Small Handy
60	Genius Star VII	2007	12,005	Small Handy

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
61	Genius Star VIII	2007	12,005	Small Handy
62	Genius Star X	2010	12,005	Small Handy
63	Genius Star XI	2012	13,663	Small Handy
64	Genius Star XII	2013	13,077	Small Handy
65	Global Faith	2010	28,050	Handy
66	Hibiscus	2002	48,610	Handy
67	Hoanya Wisdom	2008	21,119	Handy
68	Izumo	2007	20,150	Handy
69	Joseph Wisdom	2018	6,400	LPG
70	Katagalan Wisdom	2012	98,697	Panamax
71	Katagalan Wisdom III	2012	98,697	Panamax
72	LBC Energy	2011	71,066	Panamax
73	Ligulao	2010	5,296	Other-PCTC
74	Magnate	2004	18,828	Small Handy
75	Mimasaka	2010	14,062	Small Handy
76	Mino	2007	14,118	Small Handy
77	Naluhu	2010	58,107	Supramax
78	Ocean Victory	2011	28,386	Handy
79	Pacific Venus	2001	18,712	Small Handy
80	Paiwan Wisdom	2010	31,967	Handy
81	Papora Wisdom	2009	28,050	Handy
82	Pazeh Wisdom	2009	18,969	Small Handy
83	Pescadores	1999	198	Other-Passenger
84	Poavosa Ace	2013	28,208	Handy
85	Poavosa Brave	2009	28,367	Handy
86	Poavosa Wisdom	2009	28,050	Handy
87	Poavosa Wisdom III	2011	28,232	Handy
88	Poavosa Wisdom VI	2011	28,050	Handy
89	Poavosa Wisdom VII	2012	28,208	Handy
90	Poavosa Wisdom VIII	2013	28,208	Handy
91	Sakizaya Ace	2013	74,936	Panamax
92	Sakizaya Brave	2013	74,940	Panamax
93	Sakizaya Champion	2014	78,080	Panamax
94	Sakizaya Diamond	2015	81,938	Panamax
95	Sakizaya Elegance	2015	81,938	Panamax
96	Sakizaya Future	2016	81,938	Panamax
97	Sakizaya Glory	2016	84,883	Panamax
98	Sakizaya Hero	2016	81,067	Panamax

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
99	Sakizaya Integrity	2016	81,010	Panamax
100	Sakizaya Justice	2017	81,691	Panamax
101	Sakizaya Kalon	2017	81,691	Panamax
102	Sakizaya Leader	2017	81,691	Panamax
103	Sakizaya Miracle	2017	81,668	Panamax
104	Sakizaya Noble	2017	80,982	Panamax
105	Sakizaya Orchid	2017	81,588	Panamax
106	Sakizaya Power	2017	81,574	Panamax
107	Sakizaya Queen	2018	81,858	Panamax
108	Sakizaya Respect	2018	81,858	Panamax
109	Sakizaya Wisdom	2011	76,457	Panamax
110	Scarlet Eagle	2014	81,842	Panamax
111	Scarlet Falcon	2014	82,260	Panamax
112	Scarlet Rosella	2015	82,235	Panamax
113	Siraya Wisdom	2007	21,119	Handy
114	Taikli	2011	13,139	Small Handy
115	Tao Ace	2013	25,037	Handy
116	Tao Brave	2011	25,065	Handy
117	Tao Mariner	2010	25,065	Handy
118	Tao Star	2010	25,065	Handy
119	Tao Treasure	2013	25,036	Handy
120	Taokas Wisdom	2008	31,943	Handy
121	Timu	2005	17,224	Small Handy
122	Unicorn Bravo	2007	8,759	Small Handy
123	Unicorn Logger	2008	8,700	Small Handy
124	Wisdom Grace	1998	18,193	Other-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 board of directors 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.

(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	
	2018	2017
Revenue from external customers:		
The Netherlands	$47,322,671	$29,272,022
Japan	39,789,578	40,104,596
Singapore	31,037,292	21,393,403
Denmark	19,921,649	18,089,435
Hong Kong	17,900,648	14,508,205
Others	57,448,452	47,043,463
Total	$208,420,290	$170,411,124

	30 June 2018	31 December 2017
Non-current assets:		
Panama	$2,659,874,955	$2,613,292,646
Hong Kong	103,688,968	105,469,685
Taiwan	2,483,303	2,661,598
Total	$2,766,047,226	$2,721,423,929

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 six months ended 30 June 2018 and 2017 were as follows:

	For the six months ended 30 June	
	2018	2017
Customer A:	$35,750,283	$28,515,235