WISDOM MARINE LINES CO., LIMITED
(CAYMAN)
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
31 MARCH 2019 AND 2018

Registered: Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman

KY1-1108, Cayman Islands

Address: 7F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan

Telephone: 886-2-2755-2637

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

TABLE OF CONTENTS

Contents	Page
Cover page	1
Table of contents	2
Audit report of independent auditors	3-4
Consolidated balance sheets	5-6
Consolidated statements of comprehensive income	7
Consolidated statements of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	
1.History and organization	10
2.Date and authorization of financial statements for issue	10
3.Newly issued or revised standards and interpretations	10-14
4.Summary of significant accounting policies	14-38
5.Significant accounting judgments, estimates and assumptions	38
6.Contents of significant accounts	38-67
7.Related parties	68-73
8.Pledged assets	73
9.Significant commitments and contingencies	74-75
10.Losses due to major disasters	75
11.Significant subsequent events	75
12.Others	75-88
13.Segment information	88-89

安永聯合會計師事務所
11012 台北市基隆路一段333號9樓
9F, No. 333, Sec. 1, Keelung Road
Taipei City, Taiwan, R.O.C.
Tel: 886 2 2757 8888
Fax: 886 2 2757 6050
www.ey.com/taiwan

Review Report of Independent Auditors

Independent Auditors' Report Translated from 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 31 March 2019, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended 31 March 2019 and 2018, 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.

Building a better working world

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 31 March 2019, and their consolidated financial performance and cash flows for the three-month periods ended 31 March 2019 and 2018, 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".

Lin, Li Huang
Fuh, Wen Fun
Ernst & Young, Taiwan
26 April 2019

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

CONSOLIDATED BALANCE SHEETS

31 March 2019 and 31 December 2018

(All Amounts Expressed in US Dollars)

(31 March 2019 Was Unaudited)

	Notes	31 March 2019	31 December 2018
ASSETS			
Cash and cash equivalents	6.1	$17,336,895	$25,944,385
Financial assets at fair value through other comprehensive income-current	6.3 & 8	1,004,000	966,000
Hedge financial assets-current	6.4	68,414	76,540
Contract assets-current	6.15	-	12,599
Accounts receivable, net	6.5 & 6.16	8,455,350	5,311,555
Accounts receivable-related parties	6.5, 6.16 & 7	760,325	299,642
Other receivables	7	1,831,726	3,216,794
Inventories	6.6	5,647,303	4,243,752
Prepaid expenses	7	7,299,233	6,413,221
Other financial assets-current	6.1 & 8	48,302,512	47,318,084
Other current assets	7	14,397,448	14,918,719
Total current assets		105,103,206	108,721,291
Hedge financial assets-noncurrent	6.4	34,909	72,731
Investment accounted for using the equity method	6.7	2,626,099	2,854,380
Property, plant and equipment	6.8 & 8	2,619,229,700	2,741,207,097
Right-of-use assets	6.12 & 8	102,175,351	-
Deferred income tax assets	6.20	31,660	41,981
Long-term notes,accounts and overdue receivables	6.16	-	1,761,734
Other financial assets-noncurrent		11,051,101	11,085,153
Other noncurrent assets-other	6.9	58,258,273	29,741,614
Total noncurrent assets		2,793,407,093	2,786,764,690
TOTAL ASSETS		$2,898,510,299	$2,895,485,981

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS(CONT'D)
31 March 2019 and 31 December 2018
(All Amounts Expressed in US Dollars)
(31 March 2019 Was Unaudited)

	Note	31 March 2019	31 December 2018
LIABILITIES			
Short-term borrowings	6.10	$53,939,137	$50,972,826
Financial liabilities at fair value through profit or loss -current	6.2 & 6.11	2,496,232	2,488,564
Accounts payable		8,095,734	9,773,057
Accounts payable-related parties	7	-	365,000
Accrued expenses	7	25,567,402	25,737,174
Advance receipts		14,213,473	14,228,174
Other current liabilities-others	7	2,080,384	2,590,792
		106,392,362	106,155,587
Lease liability-current	6.12 & 7	9,121,135	-
Current portion of corporate bonds payable	6.11	26,876,401	32,584,867
Current portion of long-term borrowings	6.10	239,902,236	238,649,673
Current portion of long-term accounts payables-nonrelated parties	6.12	6,828,060	7,177,478
Current portion of long-term accounts payable-related parties	6.12 & 7	1,044,898	1,048,116
Current portion of lease payables	6.12	-	7,522,354
		283,772,730	286,982,488
Total current liabilities		390,165,092	393,138,075
Corporate bonds payable	6.11	4,882,314	4,854,385
Long-term borrowings	6.10	1,357,185,780	1,387,463,492
Deferred income tax liabilities	6.20	2,250	24,258
Lease liability-noncurrent	6.12 & 7	90,178,842	-
Long-term accounts payable	6.12	16,945,891	18,914,855
Long-term lease payables-noncurrent	6.12 & 7	-	78,935,848
Long-term accounts payable-related parties	6.12 & 7	103,122,883	96,627,799
Net defined benefit liabilities	6.13	136,426	136,892
Guarantee deposits received		29,761	290,505
Total non-current liabilities		1,572,484,147	1,587,248,034
TOTAL LIABILITIES		1,962,649,239	1,980,386,109
EQUITY	6.11 & 6.14		
Common stock		202,576,150	200,501,836
Capital surplus		44,564,105	40,456,716
Legal reserve		6,960	6,960
Unappropriated earnings		463,849,569	450,551,199
Cumulative translation adjustments		224,753,972	223,464,740
Unrealized gains (losses) on financial assets at fair value through other comprehensive income		6,981	(30,850)
Gains (Losses) from hedging instruments		103,323	149,271
TOTAL EQUITY		935,861,060	915,099,872
TOTAL EQUITY AND LIABILITIES		$2,898,510,299	$2,895,485,981

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 31 March 2019 and 2018

(All Amounts Expressed in US Dollars)

(Unaudited)

		For the Three Months Ended 31 March	
	Notes	2019	2018
Operating revenues	6.15 & 7	$110,270,395	$100,926,220
Operating costs	6.17 & 7	80,301,757	75,785,599
Gross profit from operations		29,968,638	25,140,621
Operating expenses			
General and administrative	7	1,232,764	1,349,578
Expected credit losses	6.16	42,560	5,005
Total operating expenses		1,275,324	1,354,583
Profit from operating activities		28,693,314	23,786,038
Interest income	6.18	237,429	196,530
Other income and gains	6.18	9,953	35,004
Gains on lease modification	6.18	134,634	-
Foreign exchange gains (losses)	6.18	550,057	(3,825,384)
Gains (Losses) on valuation of financial assets or liabilities at fair value through profit or loss	6.11&6.18	(430,409)	1,180,170
Interest expense	6.8, 6.11,6.18 & 7	(15,329,432)	(13,166,299)
Other expenses and losses	6.18	(307,190)	(598,049)
Share of loss of associates and joint ventures accounted for using equity method	6.7	(218,492)	(232,616)
Total other income and losses		(15,353,450)	(16,410,644)
Profit before income tax		13,339,864	7,375,394
Income tax expense (income)	6.20	41,494	2,017
Profit for the year		13,298,370	7,373,377
Other comprehensive income:	6.19		
Cumulative translation adjustments		1,289,232	(48,215,567)
Unrealized gains (losses) on debt instruments investment measured at fair value through other comprehensive income		37,831	(32,967)
Gains (Losses) from hedging instruments		(45,948)	103,474
Other comprehensive income		1,281,115	(48,145,060)
Total comprehensive income		$14,579,485	$(40,771,683)
Primary earnings per Share	6.21	$0.02	$0.01
Diluted earnings per Share	6.21	$0.02	$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 31 March 2019 and 2018
(All Amounts Expressed in US Dollars)
(Unaudited)

			Retained earnings		Other components of equity					
	Common stock	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
Balance, 1 January 2018	$196,262,789	$52,804,122	$6,960	$390,552,572	$240,630,756	$-	$32,034	$79,072	$-	$880,368,305
Effects of retrospective application and retrospective restatement	-	-	-	-	-	32,034	(32,034)	(79,072)	79,072	$-
Balance, 1 January 2018 after adjustment	196,262,789	52,804,122	6,960	390,552,572	240,630,756	32,034	-	-	79,072	880,368,305
Profit for the three months ended 31 March 2018	-	-	-	7,373,377	-	-	-	-	-	7,373,377
Other comprehensive income for the three months ended 31 March 2018	-	-	-	-	(48,215,567)	(32,967)	-	-	103,474	(48,145,060)
Comprehensive income for the three months ended 31 March 2018	-	-	-	7,373,377	(48,215,567)	(32,967)	-	-	103,474	(40,771,683)
Balance, 31 March 2018	$196,262,789	$52,804,122	$6,960	$397,925,949	$192,415,189	$(933)	$-	$-	$182,546	$839,596,622
Balance, 1 January 2019	$200,501,836	$40,456,716	$6,960	$450,551,199	$223,464,740	$(30,850)	$-	$-	$149,271	$915,099,872
Profit for the three months ended 31 March 2019	-	-	-	13,298,370	-	-	-	-	-	13,298,370
Other comprehensive income for the three months ended 31 March 2019	-	-	-	-	1,289,232	37,831	-	-	(45,948)	1,281,115
Comprehensive income for the three months ended 31 March 2019	-	-	-	13,298,370	1,289,232	37,831	-	-	(45,948)	14,579,485
Exercise of convertible bonds	2,074,314	4,107,389	-	-	-	-	-	-	-	6,181,703
Balance, 31 March 2019	$202,576,150	$44,564,105	$6,960	$463,849,569	$224,753,972	$6,981	$-	$-	$103,323	$935,861,060

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 THREE MONTHS ENDED 31 March 2019 and 2018
(All Amounts Expressed in US Dollars)
(Unaudited)

	For the Three Months Ended 31 March 2019	For the Three Months Ended 31 March 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$13,339,864	$7,375,394
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expenses	35,678,099	33,799,132
Amortization expenses	2,732	2,410
Expected credit losses	42,560	5,005
Losses (Gains) on financial assets or liabilities at fair value through profit or loss	430,409	(1,180,170)
Interest expenses	15,329,432	13,166,299
Interest income	(237,429)	(196,530)
Losses (Gains) on foreign currency exchange on corporate bond payable	(107,046)	863,101
Share of loss of associates and joint ventures accounted for using equity method	218,492	232,616
Amortization of financial assets at fair value through other comprehensive income	(169)	(193)
Amortization of financial assets measured at amortized cost	-	(201,132)
Amortization of convertible bonds payable issuance costs	4,901	15,617
Gains on derecognition of financial assets measured at amortized cost	-	183,588
Unrealized foreign exchange losses (gains)	(265,290)	-
Other income	(134,634)	(173,881)
Change in assets and liabilities		
Decrease (Increase) in contract assets	12,599	(93,111)
Decrease (Increase) in accounts receivable	(1,424,621)	(793,767)
Decrease (Increase) in accounts receivable-related parties	(460,683)	(135,895)
Decrease (Increase) in other receivables	1,431,942	(617,083)
Decrease (Increase) in inventories	(1,403,551)	(1,224,643)
Decrease (Increase) in prepaid expenses	(894,314)	(991,805)
Decrease (Increase) in other current assets	521,271	(135,768)
Increase (Decrease) in accounts payable	(1,677,323)	960,767
Increase (Decrease) in accounts payable-related parties	(365,000)	-
Increase (Decrease) in accrued expenses	(361,338)	896,683
Increase (Decrease) in advance receipts	(14,701)	3,188,273
Increase (Decrease) in contract liabilities	-	94,964
Increase (Decrease) in other current liabilities	(510,408)	865,555
Cash generated from operating activities	59,155,794	55,905,426
Interest received	190,487	165,787
Interest paid	(14,818,308)	(12,056,033)
Income taxes paid	(2,950)	(652)
Net cash provided by operating activities	44,525,023	44,014,528
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from derecognition of financial assets measured at amortized cost	-	631,755
Acquisition of property, plant and equipment	(3,226,857)	(4,260,637)
Decrease (Increase) in other financial assets	(984,428)	(6,269,608)
Decrease (Increase) in other noncurrent assets (prepaid expenses-vessel)	(28,519,500)	(75,577,762)
Acquisition of right-of-use assets	(330,478)	-
Net cash used in investing activities	(33,061,263)	(85,476,252)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term borrowings	2,966,311	(3,803,798)
Increase (Decrease) in long-term borrowings	(27,128,669)	5,596,820
Increase (Decrease) in guarantee deposits received	(261,375)	-
Increase (Decrease) in lease payables	-	25,707,824
Increase (Decrease) in other finance liabilities	6,053,687	717,390
Principal repayment of lease liabilities	(1,811,086)	-
Net cash provided by financing activities	(20,181,132)	28,218,236
FOREIGN EXCHANGE RATE EFFECTS	109,882	(2,928,598)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,607,490)	(16,172,086)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	25,944,385	40,860,641
CASH AND CASH EQUIVALENTS, END OF PERIOD	$17,336,895	$24,688,555

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 26 April 2019.

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 2018. Shown below are the standards and interpretations effective for annual periods beginning on or after 1 January 2019.

IFRS 16"Leases"

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The Group follows the transition provision in IFRS 16 and the date of initial application was 1 January 2019. The impacts arising from the adoption of IFRS 16 are summarised as follows:

A. Please refer to Note 4 for the accounting policies before or after 1 January 2019.

B. For the definition of a lease, the Group elected not to reassess whether a contract is, or contains, a lease on 1 January 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. That is, for contracts entered into (or changed) on or after 1 January 2019, the Group need to assess whether contacts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessed most of the contracts are, or contain, leases and has no significant impact arised.

C. The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Group recognizes the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

(a) Leases previously classified as operating leases

For leases that were previously classified as operating leases applying IAS 17, the Group measured and recognized those leases as lease liability on 1 January 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 January 2019, and; The Group chooses, on a lease-by-lease basis, to measure the right-of-use asset at either:

i. its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate on 1 January 2019; or
ii. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before 1 January 2019.

On 1 January 2019, the Group's right-of-use asset and lease liability increased by $869,748 and $861,446, respectively.

Besides, on 1 January 2019, for leases that were previously classified as operating leases applying IAS 17 and those who have paid the rent in full, the Group reclassified the rental prepayment of $8,302 to the right-of-use asset.

In accordance with the transition provision in IFRS 16, the Group used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

i. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
ii. Rely on its assessment of whether leases are onerous immediately before 1 January 2019 as an alternative to performing an impairment review.
iii. Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of 1 January 2019.
iv. Exclude initial direct costs from the measurement of the right-of-use asset on 1 January 2019.
v. Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(b) Leases previously classified as finance leases

For leases that were previously classified as finance leases applying IAS 17, the Group reclassified the lease asset of $90,950,456 and the lease payable of $86,458,202 as measured by IAS 17 to the right-of-use asset of $90,950,456 and the lease liability of $86,458,202, respectively, on 1 January 2019.

(c) Please refer to Note 4 and Note 6 for additional disclosure of lessee and lessor which required by IFRS 16.

(d) As at 1 January 2019, the impacts arising from the adoption of IFRS 16 are summarised as follows:

i. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the balance sheet on 1 January 2019 was 2.345%.
ii. An explanation of difference ($86,458,202) between: 1) operating lease commitments disclosed applying IAS 17 as at 31 December 2018, discounted using the incremental borrowing rate on 1 January 2019; and 2) lease liabilities recognized in the balance sheet as at 1 January 2019.

Operating lease commitments disclosed applying IAS 17 as at 31 December 2018	$1,681,490
Less: adjustment to leases that meet and elect to account in the same way as short-term leases	792,889
Less: adjustment to leases that meet and elect the underlying asset of low value	7,695
Total	$880,906

Discounted using the incremental borrowing rate on 1 January 2019	$861,446
Add: the carrying value of lease payables as at 31 December 2018	86,458,202
The carrying value of lease liabilities recognized as at 1 January 2019	$87,319,648

D. The Group is a lessor and has not made any adjustments. Please refer to Note 4 and Note 6 for the information relating to the lessor.

(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. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

B. 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 fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

(1) estimates of future cash flows;
(2) 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
(3) 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.

C. *Definition of a Business* (Amendments to IFRS 3)

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

D. *Definition of a Material* (Amendments to IAS 1 and 8)

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

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 and D, 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 of the Group as of and for the three months ended 31 March 2019 and 2018 has been prepared in accordance with the administration rule No.10200546801 of Financial Supervisory Commission of the Republic of China and 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 2018. 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 2018. Please refer to Note 4 to the consolidated financial statements as at 31 December 2018 for details.

B. The consolidated entities are listed as follows:

Investor	Investee Company Name	2019.03.31 Ownership Percentage	2018.12.31 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%

Investor	Investee Company Name	2019.03.31 Ownership Percentage	2018.12.31 Ownership Percentage
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%	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%
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%

Investor	Investee Company Name	2019.03.31 Ownership Percentage	2018.12.31 Ownership Percentage
WML	Daiwan Justice S.A.	100%	100%
WML	DaiwanKalon 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%
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 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%

Investor	Investee Company Name	2019.03.31 Ownership Percentage	2018.12.31 Ownership Percentage
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%
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	SakizayaKalon 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%

Investor	Investee Company Name	2019.03.31 Ownership Percentage	2018.12.31 Ownership Percentage
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%
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%

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* 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* 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 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.

B. Impairment of financial assets

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 balance sheet.

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.

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.

Compound instruments

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*.

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.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

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 liabilities or financial assets and financial liabilities 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. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, 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 designated at fair value though 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 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*. 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	3-5 years
Right-of-use assets/leased assets (Note)	1.5~25 years

Note: The Group reclassified the lease asset to right-of-use asset after the adoption of IFRS 16 from 1 January 2019.

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

(14) Leases

The accounting policy from 1 January 2019 as follow:

For contracts entered on or after 1 January 2019, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

The Group elected not to reassess whether a contract is, or contains, a lease on 1 January 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discount using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses it's incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associate with those leases in the consolidated income statement.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

The accounting policy before 1 January 2019 as follow:

Group as a lessee

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.

Group as a lessor

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

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.

(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 2018. Please refer to the Note 5 in the consolidated financial statements as at 31 December 2018 for details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	31 March 2019	31 December 2018
Cash on hand	$4,834	$4,315
Check deposits	179	22,082
Demand deposits	15,719,085	15,960,468
Time deposits	1,612,797	9,957,520
Total	$17,336,895	$25,944,385

As at 31 March 2019 and 31 December 2018, cash and cash equivalents with carrying amounts of $48,302,512 and $47,318,084 respectively, were pledged to secure bank loans and were classified under other financial assets.

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

	31 March 2019	31 December 2018
Financial liabilities at fair value through profit or loss		
-Financial liabilities held for trading-current	$2,496,232	$2,488,564

As at 31 March 2019 and 31 December 2018, the amount of the Group's derivative instruments — put right embedding in bonds payable were $2,496,232 and $2,488,564 respectively, were recognized as financial liabilities held for trading-current. Please refer 6.(11) for further details.

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

	31 March 2019	31 December 2018
Debt instrument investments measured at fair value through other comprehensive income		
Bonds		
Current	$1,004,000	$966,000

A. For the amount of aforementioned financial assets pledged for bank loans as at 31 March 2019, 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) Financial instruments for hedging

	31 March 2019	31 December 2018
Financial assets(liabilities) for hedging		
Cash flow hedge - Interest rate swap		
Current	$68,414	$76,540
Non-current	$34,909	$72,731

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 31 March 2019 and 31 December 2018 were as follows:

As at 31 March 2019

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	$68,414	2019.1~2020.3	2019.1~2020.3	$9,230,000

Financial assets(liabilities) for hedging –non-current

Interest rate swap contracts	$34,909	2020.4~2021.6	2020.4~2021.6	$7,980,000

As 31 December 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	$76,540	2019.1~2019.12	2019.1~2019.12	$9,230,000
Financial assets (liabilities) for hedging –non-current				
Interest rate swap contracts	$72,731	2020.1~2021.6	2020.1~2021.6	$7,980,000

(5) Accounts receivable and Accounts receivable-related parties

	31 March 2019	31 December 2018
Accounts receivable	$8,642,525	$5,445,357
Less: loss allowance	(187,175)	(133,802)
Subtotal	8,455,350	5,311,555
Accounts receivable－related parties	760,325	299,642
Less: loss allowance	-	-
Subtotal	760,325	299,642
Net accounts receivable	$9,215,675	$5,611,197

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

The total carrying amount for periods ended 31 March 2019 and year ended 31 December 2018 are $8,642,525 and $5,445,357, respectively. Please refer to Note 6 (16) for more details on loss allowance of trade receivables for the periods ended 31 March 2019 and 2018. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	31 March 2019	31 December 2018
Fuel	$5,647,303	$4,243,752

As at 31 March 2019 and 31 December 2018, the aforementioned inventories were not pledged as collateral.

(7) Investments accounted for using the equity method

	31 March 2019		31 December 2018	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Pescadores Investment and Development Inc.	$2,626,099	40%	$2,854,380	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 associate was as follow:

	31 March 2019	31 December 2018
Current assets	$389,445	$388,103
Non-current assets	136,119,639	136,580,279
Current liabilities	(1,455,840)	(905,198)
Non-current liabilities	(128,487,995)	(128,927,234)
Equity	6,565,249	7,135,950
Percentage of ownership (%)	40%	40%
Group's carrying amount of the investment	$2,626,099	$2,854,380

	For the Three Months Ended 31March	
	2019	2018
Revenue	$-	$-
Profit for the year (continuing operations)	(546,230)	(581,539)
Other comprehensive income for the year	-	-
Comprehensive income for the year	$(546,230)	$(581,539)

(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. The aforementioned investments in associates had no contingent liabilities, capital commitments, or guaranty as at 31 March 2019 and 31 December 2018.

(8) Property, plant and equipment

	31 March 2019	31 December 2018 (Note)
Property, plant and equipment for own-use	$47,827	
Property, plant and equipment for operating leases	2,619,181,873	
Total	$2,619,229,700	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(1) Property, plant and equipment for own-use (applicable to the requirement in IFRS 16)

31 March 2019	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Transportation equipment	$179,066	$-	$-	$-	$(611)	$178,455
Office equipment	254,402	15,567	-	-	(862)	269,107
Total	433,468	15,567	-	-	(1,473)	447,562
Accumulated depreciation						
Transportation equipment	179,066	-	-	-	(611)	178,455
Office equipment	218,181	3,840	-	-	(741)	221,280
Total	397,247	3,840	-	-	(1,352)	399,735
Net Balance	$36,221	$11,727	$-	$-	$(121)	$47,827

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(2) Property, plant and equipment for operating leases (applicable to the requirement in IFRS 16)

31 March 2019	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Vessel	$3,389,852,212	$1,180,495	$-	$-	$(8,892)	$3,391,023,815
Vessel equipment	14,111,550	388	-	-	(44)	14,111,894
Dry-dock	25,383,482	2,030,407	-	-	(2,000)	27,411,889
Total	3,429,347,244	3,211,290	-	-	(10,936)	3,432,547,598
Accumulated depreciation						
Vessel	760,085,116	30,914,993	-	-	(2,155)	790,997,954
Vessel equipment	7,557,473	695,293	-	-	(44)	8,252,722
Dry-dock	11,505,307	2,610,701	-	-	(959)	14,115,049
Total	779,147,896	34,220,987	-	-	(3,158)	813,365,725
Net Balance	$2,650,199,348	$(31,009,697)	$-	$-	$(7,778)	$2,619,181,873

(3) Property, plant and equipment (prior to the application of the requirement in IFRS 16)

31 December 2018	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Vessel	$3,193,780,321	$5,598,686	$9,925,493	$200,482,446	$(83,748)	$3,389,852,212
Vessel equipment	15,459,370	2,327,127	3,674,527	-	(420)	14,111,550
Dry-dock	21,893,845	10,783,540	8,132,611	856,882	(18,174)	25,383,482
Transportation equipment	184,812	-	-	-	(5,746)	179,066
Office equipment	252,386	10,048	-	-	(8,032)	254,402
Leased assets	108,225,403	1,109,808	400,000	(4,831,232)	-	104,103,979
Leasehold improvements	90,886	6,307	-	-	(2,942)	94,251
Total	3,339,887,023	19,835,516	22,132,631	196,508,096	(119,062)	3,533,978,942
Accumulated depreciation						
Vessel	634,384,543	122,395,711	5,734,023	9,056,857	(17,972)	760,085,116
Vessel equipment	8,206,314	3,026,090	3,674,527	-	(404)	7,557,473
Dry-dock	10,131,485	9,488,706	7,919,229	(188,025)	(7,630)	11,505,307
Transportation equipment	184,812	-	-	-	(5,746)	179,066
Office equipment	211,851	13,159	-	-	(6,829)	218,181
Leased assets	18,132,434	4,499,881	400,000	(9,078,792)	-	13,153,523
Leasehold improvements	68,486	6,951	-	-	(2,258)	73,179
Total	671,319,925	139,430,498	17,727,779	(209,960)	(40,839)	792,771,845
Net Balance	$2,668,567,098	$(119,594,982)	$4,404,852	$196,718,056	$(78,223)	$2,741,207,097

A. As at 31 March 2019 and 31 December 2018, the residual value of the vessels amounted to $411,293 thousand and $431,863 thousand, respectively, and the estimated useful lives were ranging from 15 to 25 years and 15 to 25 years.

B. As at 31 March 2019 and 31 December 2018, 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 31 March 2019 and 31 December 2018, please refer to Note 8.

D. As at 31 March 2019 and 31 December 2018, the Group has entered into certain shipbuilding contracts. Refer to Note 9.(1) for further details.

E. For the three months ended 31 March 2019 and 2018, the amounts of total interest expense before capitalization of borrowing costs were $15,329,432 and $13,178,739; the capitalization of interest were $0 and $12,440, and the interest rates of capitalization of interest were 0% and 3.45%~3.75%, respectively.

(9) Other noncurrent assets－Other

	31 March 2019	31 December 2018
Prepayment for vessels	$58,229,500	$29,710,000
Deferred expenses	28,773	31,614
Total	$58,258,273	$29,741,614

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

(10) Loans and borrowings

	31 March 2019	31 December 2018
Bank loans－Short-term borrowings	$53,939,137	$50,972,826
Long-term borrowings (including current portion)	$1,597,088,016	$1,626,113,165

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

Loans	Currency	Nominal interest rate	Year of maturity	Amount
31 March 2019				
Unsecured	USD	3.69%~4.44%	2018.03.15~2020.03.15	$38,000,000
	JPY	0.88%~1.40%	2018.05.31~2020.08.31	12,461,622
Secured	USD	3.36%~5.38%	2009.02.20~2026.08.06	905,468,323
	JPY	0.87%~2.13%	2007.01.12~2030.04.02	694,162,750
	TWD	2.06%~2.07%	2016.03.28~2023.03.28	934,458
Total				$1,651,027,153

Loans	Currency	Nominal interest rate	Year of maturity	Amount
31 December 2018				
Unsecured	USD	2.64%~4.38%	2018.01.23~2020.03.30	$38,000,000
	JPY	0.88%~1.20%	2018.05.31~2019.10.17	12,500,000
Secured	USD	2.41%~5.38%	2009.02.20~2026.08.06	915,496,107
	JPY	0.85%~2.13%	2007.01.12~2030.04.02	710,100,140
	TWD	1.86%~2.07%	2016.03.28~2023.03.28	989,744
Total				$1,677,085,991

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

Maturity Period	31 March 2019	31 December 2018
Within one year	$239,902,236	$238,649,673
Beyond one year and up to five years	1,007,119,863	1,023,750,045
More than five years	350,065,917	363,713,447
Total	$1,597,088,016	$1,626,113,165

(a) As at 31 March 2019 and 31 December 2018, WML had provided financing guarantees for its subsidiaries of $1,193,595 thousand and $1,220,356 thousand, respectively.

(b) As at 31 March 2019 and 31 December 2018, the Group had unused credit facilities of $33,548 thousand and $41,640 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 31 March 2019 and 31 December 2018, WML and the Company had provided financial guarantees for the Company's subsidiaries. Please refer to Note 9.(2) for further details.

(11) Bonds Payable

	31 March 2019	31 December 2018
Convertible bonds	$31,758,715	$37,439,252
Less: current portion	26,876,401	32,584,867
Net	$4,882,314	$4,854,385

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

	31 March 2019	31 December 2018
First Singapore unsecured convertible bonds issued in 2013		
Convertible bonds issued	$-	$60,000,000
Accumulated redeemed amount	-	(4,750,000)
Accumulated converted amount	-	(55,250,000)
Net	-	-
Less: Current portion of bonds payable	-	-
Subtotal	-	-
Second Singapore unsecured convertible bonds issued in 2015		
Convertible bonds issued	80,000,000	80,000,000
Discounted on bonds payable	(117,686)	(145,615)
Accumulated converted amount	-	-
Accumulated redeemed amount	(75,000,000)	(75,000,000)
Net	4,882,314	4,854,385
Less: Current portion of bonds payable	-	-
Subtotal	4,882,314	4,854,385
Second R.O.C. secured convertible bonds issued in 2017		
Convertible bonds issued	13,218,771	13,218,771
Discounts on bonds payable	(613,034)	(710,603)
Accumulated converted amount	-	-
Accumulated redeemed amount	-	-
Valuation on bonds payable	(229,238)	(187,290)
Net	12,376,499	12,320,878
Less: Current portion of bonds payable	(12,376,499)	(12,320,878)
Subtotal	-	-
Third R.O.C. unsecured convertible bonds issued in 2017		
Convertible bonds issued	26,307,136	26,307,136
Discounts on bonds payable	(277,072)	(448,408)
Accumulated converted amount	(11,174,873)	(5,304,549)
Accumulated redeemed amount	-	-
Valuation on bonds payable	(355,289)	(290,190)
Net	14,499,902	20,263,989
Less: Current portion of bonds payable	(14,499,902)	(20,263,989)
Subtotal	-	-
Total	$4,882,314	$4,854,385
Embedded derivative instruments — put right, accounted under financial liabilities at fair value through profit or loss	$2,496,232	$2,488,564
Equity components — Capital surplus, accounted under capital surplus and other	$6,262,129	$6,634,649
Liability components — Financial liabilities reported at fair value through (profit) or loss	$430,409	$(109,673)
Interest expense	$207,367	$1,290,127

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

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$0
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 10thday 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. The conversion price had been adjusted from NT$25.8578 per share to NT$25.0035 per share effective 18 September 2018. (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 on10April 2017at 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 31March 2020 (the 10thday prior to the maturity Date), to convert their bonds. (2) Conversion price The conversion price was NT$42.79 per share which was110% of the closing price ($38.90) reported by the TWSE in respect of the common shares of the Company on 1April 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. The conversion price had been adjusted from NT$33.31 per share to NT$32.21 per share effective 18 September 2018. (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. The conversion price had been adjusted from NT$29.8 per share to NT$28.8 per share effective 18 September 2018.

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$455,300thousand
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. The conversion price had been adjusted from NT$29.3 per share to NT$28.3 per share effective 18 September 2018.

C. First Singapore unsecured convertible bonds issued in 2013 has matured on 12 November 2018.The Group reclassified expired conversion rights of $373 thousand from Capital Surplus - Stock option from convertible bonds to Capital Surplus - Others.

(12) Leases

A. Group as lessor (applicable to the disclosure requirement in IFRS 16)

Please refer to Note 6 (8) for relevant disclosure of property, plant and equipment for operating leases which required by IFRS 16. Leases of property, plant and equipment are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to owner sip of underlying assets.

	For the Three Months Ended 31 March	
	2019	2018 (Note)
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$103,358,919	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at 31 March 2019 are as follow:

	31 March 2019	31 December 2018 (Note)
Not later than one year	$312,137,157	
Later than one year but not later than two years	172,137,070	
Later than two years but not later than three years	127,250,837	
Later than three years but not later than four years	114,883,895	
Later than four years but not later than five years	76,173,983	
Later than five years	183,247,662	
Total	$985,830,604	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

B. Operating lease commitments - Group as lessor (applicable to the disclosure requirement in IAS 17)

Future hiring receivables as at 31 March 2019 and 31 December 2018 were as follows:

	31 March 2019 (Note)	31 December 2018
Within one year		$337,888,573
Beyond one year and up to five years		567,748,343
More than five years		234,049,054
Total		$1,139,685,970

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

C. Group as lessee (applicable to the disclosure requirement in IFRS 16)

The Group leases various assets, including vessels and buildings. These leases have terms of between 3 and 9.5 years.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follow:

(a) Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use asset

	31 March 2019	31 December 2018 (Note)
Vessels	$101,411,202	
Buildings	764,149	
Total	$102,175,351	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

During the three-month periods ended 31 March 2019, the additions to right-of-use assets of the Group amounting to $15,477,059.

ii. Lease liability

	31 March 2019	31 December 2018 (Note)
Lease liability		
Current	$9,121,135	
Non-current	90,178,842	
Total	$99,299,977	

(i) Please refer to Note 6 (18)(c) for the interest on lease liability recognized during the three-month periods ended 31 March 2019 and refer to Note 12 (5) for the maturity analysis for lease liabilities at 31 March 2019.

(ii) Amounts recognized in the statement of profit or loss

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(b) Amounts recognized in comprehensive income

Depreciation charge for right-of-use assets

	For the Three Months Ended 31 March	
	2019	2018 (Note)
Vessels	$1,329,672	
Buildings	123,600	
Total	$1,453,272	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(c) Income and costs relating to leasing activities

	For the Three Months Ended 31 March	
	2019	2018 (Note)
The expense relating to short-term leases	$266,448	
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	778	
Income from subleasing right-of-use assets	374,666	
Gains or losses arising from sale and leaseback transactions	106,788	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(d) Cash outflow relating to leasing activities

During the three-month periods ended 31 March 2019, the Group's total cash outflow for leases amounting to $1,811,086.

(e) Sale and lease back transaction

i. As at 31 March 2019, 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
31 March 2019	A	7 years from 2012.12	$347,750/quarter	$14,980,000	Max (3m Libor+2.2%, Taifx+1.2%, 2.5%)
	B	7 years from 2018.09	¥28,928,000/quarter	¥810,000,000	1.5%

ii. Future non-cancellable chartering payments as at 31 March 2019 were as follows:

	31 March 2019
Within one year	$7,331,148
Beyond one year and up to five years	4,179,592
More than five years	1,567,491
Total	$13,078,231

iii. Based on the sale and lease back transaction, 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 31 March 2019, the Group has issued promissory notes of $6,509,000 thousand for these lease agreements.

v. Refer to Note 7 for further details of sale and lease back transaction regarding related parties.

D. Operating lease commitments - Group as lessee (applicable to the disclosure requirement in IAS 17)

(a) Bareboat Hire and Purchase (BBHP)

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

	31 December 2018	
	Minimum Lease Payment	Interest expense
Within one year	$7,522,354	$1,130,369
Beyond one year and up to five years	26,050,586	3,622,429
More than five years	52,885,262	929,197
Total	$86,458,202	$5,681,995

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. Then, 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. However, the Group and the lessor had both agreed to early terminated one of aforementioned contracts in March 2019.

(b) Sale and lease back transaction

i. As at 31 December 2018, 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
31 December 2018	A	7 years from 2012.12	$347,750/quarter	$14,980,000	Max (3m Libor+2.2%, Taifx+1.2%, 2.5%)
	B	7 years from 2018.09	￥28,928,000/quarter	￥810,000,000	1.5%

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

	31 December 2018
Within one year	$7,682,116
Beyond one year and up to five years	4,192,464
More than five years	1,834,348
Total	$13,708,928

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 31 December 2018, the Group has issued promissory notes of $6,940 thousand for these lease agreements.

v. Refer to Note 7 for further details of sale and lease back transaction regarding related parties.

(c) Ship time charter

The Group has entered into leases on ships. These leases have an average life of one year with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2018 are as follows:

	31 March 2019 (note)	31 December 2018
Not later than one year		$759,759

Operating lease expenses recognized are as follows

	For the Three Months Ended 31 March (Note)	For the Years Ended 31 December
	2019	2018
Minimum lease payments		$1,626,470

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(d) Other operating leases

The Group has entered into leases on offices, warehouses and copy machines. These leases have an average life of one year with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2018 are as follows:

	31 March 2019 (note)	31 December 2018
Not later than one year		$531,287
Later than one year and not later than five years		390,444
Total		$921,731

Operating lease expenses recognized are as follows

	For the Three Months Ended 31 March (Note)	For the Years Ended 31 December
	2019	2018
Minimum lease payments		$550,552

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(13) 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.

(14) 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 31 March 2019 and 31 December 2018, the total outstanding capital of the Company amounted to NT$6,361,942 thousand and NT$6,298,055 thousand, consisting of 636,194 thousand and 629,805 thousand shares with a par value of NT $10 per share.

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

(c) As at 31 December 2018 convertible bonds were converted into common stock and capital surplus of $4,239,047 and $8,247,270, respectively.

(d) As at 31 March 2019 convertible bonds were converted into common stock and capital surplus of $2,074,314 and $4,107,389, respectively.

(e) A resolution was passed at a board of directors meeting of the Company held on 29 March 2019, to issue Forth R.O.C. unsecured convertible bonds in 2019 in the amount up to NT$1,385,000 thousand in order to raise long-term capital for building vessels and working capital.

(f) A resolution was passed at a board of directors meeting of the Company held on 29 March 2019 to issue up to 80,000,000 shares of stock with per value of NT$10 per share.

B. Capital Surplus

The components of the capital surplus were as follows:

	31 March 2019	31 December 2018
From issuance of share capital	$37,591,135	$33,483,746
Employee share options	338,321	338,321
Stock option from convertible bonds	391,383	391,383
Others	6,243,266	6,243,266
Total	$44,564,105	$40,456,716

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 29 March 2019 and 25 May 2018, the Company's board of directors and shareholders resolved at the board of directors meeting and the shareholder's meeting to appropriate the 2018 and 2017 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	2018	2017
Cash dividends distributed from Capital surplus - per share	$1.50	$1.00

For the amount and estimate basis of Directors' and supervisors' remuneration please refer to Note 6.(17).E.

(15) Operating revenues

	For the Three Months Ended 31 March	
	2019	2018
Revenue from contracts with customers		
Freight revenue	$3,998,068	$1,951,800
Vessel management revenue	887,371	1,108,591
Subtotal	4,885,439	3,060,391
Hire revenue	103,358,548	95,878,959
Other operating revenue	2,026,408	1,986,870
Total	$110,270,395	$100,926,220

Analysis of revenue from contracts with customers during the year is as follows:

A. Revenue breakdown

Operation Department

	For the Three Months Ended 31 March	
	2019	2018
Rendering of services	$4,885,439	$3,060,391
Timing of revenue recognition :		
Over time	$4,885,439	$3,060,391

B. Contract balances

	31 March 2019	31 December 2018
Beginning balance	$12,599	$-
Ending balance	-	12,599
Difference	$(12,599)	$12,599

For the three months ended 31 March 2019, contract assets have decreased as the Group collected the consideration of contracts.

For the year ended 31 December 2018, contract assets have increased as the Group has no unconditional right to receive the consideration in the contracts.

(16) Expected credit losses/(gains)

	For the Three Months Ended 31 March	
	2019	2018
Operating expenses – Expected credit losses/(gains)		
Accounts receivable	$53,373	$2,405
Long-term Receivables	(10,813)	2,600
Total	$42,560	$5,005

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 31 March 2019 and 2018 are as follow:

Considering counterparties 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:

31 March 2019		Past due					
	Neither past due	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	Total
Gross carrying amount	$8,520,848	$359,488	$135,224	$-	$384,290	$3,000	9,402,850
Loss ratio	0.55%	10.55%	[illegible]	15.60%	20.94%	100%	
Lifetime expected credit losses	47,253	37,926	18,526	-	80,470	3,000	187,175
Net carrying amount	$8,473,595	$321,562	$116,698	$-	$303,820	$-	$9,215,675

31 March 2018		Past due					
	Neither past due	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	Total
Gross carrying amount	$2,713,732	$54,202	$61,215	$415,845	$61,071	$-	$3,306,065
Loss ratio	0.12%	1.73%	10.19%	15.00%	21.28%	100%	
Lifetime expected credit losses	3,126	935	6,239	62,367	12,996	-	85,663
Net carrying amount	$2,710,606	$53,267	$54,976	$353,478	$48,075	$-	$3,220,402

As at 31 March 2019 and 2018, the gross carrying amount of long-term receivables are $0 and $2,256,500, and its loss allowance amounting to $0 and $2,600 which is measured at expected credit loss ratio of 0.61% and 0.12%, respectively.

The movement in the provision for impairment of accounts receivable for the three months ended 31 March 2019 is as follows:

	Accounts receivable	Long-term receivables	Total
Beginning balance	$133,802	$10,813	$144,615
Addition/(reversal) for the current period	53,373	(10,813)	42,560
Ending balance	$187,175	$-	$187,175

The movement in the provision for impairment of accounts receivable for the three months ended 31 March 2018 is as follows:

	Accounts receivable	Long-term receivables	Total
Beginning balance	$83,258	$-	$83,258
Addition/(reversal) for the current period	2,405	2,600	5,005
Ending balance	$85,663	$2,600	$88,263

(17) Operating costs

	For the Three Months Ended 31 March	
	2019	2018
Depreciation expense	$35,617,755	$33,794,353
Cost of materials	10,454,079	8,266,876
Expenses for chartering services	6,759,898	6,922,716
Wages and personnel expenses	24,880,051	24,040,359
Other operating costs	2,589,974	2,761,295
Total	$80,301,757	$75,785,599

A. Cost of materials

	For the Three Months Ended 31 March	
	2019	2018
Fuel oil	$2,106,065	$991,351
Lubricants	2,279,530	2,510,850
Materials	1,783,900	1,497,073
Spare parts	2,310,566	1,801,627
Survey fees	1,203,381	900,535
Repairs and maintenance	568,492	356,239
Paints	202,145	209,201
Total	$10,454,079	$8,266,876

B. Expenses for chartering services

	For the Three Months Ended 31 March	
	2019	2018
Commissions	$4,233,520	$3,697,058
Expenses at ports	575,621	528,191
Agency costs	156,253	142,407
Chartering expenses	250,470	1,021,367
Dispatch expenses	109,898	23,429
Postage and international communication	699,414	709,281
Other	734,722	800,983
Total	$6,759,898	$6,922,716

C. Wages and personnel expenses

	For the Three Months Ended 31 March	
	2019	2018
Crew wages	$18,924,257	$18,149,365
Insurance fees	2,278,230	2,385,902
Food and meals	1,658,204	1,626,566
Crew travel fees	1,194,267	1,188,662
Bonus	786,475	652,362
Pension cost	38,618	37,502
Total	$24,880,051	$24,040,359

D. Other operating costs

	For the Three Months Ended 31 March	
	2019	2018
Hull and machinery insurance	$1,918,370	$2,144,711
Compensation	237,146	363,088
Lease payments	4,089	77,663
Other	430,369	175,833
Total	$2,589,974	$2,761,295

E. Summary statement of employee benefits, depreciation and amortization expenses by function for the three months ended and six months ended 31 March 2019 and 2018:

	For the Three Months Ended 31 March					
	2019			2018		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$19,710,732	$325,827	$20,036,559	$18,801,726	$374,030	$19,175,756
Insurance expenses	2,278,230	37,058	2,315,288	2,385,902	31,555	2,417,457
Pension	38,618	14,792	53,410	37,502	14,848	52,350
Other employee benefits expense	1,660,350	11,536	1,671,886	1,627,971	9,927	1,637,898
Depreciation	35,617,755	60,344	35,678,099	33,794,353	4,779	33,799,132
Amortization	-	2,732	2,732	-	2,410	2,410

	For the Years Ended 31 December	
Item	2018	2017
Directors' and supervisors' remuneration	$274,801	$148,304

The differences between the actual appropriations of 2018 and 2017 earnings for directors and supervisors' remunerations as approved at the shareholders' meeting and the amounts recognized in the financial statements were as follows:

	2018		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	$274,801	$278,965	$(4,164)

	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)

The aforementioned difference for the years ended 31 December 2018 and 2017 was accounted for as a change in accounting estimates and was charged to profit or loss for the years ended 31 December, 2019 and 2018. Management is expecting that the difference for the year ended 31 December 2018 will be treated as a change in accounting estimates and will be charged to profit or loss for the years ended 31 December 2019 and 2018.

Directors' and supervisors' remuneration amounted to $39,836 and $36,203 for the three months ended 31 March 2019 and 2018, respectively. These amounts were calculated based on the Company's net profit for the three months ended 31 March 2019 and 2018, 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 three months ended 31 March 2019 and 2018.

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.

(18) Non-operating income and expenses

A. Other income

	For the Three Months Ended 31 March	
	2019	2018
Interest income		
Bank deposits	$227,459	$183,250
Financial assets measured at amortized cost	-	3,287
Financial assets at fair value through other comprehensive income	9,970	9,993
Subtotal	237,429	196,530
Other income and gains	9,953	35,004
Total	$247,382	$231,534

B. Other gains and losses

	For the Three Months Ended 31 March	
	2019	2018
Gains on lease modification	$134,634	$-
Foreign exchange gains (losses), net	550,057	(3,825,384)
Gains (losses) on financial liabilities at fair value through profit or loss(Note)	(430,409)	1,180,170
Subtotal	254,282	(2,645,214)
Other expenses and losses	(307,190)	(598,049)
Total	$(52,908)	$(3,243,263)

Note: Balances in both periods were arising from held for trading investment.

C. Finance costs

	For the Three Months Ended 31 March	
	2019	2018
Interest on borrowings from bank	$13,570,790	$11,633,460
Interest on bonds payable	207,367	343,839
Interest for lease liability	322,421	(Note)
Interest for finance lease	(Note)	359,955
Interest on long-term accounts payable (include from related parties)	1,228,854	829,045
Total finance costs	$15,329,432	$13,166,299

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(19) Components of other comprehensive income

For the three months ended 31 March 2019

	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	1,289,232	-	1,289,232	-	1,289,232
Unrealized gains or losses on debt instruments investment measured at fair value through other comprehensive income	37,831	-	37,831	-	37,831
Gains (losses) from hedging instruments	(45,948)	-	(45,948)	-	(45,948)
Total of other comprehensive income	$1,281,115	$-	$1,281,115	$-	$1,281,115

For the three months ended 31 March 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	(48,215,567)	-	(48,215,567)	-	(48,215,567)
Unrealized gains or losses on debt instruments investment measured at fair value through other comprehensive income	(32,967)	-	(32,967)	-	(32,967)
Gains (losses) from hedging instruments	103,474	-	103,474	-	103,474
Total of other comprehensive income	$(48,145,060)	$-	$(48,145,060)	$-	$(48,145,060)

(20) 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 ended 31 March 2019 and 2018, the components of income tax expenses(benefits) of WELL and WII were as follows:

	For the Three Months Ended 31 March	
	2019	2018
Current income tax expense (income)	$53,238	$34,030
Deferred tax expense (income)		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(11,744)	(25,081)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	(6,932)
Total income tax expense (income)	$41,494	$2,017

D. The assessment of income tax returns

As at 31 March 2019, 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 2017

(21) 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 31 March	
	2019	2018
Basic earnings(losses) per share		
Profit(losses) attributable to ordinary shareholders	$13,298,370	$7,373,377
Weighted-average number of ordinary shares	630,836,116	616,707,566
	$0.02	$0.01
Diluted earnings(losses) per share		
Profit(losses) attributable to ordinary shareholders (diluted)	$13,298,370	$7,373,377
Interest expenses on convertible notes, net of tax	207,367	343,839
Foreign exchange (gains) losses	(107,046)	863,101
Amortization of deferred issuance costs	4,901	15,617
(Gains) Losses on valuation on convertible notes, net of tax	430,409	(1,180,170)
Profit(losses) attributable to ordinary shareholders (diluted)	$13,834,001	$7,415,764
Weighted-average number of ordinary shares (diluted)	630,836,116	616,707,566
Effect of conversion of convertible notes	40,189,516	57,935,028
Weighted-average number of ordinary shares (diluted)	671,025,632	674,642,594
	$0.02	$0.01

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
Fortunate Transport S.A.	Other Related Party
Asiaeuro Investment S.A.	Other Related Party
Genius Star Management Consulting Co., Ltd.	Other Related Party
Pescadores Investment and Development Inc.	Associates
Directors, 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 31 March	
Related party	2019	2018
Other related parties	$250,470	$1,021,367

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

B. Hire Revenue

	For the Three Months Ended 31 March	
Related party	2019	2018
Other related parties	$374,666	$-

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

C. Services received / rendered

For the three months ended 31 March 2019 and 2018, the Group received service from (rendered service to) related parties as follows:

Related party	Item	Amount
For the Three Months Ended 31 March 2019		
Other related parties	Vessel management service income	$(540,838)
〃	Other income(Passenger ticket revenue and other revenue)	(88,034)
〃	Commissions	867,902
〃	Other expense(Business travel expense, agency fee, management consultant fee)	128,474
〃	Operating expenses(Business travel expense, entertainment expense)	31,780
〃	Ballast water management systems cost	576,157

Related party	Item	Amount
For the Three Months Ended 31 March 2018		
Other related parties	Vessel management service income	$(762,057)
〃	Commission income	(6,457)
〃	Other income(Passenger ticket revenue and other revenue)	(488,317)
〃	Commissions	708,754
〃	Other expense(Business travel expense, agency fee, management consultant fee)	146,964
〃	Operating expenses(Business travel expense, entertainment expense)	55,856

D. Receivables and payables

For the years ended 31 March 2019 and 31 December 2018, the Group incurred receivables and payables with related parties due to vessels operation as follows:

Prepaid expense	31 March 2019	31 December 2018
Name of related party		
Other related parties	$11,768	$20,106

Other receivables	31 March 2019	31 December 2018
Name of related party		
Other related parties	$80,369	$1,824

Other current assets	31 March 2019	31 December 2018
Name of related party		
Other related parties	$913,809	$816,627

Accounts receivable	31 March 2019	31 December 2018
Name of related party		
Brave Line Co., Ltd.	$385,659	$298,616
Asiaeuro Investment S.A.	374,666	-
Other related parties	-	1,026
Total	$760,325	$299,642

Accounts payable	31 March 2019	31 December 2018
Name of related party		
Genius Star Management Consulting Co., Ltd.	$-	$365,000

Accrued expense	31 March 2019	31 December 2018
Name of related party		
Other related parties	$2,767,674	$2,326,870

Other current liabilities	31 March 2019	31 December 2018
Name of related party		
Other related parties	$17,665	$45,688

E. Financing

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

31 March 2019		
Name of related party	Max balance	Ending balance
Benefit Transport S.A.	$53,678,522	$53,678,522
Samurai Investment S.A.	43,697,278	43,697,278
Total	$97,375,800	$97,375,800

31 December 2018		
Name of related party	Max balance	Ending balance
Benefit Transport S.A.	$46,903,709	$46,903,709
Samurai Investment S.A.	43,697,278	43,697,278
Other related parties	2,000,000	-
Total	$92,600,987	$90,600,987

Interest Expenses	For the Three Months Ended 31 March	
Name of related party	2019	2018
Benefit Transport S.A.	$499,692	$241,861
Samurai Investment S.A.	491,897	393,785
Total	$991,589	$635,646

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

F. Leases

(a) For the three months ended 31 March 2019 and 2018, the Group acted as leasee in transactions with other related parties and key management as follows:

Rent Expense	For the Three Months Ended 31 March	
Name of related party	2019	2018
Key management	$-	$47,385
Other related parties	-	37,816
Total	$-	$85,201

Right-of-use assets	31 March 2019	31 December 2018 (Note)
Name of related party		
Key management	$284,588	
Other related parties	245,577	
Total	$530,165	

Lease Liability	31 March 2019	31 December 2018 (Note)
Name of related party		
Key management	$279,059	
Other related parties	246,731	
Total	$525,790	

Interest expense	For the Three Months Ended 31 March	
Name of related party	2019	2018(Note)
Key management	$1,784	
Other related parties	1,558	
Total	$3,342	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(b) For the three months ended 31 March 2019 and 2018, the Group acted as leasor in transactions with other related parties as follows:

	For the Three Months Ended 31 March	
	2019	2018
Other related parties	$371	$520

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.

G. Guarantee

(a) As at 31 March 2019 and 31 December 2018, key management had provided a time deposit guarantee for the Group's financing loan of $32,540 thousand and $32,883 thousand, respectively.

(b) As at 31 March 2019 and 31 December 2018, the Group entered into a loan agreement with financial institutes with M.V. Wisdom Grace as pledge provided by Benefit Transport S.A.

(c) As at 31 March 2019 and 31 December 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.

H. Others

For the three months ended 31 March 2019, the installments for sale and lease back transaction paid to other related party were ¥28,928 thousand, while interest expenses were ¥2,886,518 and interest payable were ¥61,820. As at 31 March 2019, the unpaid amount of sale and lease back transaction was ¥752,144 thousand (accounted for as long-term payable – related parties at $6,791,981).

(3) Salaries and compensation for key management

The Group paid salaries to key management as follows:

	For the Three Months Ended 31 March	
	2019	2018
Salary and bonus	$171,098	$170,428
Post-employment benefits	3,873	3,995
	$174,971	$174,423

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	31 March 2019	31 December 2018
Property, plant and equipment	Bank Loans	$2,587,845,000	$2,618,297,000
Property, plant and equipment	Long-term payables(include from related parties)	31,250,000	31,709,000
Financial assets at fair value through other comprehensive income	Bank Loans	1,004,000	966,000
Other financial assets	〃	44,002,512	43,018,084
Other financial assets	Bonds Payable	4,300,000	4,300,000
		$2,668,401,512	$2,698,290,084

9. Significant commitments and contingencies

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

	31 March 2019	31 December 2018
Vessels	13	13
Contract price	$344,520 thousand	$344,520 thousand
Prepaid	$58,230 thousand	$29,710 thousand
Financed shipbuilding contracts	$19,950 thousand	$- 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
2019	$89,950	4
2020	164,020	6
2021	90,550	3
Total	$344,520	13

(2) Financial Guarantee

Guarantor	Name of relative party guarantee	31 March 2019	Period	Purpose
WML	Subsidiaries	$602,263 thousand ¥72,615,224 thousand	2005.12~2030.04	Borrowings
The Company	Subsidiaries	$703,959 thousand ¥81,648,189 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 2018	Period	Purpose
WML	Subsidiaries	$606,187 thousand ¥75,103,275 thousand	2005.12~2030.04	Borrowings
The Company	Subsidiaries	$709,151 thousand ¥84,150,128 thousand	2009.10~2030.04	Borrowings and Operating fund
WML	The Company	$6,000 thousand	2018.01~2019.01	Operating fund

(3) On 5 September 2018, the Group cancelled a ship purchase contract with Giant Line Inc.,S.A. and agreed to operate the ship by lease after the shipbuilding.

(4) On 26 March 2019, the Group entered into a ship selling contract with Zora Shipping S.A. to sell MV Beagle VI for $4,600,000. The Group planned to execute the contract in the second quarter, 2019.

10. Losses due to major disasters: None.

11. Significant subsequent events: None.

12. Others

(1) Categories of financial instruments

Financial assets

	31 March 2019	31 December 2018
Financial assets at fair value through other comprehensive income	$1,004,000	$966,000
Financial assets at amortized cost:		
Cash and cash equivalents(exclude cash on hand)	17,332,061	25,940,070
Accounts receivable and other receivables (include from related parties)	11,047,401	8,827,991
Long-term Receivables	-	1,761,734
Subtotal	28,379,462	36,529,795
Financial assets for hedging	103,323	149,271
Other financial assets	59,353,613	58,403,237
Total	$88,840,398	$96,048,303

Financial liabilities

	31 March 2019	31 December 2018
Financial liabilities at amortized cost:		
Short-term borrowings	$53,939,137	$50,972,826
Accounts payables (include from related parties)	8,095,734	10,138,057
Bonds payable (include current portion)	31,758,715	37,439,252
Long-term borrowings (include current portion)	1,597,088,016	1,626,113,165
Long-term payable (include from related parties)	127,941,732	123,768,248
Lease liability (include current portion)	99,299,977	(Note)
Lease payables (include current portion)	(Note)	86,458,202
Subtotal	1,918,123,311	1,934,889,750
Financial liabilities at fair value through profit or loss:		
Embedded derivative instruments－put right	2,496,232	2,488,564
Total	$1,920,619,543	$1,937,378,314

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(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 three months ended 31 March 2019 and 2018 decreases/increases by $5,688,280 and $3,875,784, 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 three months ended 31 March 2019 and 2018 to decrease/increase by $4,695,672 and $4,865,450, respectively; the equity to decrease/ increase by $49,245 and $73,201, 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. Financial assets subject to credit risk include cash and cash equivalent and accounts receivable. Cash is deposited in large bank institutions, while accounts receivable are disclosed at net amount after deducting allowance for expected credit losses. Per industry practice, most hire revenue are received in advance. In addition, the Group manages credit risks through reviewing credit rating of individual client and limiting the overall risk. The credit risk of accounts receivable and the credit concentration risk are insignificant.

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:

	31 March 2019	31 December 2018
Cash and cash equivalents (exclude cash on hand)	$17,332,061	$25,940,070
Accounts receivables and other receivables (include from related parties)	11,047,401	8,827,991
Long-term Receivables	-	1,761,734
Financial assets at fair value through other comprehensive income	1,004,000	966,000
Financial assets for hedging	103,323	149,271
Other financial assets	59,353,613	58,403,237
	$88,840,398	$96,048,303

(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 31 March 2019:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	$53,939,137	$55,510,618	$55,510,618	$-	$-	$-
Accounts payables (include due to related parties)	8,095,734	8,095,734	8,095,734	-	-	-
Corporate bonds payable	31,758,715	33,422,188	27,899,188	5,523,000	-	-
Long-term borrowings	1,597,088,016	1,754,190,859	296,630,265	423,682,741	673,391,885	360,485,968
Long-term Accounts payable	23,773,951	26,595,590	7,496,099	979,465	3,776,058	14,343,968
Long-term Accounts payable-related parties	104,167,781	125,406,273	5,320,452	5,303,995	15,817,846	98,963,980
Lease Liability	99,299,977	105,112,993	10,198,367	9,932,172	28,724,715	56,257,739
	$1,918,123,311	$2,108,334,255	$411,150,723	$445,421,373	$721,710,504	$530,051,655

As at 31 December 2018:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	$50,972,826	$52,487,542	$52,487,542	$-	$-	$-
Accounts payables (include due to related parties)	10,138,057	10,138,057	10,138,057	-	-	-
Corporate bonds payable	37,439,252	39,462,801	33,939,801	5,523,000	-	-
Long-term borrowings	1,626,113,165	1,792,573,340	287,170,363	419,344,064	709,767,252	376,291,661
Long-term Accounts payable	26,092,333	29,350,990	7,966,152	1,043,952	3,884,600	16,456,286
Long-term Accounts payable-related parties	97,675,915	117,388,164	5,017,253	5,001,018	14,906,561	92,463,332
Lease payables	86,458,202	92,140,197	8,652,723	7,485,872	22,187,143	53,814,459
	$1,934,889,750	$2,133,541,091	$405,371,891	$438,397,906	$750,745,556	$539,025,738

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

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities as at 31 March 2019:

	Short-term borrowings	Long-term borrowings (include current portion)	Long-term accounts payable (include from related parties)	Lease payables (include current portion)	Corporate bonds payable	Guarantee deposits received	Total liabilities from financing activities
As at 1 Jan. 2019	$50,972,826	$1,626,113,165	$123,768,248	$87,319,648	$37,439,252	$290,505	$1,925,903,644
Cash flows	2,966,311	(27,128,669)	6,053,687	(1,811,086)	-	(261,375)	(20,181,132)
Non-cash changes							
Foreign exchange movement	-	(1,896,480)	(80,203)	55,073	(107,046)	631	(2,028,025)
Other movement	-	-	(1,800,000)	13,736,342	(5,573,491)	-	6,362,851
As at 31 Mar. 2019	$53,939,137	$1,597,088,016	$127,941,732	$99,299,977	$31,758,715	$29,761	$1,910,057,338

Reconciliation of liabilities as at 31 December 2018:

	Short-term borrowings	Long-term borrowings (include current portion)	Long-term accounts payable (include from related parties)	Lease payables (include current portion)	Corporate bonds payable	Guarantee deposits received	Total liabilities from financing activities
As at 1 Jan. 2018	$44,399,387	$1,651,263,233	$102,522,469	$73,783,532	$53,814,622	$415,162	$1,926,198,405
Cash flows	6,573,439	(39,543,588)	20,727,973	11,663,201	(4,750,000)	(124,657)	(5,453,632)
Non-cash changes							
Foreign exchange movement	-	14,393,520	517,806	1,011,469	(1,235,040)	-	14,687,755
Other movement	-	-	-	-	(10,390,330)	-	(10,390,330)
As at 31 Dec. 2018	$50,972,826	$1,626,113,165	$123,768,248	$86,458,202	$37,439,252	$290,505	$1,925,042,198

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

(8) 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 31 March 2019 and 31 December 2018 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.(11) 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.

(9) 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 31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets for hedging	$-	$103,323	$-	$103,323
Financial assets at fair value through other comprehensive income	$1,004,000	$-	$-	$1,004,000
Financial liabilities at fair value through profit or loss	$-	$-	$2,496,232	$2,496,232

As at 31 December 2018	Level 1	Level 2	Level 3	Total
Derivative financial assets	$-	$149,271	$-	$149,271
Financial assets at fair value through other comprehensive income	$966,000	$-	$-	$966,000
Financial liabilities at fair value through profit or loss	$-	$-	$2,488,564	$2,488,564

Transfers between Level 1 and Level 2 during the period

During the three months ended 31 March 2019 and 2018, 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 2018	$2,488,564
Total gains and losses recognized for the six-month period ended 31 March 2019:	
Amount recognized in (profit) or loss (presented in "other profit or loss")	430,409
Acquisition/issues for the three-month period ended 31 March 2019	-
Disposal/settlements for the three-month period ended 31 March 2019	(422,741)
Transfer in/(out) of Level 3	-
Ending balances as at 31 March 2019	$2,496,232

Total gains and losses recognized for the three-month period ended 31 March 2019 in the table above contain gains and (losses) related to derivatives on hand as at 31 March 2019 in the amount of $(375,566).

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 31 March 2019

	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	14.69%	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 $288,125;5% decrease in the volatility would result in increase in the Group's profit by $297,210
Embedded derivatives – Third R.O.C. unsecured convertible bonds issued in 2017	Option pricing model	Volatility	14.69%	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 $377,369;5% decrease in the volatility would result in increase in the Group's profit by $375,463

As at 31 December 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	15.46%	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 $309,946;5% decrease in the volatility would result in increase in the Group's profit by $333,388
Embedded derivatives – Third R.O.C. unsecured convertible bonds issued in 2017	Option pricing model	Volatility	15.46%	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 $452,395;5% decrease in the volatility would result in increase in the Group's profit by $481,448

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.

(10) 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:

	31 March 2019			31 December 2018		
	Foreign currency (Note1)	Exchange rate (Note2)	USD/JPY	Foreign currency (Note1)	Exchange rate (Note2)	USD/JPY
Financial liabilities						
Monetary item						
USD：JPY	$33,005,796	110.74	￥3,655,061,881	$34,507,759	110.40	￥3,809,656,561
JPY：USD	￥9,954,262,858	0.0090	$89,888,594	￥7,531,846,049	0.0091	$68,223,243
NTD：USD	NT$828,330,672	0.0324	$26,876,401	NT$1,000,844,186	0.0326	$32,584,867

Note1: The foreign currency amount of monetary item is the carrying amount of foreign currency financial liabilities

Note2: The exchange rate of monetary item is spot rate.

For the three months ended 31 March 2019 and 2018, the Group had foreign exchange gains(losses) of $550,057 and $(3,825,384), respectively.

(11) 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.)

(12) 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.

(13) List of the Group vessels as at 31 March 2019

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 Nature	2018	55,472	Supramax
15	Amis Orchid	2012	58,120	Supramax
16	Amis Power	2018	64,012	Supramax
17	Amis Wisdom I	2010	61,611	Supramax
18	Amis Wisdom II	2010	61,611	Supramax
19	Amis Wisdom III	2011	61,527	Supramax
20	Amis Wisdom VI	2011	61,456	Supramax
21	Arikun	2007	8,763	Small Handy
22	Atayal Ace	2013	16,805	Small Handy
23	Atayal Brave	2012	16,805	Small Handy
24	Atayal Mariner	2012	16,805	Small Handy
25	Atayal Star	2012	16,805	Small Handy
26	Babuza Wisdom	2009	18,969	Small Handy
27	Beagle II	2007	17,224	Small Handy
28	Beagle VI	2001	18,320	Small Handy
29	Beagle VII	2007	16,822	Small Handy
30	Bizen	2008	8,721	Small Handy
31	Blue Horizon	2012	207,867	Cape

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
32	Bunun Ace	2013	37,744	Handy
33	Bunun Brave	2014	45,556	Handy
34	Bunun Champion	2014	45,556	Handy
35	Bunun Dynasty	2014	37,795	Handy
36	Bunun Elegance	2014	45,556	Handy
37	Bunun Fortune	2015	37,790	Handy
38	Bunun Glory	2015	37,046	Handy
39	Bunun Hero	2015	37,811	Handy
40	Bunun Infinity	2016	37,654	Handy
41	Bunun Justice	2017	37,748	Handy
42	Bunun Kalon	2018	37,653	Handy
43	Bunun Wisdom	2012	38,168	Handy
44	Clear Horizon	2012	207,947	Cape
45	Daiwan Ace	2014	34,358	Handy
46	Daiwan Brave	2014	34,358	Handy
47	Daiwan Champion	2015	34,393	Handy
48	Daiwan Dolphin	2015	34,393	Handy
49	Daiwan Elegance	2015	35,331	Handy
50	Daiwan Fortune	2015	34,893	Handy
51	Daiwan Glory	2015	35,531	Handy
52	Daiwan Hero	2016	34,376	Handy
53	Daiwan Infinity	2016	34,376	Handy
54	Daiwan Justice	2016	34,327	Handy
55	DaiwanKalon	2016	34,327	Handy
56	Daiwan Leader	2018	34,442	Handy
57	Daiwan Wisdom	2010	31,967	Handy
58	Frontier Bonanza	2010	179,435	Cape
59	Genius Star III	2006	13,567	Small Handy
60	Genius Star IX	2009	12,005	Small Handy
61	Genius Star VII	2007	12,005	Small Handy
62	Genius Star VIII	2007	12,005	Small Handy
63	Genius Star X	2010	12,005	Small Handy
64	Genius Star XI	2012	13,663	Small Handy
65	Genius Star XII	2013	13,077	Small Handy
66	Global Faith	2010	28,050	Handy
67	Hibiscus	2002	48,610	Handy
68	Hoanya Wisdom	2008	21,119	Handy
69	Izumo	2007	20,150	Handy

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
70	Joseph Wisdom	2018	6,400	LPG
71	Katagalan Wisdom	2012	98,697	Panamax
72	Katagalan Wisdom III	2012	98,697	Panamax
73	LBC Energy	2011	71,066	Panamax
74	Ligulao	2010	5,296	Other-PCTC
75	Magnate	2004	18,828	Small Handy
76	Mimasaka	2010	14,062	Small Handy
77	Mino	2007	14,118	Small Handy
78	Naluhu	2010	58,107	Supramax
79	Ocean Victory	2011	28,386	Handy
80	Pacific Venus	2001	18,712	Small Handy
81	Paiwan Wisdom	2010	31,967	Handy
82	Papora Wisdom	2009	28,050	Handy
83	Pazeh Wisdom	2009	18,969	Small Handy
84	Pescadores	1999	198	Other-Passenger
85	Poavosa Ace	2013	28,208	Handy
86	Poavosa Brave	2009	28,367	Handy
87	Poavosa Wisdom	2009	28,050	Handy
88	Poavosa Wisdom III	2011	28,232	Handy
89	Poavosa Wisdom VI	2011	28,050	Handy
90	Poavosa Wisdom VII	2012	28,208	Handy
91	Poavosa Wisdom VIII	2013	28,208	Handy
92	Sakizaya Ace	2013	74,936	Panamax
93	Sakizaya Brave	2013	74,940	Panamax
94	Sakizaya Champion	2014	78,080	Panamax
95	Sakizaya Diamond	2015	81,938	Panamax
96	Sakizaya Elegance	2015	81,938	Panamax
97	Sakizaya Future	2016	81,938	Panamax
98	Sakizaya Glory	2016	84,883	Panamax
99	Sakizaya Hero	2016	81,067	Panamax
100	Sakizaya Integrity	2016	81,010	Panamax
101	Sakizaya Justice	2017	81,691	Panamax
102	Sakizaya Kalon	2017	81,691	Panamax
103	Sakizaya Leader	2017	81,691	Panamax
104	Sakizaya Miracle	2017	81,668	Panamax
105	Sakizaya Noble	2017	80,982	Panamax
106	Sakizaya Orchid	2017	81,588	Panamax
107	Sakizaya Power	2017	81,574	Panamax

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
108	Sakizaya Queen	2018	81,858	Panamax
109	Sakizaya Respect	2018	81,858	Panamax
110	Sakizaya Wisdom	2011	76,457	Panamax
111	Scarlet Eagle	2014	81,842	Panamax
112	Scarlet Falcon	2014	82,260	Panamax
113	Scarlet Rosella	2015	82,235	Panamax
114	Siraya Wisdom	2007	21,119	Handy
115	Taikli	2011	13,139	Small Handy
116	Tao Ace	2013	25,037	Handy
117	Tao Brave	2011	25,065	Handy
118	Tao Mariner	2010	25,065	Handy
119	Tao Star	2010	25,065	Handy
120	Tao Treasure	2013	25,036	Handy
121	Taokas Wisdom	2008	31,943	Handy
122	Timu	2005	17,224	Small Handy
123	Unicorn Bravo	2007	8,759	Small Handy
124	Unicorn Logger	2008	8,700	Small Handy
125	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 three months ended 31 March	
	2019	2018
Revenue from external customers:		
The Netherlands	$25,582,990	$22,322,297
Japan	22,296,557	20,476,723
Singapore	15,122,022	15,347,874
Hong Kong	8,184,806	8,162,187
China	8,053,272	5,991,408
Others	31,030,748	28,625,731
Total	$110,270,395	$100,926,220

	31 March 2019	31 December 2018
Non-current assets:		
Panama	$2,671,934,216	$2,662,789,012
Hong Kong	79,948,752	80,853,716
Taiwan	3,051,491	2,337,440
Liberia	24,700,092	24,936,929
Total	$2,779,634,551	$2,770,917,097

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

(3) Major customers

Individual customers accounting for at least 10% of net sales for the three months ended 31 March 2019 and 2018 were as follows:

	For the three months ended 31 March	
	2019	2018
Customer A:	$16,834,450	$17,830,497