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

Registered: Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands

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STATEMENT BY DIRECTORS

This statement specifies the responsibility of the Board of Directors in compiling the Consolidated Financial Report of Wisdom Marine Lines Co., Limited (Cayman) (the “Company”) and its subsidiaries (together the “Group”).

The financial information has been extracted without material adjustment from the Company's published audited consolidated financial statements for the financial years ended December 31, 2015 and 2014. The Company’s financial statements have been prepared and presented in accordance with IFRS issued by the IASB. The opinion on the Company's audited consolidated financial statements for the financial years ended December 31, 2015 and 2014 was not qualified.

In addition to the disclosure of accounting information, a complete consolidated financial report shall include the roles of each segment of the Group and their future development, so that the readers of the Financial Report can fully understand the future development and potential risk of the Group. In respect of the full and complete disclosure of accounting procedures and financial information, the Board has responsibility to review the Company’s strategies, important business plans, and risk management policies, to set operational targets, and to monitor the results of operations, in order to comply with relevant regulations, protect company interests, and avoid potential fraud within the Company. We have provided the relevant financial information for every financial report year, and disclosed the consolidated assets, liabilities, financial structure and operating performance in a truthful, fair and objective manner. Our disclosure is based on the principles of consistency and going concern assumption, and we make fair judgments and estimations regarding accruals at the end of each year, in order to prevent erroneous information in the consolidated financial report.

The Board of Directors and management reviewed the consolidated financial report of the Company and its subsidiaries for 2015 and 2014 on February 26, 2016. The consolidated financial report have been prepared in accordance with International Financial Reporting Standards, and give a true and fair view of the consolidated financial position of the Group as at December 31, 2015 and 2014 and the consolidated results and changes in equity of the Group for the years then ended, and there is no fraudulent or concealed information.

The Board of Directors has, on the date of this statement, authorized these financial statements for issue.

Wisdom Marine Lines Co., Limited
Director

26 February 2016

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Audit Report of Independent Auditors

English Translation of a Report Originally Issued in Chinese

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

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

We conducted our audits in accordance with auditing standards generally accepted in the Republic of China and "Guidelines for Certified Public Accountants' Examination and Reports on Financial Statements", which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits and the reports of other independent auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits, the consolidated financial statements referred to above presented fairly, in all material respects, the financial position of Wisdom Marine Lines Co., Limited (Cayman) and subsidiaries as of 31 December 2015 and 2014 and the results of its operations and its cash flows for the years then ended, in conformity with requirements of International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee and Interpretations developed by the Standing Interpretations Committee.

Ernst & Young

26 February 2016
Taipei, Taiwan
Republic of China

Notice to Readers

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

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

CONSOLIDATED BALANCE SHEETS

31 December 2015 and 2014

(All Amounts Expressed in US Dollars)

	Notes	31 December 2015	31 December 2014
ASSETS			
Cash and cash equivalents	6.1	$58,248,462	$15,389,501
Financial assets at fair value through profit or loss－current	6.2	957,811	226,005
Held to maturity financial assets－current	6.3 & 8	3,000,577	3,274,000
Hedge derivatives financial assets－current	6.4	6,293,077	13,444,055
Accounts receivable, net	6.5	4,077,775	5,052,860
Lease receivables	6.11	1,224,470	2,672,555
Accounts receivable－related parties	7	176,125	-
Other receivables	7	1,846,992	1,062,374
Inventories	6.6	2,665,385	1,813,848
Prepaid expenses		5,428,367	5,396,545
Other financial assets－current	6.1& 8	23,819,537	21,155,325
Other current assets	7	9,386,243	10,902,923
Total current assets		117,124,821	80,389,991
Financial assets at fair value through profit or loss－noncurrent	6.2	505,198	1,783,685
Held to maturity financial assets-noncurrent	6.3& 8	577,015	3,650,668
Hedge derivative financial assets－noncurrent	6.4	3,536,612	16,384,317
Property and equipment	6.7& 8	2,328,743,136	2,077,692,135
Deferred income tax assets	6.18	63,595	46,282
Long-term lease receivables	6.11	2,999,421	18,084,608
Other financial assets－noncurrent		6,746,692	2,591,855
Other noncurrent assets－Other	6.8	104,310,990	154,650,379
Total non-current assets		2,447,482,659	2,274,883,929
TOTAL ASSETS		$2,564,607,480	$2,355,273,920

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

	Note	31 December 2015	31 December 2014
LIABILITIES			
Short-term borrowings	6.9	$26,055,662	$28,418,709
Financial liabilities at fair value through profit or loss－current	6.2& 6.10	8,819	29,783
Accounts payable		3,243,255	2,919,849
Accounts payable－related parties	7	29,990	-
Accrued expenses		15,284,085	13,346,882
Advance receipts		27,377,935	26,968,687
Other current liabilities－others	7	698,124	5,479
		72,697,870	71,689,389
Current portion of corporate bonds payable	6.10		47,590,470
Current portion of long-term borrowings	6.9	154,741,387	136,634,091
Current portion of long-term accounts payable	6.11	3,875,000	8,938,250
Current portion of lease payables	6.11	3,635,900	2,108,928
		162,252,287	195,271,739
Total current liabilities		234,950,157	266,961,128
Financial liabilities at fair value through profit or loss－noncurrent	6.2&6.10	1,394,446	924,074
Corporate bonds payable	6.10	85,159,074	7,974,529
Long-term borrowings	6.9	1,203,366,507	1,123,615,175
Deferred income tax liabilities	6.18	43,753	12,179
Long-term accounts payable	6.11	21,418,000	25,293,000
Long-term lease payables－noncurrent	6.11	37,743,601	14,433,896
Long-term accounts payable－related parties	7	78,521,491	71,568,666
Net defined benefit liabilities	6.12	243,216	237,628
Total non-current liabilities		1,427,890,088	1,244,059,147
TOTAL LIABILITIES		1,662,840,245	1,511,020,275
EQUITY	6.13&6.10		
Common stock		163,009,336	149,096,462
Capital surplus		80,911,063	89,624,676
Retained earnings		333,468,917	262,763,887
Cumulative translation adjustments		301,691,412	295,891,857
Effective portion of gains on hedging instrument in a cash flow hedge		18,178,062	41,799,123
Total equity attributable to equity holders of the Company		897,258,790	839,176,005
Non-controlling interest		4,508,445	5,077,640
TOTAL EQUITY		901,767,235	844,253,645
TOTAL EQUITY AND LIABILITIES		$2,564,607,480	$2,355,273,920

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2015 and 2014

(All Amounts Expressed in US Dollars)

	Notes	2015	2014
Operating revenues	6.14& 7	$346,953,521	$298,847,748
Operating costs	6.7, 6.12, 6.15 & 7	263,367,267	237,093,868
Gross profit from operations		83,586,254	61,753,880
Operating expenses	6.7, 6.12, 6.15 & 7	6,738,260	4,675,729
Profit from operating activities		76,847,994	57,078,151
Interest income	6.11 & 6.16	1,347,447	2,700,158
Others income and gains	6.7, 6.10, 6.11, 6.16 & 9	5,475,257	32,001,404
Gains on disposal of property and equipment	6.7 & 6.16	15,436,404	321,666
Foreign exchange gains (losses)	6.16	3,815,817	9,431,246
Gains (Losses) on valuation of financial instruments or liabilities at fair value through profit or loss	6.10 & 6.16	(257,396)	2,066,655
Interest expense	6.7, 6.10, 6.11 & 7	(30,182,892)	(26,730,772)
Other expenses and losses	6.7, 6.16 & 7	(341,761)	(17,349,275)
Gains (Losses) on derecognition of held to maturity financial assets	6.16	(1,253,560)	4,515
Total other income and losses		(5,960,684)	2,445,597
Profit before income tax		70,887,310	59,523,748
Income tax expense	6.18	15,576	17,614
Profit for the year		70,871,734	59,506,134
Other Comprehensive income:	6.17		
Remeasurement of defined benefit plan		(15,899)	(15,507)
Cumulative translation adjustments		5,799,555	99,631,751
Effective portion of gains (losses) on hedging instrument in a cash flow hedge		(23,621,061)	3,846,671
Other Comprehensive income		(17,837,405)	103,462,915
Total Comprehensive income		$53,034,329	$162,969,049
Profit for the year attributable to:			
－Owners of the Company		$70,720,929	$58,293,959
－Non-controlling interests		150,805	1,212,175
		$70,871,734	$59,506,134
Total Comprehensive income attributable to:			
－Owners of the Company		$52,883,524	$161,756,874
－Non-controlling interests		150,805	1,212,175
		$53,034,329	$162,969,049
Primary Earnings per Share			
－Current	6.19	$0.14	$0.13
Diluted Earnings per Share			
－Current	6.19	$0.13	$0.11

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2015 and 2014

(All Amounts Expressed in US Dollars)

	Common stock	Capital surplus	Retained earnings	Cumulative translation adjustments	Effective portion of gains (losses) on hedging instrument in a cash flow hedge	Total equity attributable to equity holders of the Company	Non-controlling interest	Total
Balance, 1 January 2014	$142,665,042	$117,672,896	$204,485,435	$196,260,106	$37,952,452	$699,035,931	$4,585,465	$703,621,396
Capitalization of capital surplus cash	-	(30,159,398)	-	-	-	(30,159,398)	-	(30,159,398)
Capitalization of capital surplus stock	3,769,925	(3,769,925)	-	-	-	-	-	-
Profit for the year ended 31 December, 2014	-	-	58,293,959	-	-	58,293,959	1,212,175	59,506,134
Other comprehensive income for the year ended 31 December 2014	-	-	(15,507)	99,631,751	3,846,671	103,462,915	-	103,462,915
Comprehensive income for the year ended 31 December 2014	-	-	58,278,452	99,631,751	3,846,671	161,756,874	1,212,175	162,969,049
Exercise of convertible bonds	2,661,495	5,881,103	-	-	-	8,542,598	-	8,542,598
Non-controlling interest	-	-	-	-	-	-	(720,000)	(720,000)
Balance, 31 Decemeber 2014	149,096,462	89,624,676	262,763,887	295,891,857	41,799,123	839,176,005	5,077,640	844,253,645
Capitalization of capital surplus cash	-	(47,381,032)	-	-	-	(47,381,032)	-	(47,381,032)
Profit for the year ended 31 December 2015	-	-	70,720,929	-	-	70,720,929	150,805	70,871,734
Other comprehensive income for the year ended 31 December 2015	-	-	(15,899)	5,799,555	(23,621,061)	(17,837,405)	-	(17,837,405)
Comprehensive income for the year ended 31 December 2015	-	-	70,705,030	5,799,555	(23,621,061)	52,883,524	150,805	53,034,329
Exercise of convertible bonds	13,912,874	35,503,096	-	-	-	49,415,970	-	49,415,970
Equity component-stock option from issuing convertible bonds	-	3,164,323	-	-	-	3,164,323	-	3,164,323
Non-controlling interest	-	-	-	-	-	-	(720,000)	(720,000)
Balance, 31 December 2015	$163,009,336	$80,911,063	$333,468,917	$301,691,412	$18,178,062	$897,258,790	$4,508,445	$901,767,235

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2015 and 2014
(All Amounts Expressed in US Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$70,887,310	$59,523,748
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expenses	114,549,668	100,724,893
Amortization expenses	13,785	24,860
Bad debt expenses	1,606,350	128,791
Losses (Gains) on financial assets or liabilities at fair value through profit or loss	1,655,484	(2,016,800)
Interest expense	30,182,892	26,730,772
Interest income	(1,347,447)	(2,700,158)
Losses (Gains) on foreign currency exchange on corporate bond payable	31,331	(697,256)
Gains (Losses) on corporate bond payable repurchases	-	(39,454)
Gains on disposal of property and equipment	(15,436,404)	(321,666)
Amortization of held to maturity financial assets	(808,525)	356,684
Losses (Gains) on derecognition of held to maturity financial assets	1,253,560	(4,515)
Charge fee	-	113
Amortization of issuance costs on bonds payable	339,069	226,488
Other loss (shipwreck loss)	-	15,767,873
Other items	(1,867)	252,115
Change in assets and liabilities		
Decrease (Increase) in accounts receivable	167,495	(64,986)
Decrease (Increase) in other receivables	(1,173,921)	870,932
Decrease (Increase) in inventories	(851,537)	2,722,210
Decrease (Increase) in prepaid expenses	(43,822)	(667,368)
Decrease (Increase) in other current assets	1,117,595	(1,387,037)
Decrease (Increase) in accounts receivable-related parties	(176,125)	-
Increase (Decrease) in accounts payable	323,406	(1,641,978)
Increase (Decrease) in other payables	2,462,388	(1,629,409)
Increase (Decrease) in advance receipts	409,248	681,809
Increase (Decrease) in other current liabilities	692,645	(2,232,417)
Increase (Decrease) in net defined benefit liabilities	(8,506)	(87,637)
Increase (Decrease) in accounts payable-related parties	29,990	-
Cash generated from operating activities	205,874,062	194,520,607
Interest received	1,289,514	2,761,725
Interest paid	(27,891,896)	(24,204,926)
Income taxes paid	(764)	(13,532)
Net cash provided by operating activities	179,270,916	173,063,874
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from derecognition of held-to-maturity financial assets	2,902,040	520,773
Proceeds from disposal of hedge derivative financial assets	22,430,770	10,725,691
Acquisition of property, plant and equipment	(17,959,555)	(12,469,832)
Proceeds from disposal of property, plant and equipment	105,073,500	18,140,800
Decrease (Increase) in long-term lease receivable	1,737,333	10,995,884
Decrease (Increase) in other noncurrent assets (prepaid expenses-vessel)	(398,134,754)	(369,112,444)
Decrease (Increase) in other financial assets	(2,763,718)	(1,315,796)
Net cash used in investing activities	(286,714,384)	(342,514,924)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term borrowings	(2,363,047)	4,904,001
Increase (Decrease) in long-term borrowings	103,218,337	126,091,811
Repayment of bonds	-	(7,763,109)
Issuance of bonds payable	78,311,844	-
Increase (Decrease) in guarantee deposits received	-	(1,000,000)
Increase (Decrease) in lease payables	20,873,936	(2,575,308)
Increase (Decrease) in other finance liabilities	(1,985,425)	11,957,160
Distribution of cash dividend	(47,381,032)	(30,159,398)
Changes in non-controlling interests	(720,000)	(720,000)
Net cash provided by financing activities	149,954,613	100,735,157
FOREIGN EXCHANGE RATE EFFECTS	347,816	2,245,561
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,858,961	(66,470,332)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	15,389,501	81,859,833
CASH AND CASH EQUIVALENTS, END OF PERIOD	$58,248,462	$15,389,501

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN)
AND ITS SUBSIDIARIES
NOTES TO THECONSOLIDATED FINANCIAL STATEMENTS
31DECEMBER, 2015 AND 2014
(In US Dollars Unless Stated Otherwise)

1. History and organization

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

The Company’s parent company: None.

As at 31 December, 2015 and 2014, the Company had 2,226 and 1,953 employees (including 2,092 and 1,824 crewmembers),respectively.

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 February 2016.

3. Newly issued or revised standards and interpretations

(1) Shown below are the standards and interpretations effective for annual reporting from 1 January 2015:

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

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

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

IFRS 2 "Share-based Payment"

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

IFRS 3 "Business Combinations"

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

IFRS 8 "Operating Segments"

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

IAS 16 "Property, Plant and Equipment"

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

IAS 24 "Related Party Disclosures"

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

IAS 38 "Intangible Assets"

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

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

IFRS 3 "Business Combinations"

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

IFRS 13 "Fair Value Measurement"

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

IAS 40 "Investment Property"

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

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

(2) Standards or interpretations issued by IASB but not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue are listed below.

A. *IFRS 14 "Regulatory Deferral Accounts"*

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

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

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

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

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

D. *IFRS 15 "Revenue from Contracts with Customers"*

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation
The new Standard includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after 1 January 2018.

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

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

F. *IFRS 9"Financial Instruments"*

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

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

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

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.
The new standard is effective for annual periods beginning on or after 1 January 2018.

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

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

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

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

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

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
The amendment clarifies that a change of disposal method of assets (or disposal groups) from disposal through sale or through distribution to owners (or vice versa) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The amendment also requires identical accounting treatment for an asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners. The amendment is effective for annual periods beginning on or after 1 January 2016.

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

IAS 19 "Employee Benefits"

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

IAS 34 "Interim Financial Reporting"

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

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

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

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

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

L. *IFRS 16"Leases"*

The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions). Lessor accounting still uses the dual classification approach: operating lease and finance lease. The Standard is effective for annual periods beginning on or after 1 January 2019.

M. *IAS 12"Income Taxes" — Recognition of Deferred Tax Assets for Unrealized Losses*

The amendment clarifies how to account for deferred tax assets for unrealized losses. The amendment is effective for annual periods beginning on or after 1 January 2017.

N. *Disclosure Initiative — Amendment to IAS 7 "Statement of Cash Flows"*

The amendment relates to changes in liabilities arising from financing activities and to require a reconciliation of the carrying amount of liabilities at the beginning and end of the period. The amendment is effective for annual periods beginning on or after 1 January 2017.

The abovementioned standards and interpretations issued by IASB have not yet endorsed 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 F, J, L and N, 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 financial statements of the Group for the year ended 31 December 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

(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

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Investee Company Name	2015.12.31 Ownership Percentage	2014.12.31 Ownership Percentage
The Company	Wisdom Marine Lines S.A. (Panama) (WML)	100%	100%
〃	Wisdom Marine International Inc. (WII)	100%	100%
WII	Well Ship management and Maritime Consultant Co., Ltd.(WELL)	100%	100%
WML	Adixi Wisdom S.A.	100%	100%
〃	Amis Carriers S.A.	100%	100%
〃	Amis Elegance S.A.	100%	100%
〃	Amis Fortune S.A.	100%	100%
〃	Amis International S.A.	100%	100%
〃	Amis Mariner S.A.	100%	100%
〃	Amis Navigation S.A.	100%	100%

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

Investor	Investee Company Name	2015.12.31 Ownership Percentage	2014.12.31 Ownership Percentage
WML	Amis Star S.A.	100%	100%
〃	Amis Wisdom S.A.	100%	100%
〃	Arikun Wisdom S.A.	100%	100%
〃	Atayal Brave S.A.	100%	100%
〃	Atayal Mariner S.A.	100%	100%
〃	Atayal Star S.A.	100%	100%
〃	Atayal Wisdom S.A.	100%	100%
〃	Babuza Wisdom S.A.	100%	100%
〃	Beagle Marine S.A.	100%	100%
〃	Beagle Wisdom S.A.	100%	100%
〃	Bunun Brave S.A.	100%	100%
〃	Bunun Champion S.A.	100%	100%
〃	Bunun Dynasty S.A.	100%	100%
〃	Bunun Elegance S.A.	100%	100%
〃	Bunun Fortune S.A.	100%	100%
〃	Bunun Hero S.A.	100%	-
〃	Bunun Marine S.A.	100%	100%
〃	Bunun Navigation S.A.	100%	100%
〃	Bunun Wisdom S.A.	100%	100%
〃	Cosmic Wisdom S.A.	100%	100%
〃	Daiwan Champion S.A.	100%	100%
〃	Daiwan Dolphin S.A.	100%	100%
〃	Daiwan Elegance S.A.	100%	100%
〃	Daiwan Fortune S.A.	100%	100%
〃	Daiwan Glory S.A.	100%	100%
〃	Dumun Marine S.A.	100%	100%
〃	Dumun Navigation S.A.	100%	100%
〃	Elite Steamship S.A.	100%	100%
〃	Euroasia Investment S.A.	100%	100%
〃	Favoran Wisdom S.A.	100%	100%
〃	Fourseas Maritime S.A. Panama	100%	100%
〃	Fraternity Marine S.A.	100%	100%
〃	Fraternity Ship Investment S.A.	100%	100%
〃	Genius Marine S.A.	100%	100%

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

Investor	Investee Company Name	2015.12.31 Ownership Percentage	2014.12.31 Ownership Percentage
WML	Genius Prince S.A.	100%	100%
〃	Genius Star Carriers S.A.	100%	100%
〃	Genius Star Navigation S.A.	100%	100%
〃	GS Global S.A.	100%	100%
〃	GS Navigation S.A.	100%	100%
〃	GSX Maritime S.A.	100%	100%
〃	Guma Marine S.A.	100%	100%
〃	Guma Navigation S.A.	100%	100%
〃	Harmony Pescadores S.A.(Panama)	100%	100%
〃	Harmony Success S.A.	40%	40%
〃	Harmony Transport S.A.	100%	100%
〃	Hoanya Wisdom S.A.	100%	100%
〃	Infinite Wisdom S.A.	100%	100%
〃	Katagalan Carriers S.A.	100%	100%
〃	Katagalan Line S.A.	100%	100%
〃	Katagalan Marine S.A.	100%	100%
〃	Katagalan Navigation S.A.	100%	100%
〃	Katagalan Star S.A.	100%	100%
〃	Katagalan Wisdom S.A.	100%	100%
〃	Kavalan Wisdom S.A.	100%	100%
〃	Ligulao Wisdom S.A.	100%	100%
〃	Lloa Wisdom S.A.	100%	100%
〃	Log Wisdom S.A.	100%	100%
〃	Luilang Wisdom S.A.	100%	100%
〃	Magnate Maritime S.A.	100%	100%
〃	Makatao Wisdom S.A.	100%	100%
〃	Mercy Marine Line S.A.	100%	100%
〃	Mighty Maritime S.A.	100%	100%
〃	Mimasaka Investment S.A.	100%	100%
〃	Mount Wisdom S.A.	100%	100%
〃	Paiwan Wisdom S.A.	100%	100%
〃	Papora Wisdom S.A.	100%	100%
〃	Pazeh Wisdom S.A.	100%	100%
〃	Pescadores International Line S.A.	100%	100%

Investor	Investee Company Name	2015.12.31 Ownership Percentage	2014.12.31 Ownership Percentage
WML	Poavosa International S.A.	100%	100%
〃	Poavosa Maritime S.A.	100%	100%
〃	Poavosa Navigation S.A.	100%	100%
〃	Poavosa Wisdom S.A.	100%	100%
〃	Rukai Maritime S.A.	100%	100%
〃	Sakizaya Diamond S.A.	100%	100%
〃	Sakizaya Fortune S.A.	100%	-
〃	Sakizaya Glory S.A.	100%	-
〃	Sakizaya Line S.A.	100%	100%
〃	Sakizaya Marine S.A.	100%	100%
〃	Sakizaya Navigation S.A.	100%	100%
〃	Sakizaya Wisdom S.A.	100%	100%
〃	Sao Wisdom S.A.	100%	100%
〃	Saysiat Wisdom S.A.	100%	100%
〃	Siraya Wisdom S.A.	100%	100%
〃	Taivoan Wisdom S.A.	100%	100%
〃	Tao Ace S.A.	100%	100%
〃	Tao Brave S.A.	100%	100%
〃	Tao Mariner S.A.	100%	100%
〃	Tao Star S.A.	100%	100%
〃	Tao Treasure S.A.	100%	100%
〃	Taokas Marine S.A.	100%	100%
〃	Taokas Navigation S.A.	100%	100%
〃	Taokas Wisdom S.A.	100%	100%
〃	Taroko Maritime S.A.	100%	100%
〃	Taroko Wisdom S.A.	100%	100%
〃	Triumph Wisdom S.A.	100%	100%
〃	Trobian Wisdom S.A.	100%	100%
〃	Unicorn Bravo S.A.	100%	100%
〃	Unicorn Fortune S.A.	100%	100%
〃	Unicorn Logger S.A.	100%	100%
〃	Unicorn Logistics S.A.	100%	100%
〃	Unicorn Marine S.A.	100%	100%
〃	Unicorn Pescadores S.A.	100%	100%

Investor	Investee Company Name	2015.12.31 Ownership Percentage	2014.12.31 Ownership Percentage
WML	Unicorn Successor S.A.	100%	100%
〃	Vayi Wisdom S.A.	100%	100%
〃	Winsome Wisdom S.A.	100%	100%
〃	Wisdom Ace S.A.	100%	100%

Subsidiaries excluded from consolidation: None.

(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 IAS 39 Financial Instruments: Recognition *and Measurement* are accounted for based on the accounting policy for financial instruments.

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

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

(5) Translation of financial statements in foreign currency

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

The following partial disposals are accounted for as disposals:

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

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

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

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

(6) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle

(b) The Group holds the asset primarily for the purpose of trading

(c) The Group expects to realize the asset within twelve months after the reporting period

(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle

(b) The Group holds the liability primarily for the purpose of trading

(c) The liability is due to be settled within twelve months after the reporting period

(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(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 IAS 39 Financial Instruments: *Recognition and Measurement* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial assets

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

Financial assets at fair value through profit or loss

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

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

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

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

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

Held-to-maturity financial assets

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

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

Loans and receivables

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

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

Impairment of financial assets

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

Loss events include:

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

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

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

Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. 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.

(b) Financial liabilities and equity

Classification between liabilities or equity

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.

Equity instruments

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 IAS 39 *Financial Instruments: Recognition and Measurement.*

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

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

<u>Financial liabilities</u>

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

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

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

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. 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
iii. 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:

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(c) 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 financial instrument

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

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

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

(11) Inventories

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

(12) 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	8-25 years
vessel equipment	3-5 years
dry-dockings	2-2.5 years
other	3-10 years

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

(13) Leases

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.

(14) 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.

(15) 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.

(16) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following basis:

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

(17) 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.

(18) Post-employment benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss during which services are rendered by employees.

(b) Defined benefit plans

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Past service costs are recognized in profit or loss on the earlier of:
i. the date of the plan amendment or curtailment, and
ii. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(c) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(19)Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive in come or equity and not in profit or loss.

The 10% income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i.Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii.In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

In the preparation of consolidated financial statements, a number of estimates and associated assumptions have been made relating to the application of accounting policies and reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to reasonable under the circumstances. The estimates resources of the significant risk and the significant adjustment for the financial report’s assets or liabilities carry amount in the following year consistent with the annual consolidated financial report for the years ended December 31, 2015 and 2014.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Useful lives and depreciation of vessels

Management determines the estimated useful lives and related depreciation charges for its vessels. This estimate is based on the historical experience of the actual useful lives of vessels of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry activities. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write down technically obsolete or non-strategic assets that have been abandoned or sold. Management assesses the scrap value according to the characteristics of the Group’s vessels and the market research from Clarkson and Demolition Market.

The Group determines the depreciation amount of vessels based on the estimated useful lives and residual values, which are reviewed at each reporting date. The principal assumptions for the Group’s estimation of the useful lives and residual values include those related to the mode of operations, government regulations, and scrap value of vessels in future.

(c) Provision for losses from accidents

Provision for losses from accidents is made based on an assessment of the outcome of negotiations, arbitration or litigation, and the recoverability of losses from insurance companies, which requires management’s judgment and estimates. Where the actual outcome or expectation in the future differs from the original estimate, such differences will have an impact on the carrying amount of the provisions and losses incurred in accidents/write-back in the period in which such estimate is changed.

6. Contents of significant accounts

(1) Cash and cash equivalents

	31 December 2015	31 December 2014
Cash on hand	$5,569	$4,483
Check deposits	16	16
Demand deposits	20,014,246	8,223,532
Time deposits	38,228,631	7,161,470
Total	$58,248,462	$15,389,501

As at 31 December, 2015 and 2014, cash and cash equivalents with carrying amounts of $23,819,537 and $21,155,325 respectively, were pledged to secure bank loans and were classified under other financial assets-current.

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

	31 December 2015	31 December 2014
Financial assets at fair value through profit or loss		
-Financial assets held for trading-current	$957,811	$226,005
-Financial assets held for trading-noncurrent	$505,198	$1,783,685
Financial liabilities at fair value through profit or loss		
-Financial liabilities held for trading-current	$(8,819)	$(29,783)
-Financial liabilities held for trading-noncurrent	$(1,394,446)	$(924,074)

(a) As at 31 December, 2015 and 2014, the amount of the Group's bonds payable, including embedded derivative instruments－put right were $1,394,446 and $953,857, respectively. The bonds payable, including embedded derivative instruments－put right was recognized as financial liabilities held for trading-current/noncurrent. Please refer 6.(10) for further details.

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

31 December 2015

Derivatives financial instruments	Fair value	Expiration date	Amount	Settlement
Financial assets held for trading-current				
Forward contracts	$446,742	2013/06~2016/03	$2,090,000	¥197,484,100
Forward contracts	511,069	2013/10~2016/07	$2,500,000	¥237,500,000
Total	$957,811			
Financial assets held for trading-noncurrent				
Forward contracts	$505,198	2013/10~2017/02	$2,500,000	¥ 234,600,000
Financial liabilities held for trading-current				
Forward contracts	$8,819	2015/06~2016/01	$400,000	¥49,220,000

31 December 2014

Derivatives financial instruments	Fair value	Expiration date	Amount	Settlement
Financial assets held for trading-current				
Forward contracts	$44,730	2014/11~2015/01	$1,870,350	€1,500,000
Forward contracts	43,965	2014/11~2015/02	$1,870,050	€1,500,000
Forward contracts	43,845	2014/11~2015/03	$1,870,350	€1,500,000
Forward contracts	46,755	2014/11~2015/04	$1,873,800	€1,500,000
Forward contracts	46,710	2014/11~2015/05	$1,874,250	€1,500,000
Total	$226,005			
Financial assets held for trading-noncurrent				
Forward contracts	$413,064	2013/06~2016/01	$2,090,000	¥197,233,300
Forward contracts	414,395	2013/06~2016/03	$2,090,000	¥197,484,100
Forward contracts	492,066	2013/10~2016/07	$2,500,000	¥237,500,000
Forward contracts	464,160	2013/10~2017/02	$2,500,000	¥234,600,000
Total	$1,783,685			

(3) Held-to-maturity financial assets

	31 December 2015	31 December 2014
Held-to-maturity financial assets		
Current	$3,000,577	$3,274,000
Non-current	$577,015	$3,650,668

a. As at 31 December, 2015 and 2014, the held-to-maturity financial assets had maturities during the period from February 2016 to February 2018 and from October 2015 to February 2018.

b. As at 31 December, 2015 and 2014, financial assets with the carrying amounts of $3,577,592 and $6,924,668, respectively, were pledged for bank loans.

(4) Hedge derivatives financial assets

	31 December 2015	31 December 2014
Hedge derivatives financial assets		
Cash flow hedge -forward contracts		
Current	$6,293,077	$13,444,055
Non-current	$3,536,612	$16,384,317

The Group's risk control activities and hedging strategy relate primarily to the Group's operating activities. As the Group has foreign currency trading with shipyards, its foreign currency assets (liabilities) and future cash flows are exposed to foreign exchange risks and subject to exchange rate fluctuations. In order to manage foreign exchange risks, the Group engages in forward exchange contracts to hedge the foreign exchange risk for better control and measurement of such risks. These forward exchange contracts are cash flow hedges.
Hedge accounting was applied to these forward contracts. The non-deliverable forward contracts on 31 December, 2015 and 2014 were as follows:

31 December 2015

Hedging instrument	Fair value of designated hedging instrument	Periods when the cash flows are expected to occur	Periods when the related profit or loss are expected to affect the statement of comprehensive income	Amount	Settlement
Hedge derivatives financial assets –current					
Forward contracts	$2,680,449	2013/06~2016/03	2013/06~2016/03	$12,540,000	¥1,184,904,600
Forward contracts	3,612,628	2013/10~2016/09	2013/10~2016/09	$17,500,000	¥1,657,075,000
Total	$6,293,077				
Hedge derivatives financial assets -noncurrent					
Forward contracts	$3,536,612	2013/10~2017/03	2013/10~2017/03	$17,500,000	¥1,640,450,000

31 December 2014

Hedging instrument	Fair value of designated hedging instrument	Periods when the cash flows are expected to occur	Periods when the related profit or loss are expected to affect the statement of comprehensive income	Amount	Settlement
Hedge derivatives financial assets –current					
Forward contracts	$2,725,310	2014/05~2015/01	2014/05~2015/01	$17,880,000	¥1,814,641,200
Forward contracts	97,187	2014/11~2015/01	2014/11~2015/01	$4,146,000	¥484,501,560
Forward contracts	4,543,533	2012/10~2015/03	2012/10~2015/03	$12,600,000	¥963,018,000
Forward contracts	52,796	2014/11~2015/03	2014/11~2015/03	$2,650,000	¥309,308,000
Forward contracts	80,934	2014/11~2015/04	2014/11~2015/04	$4,146,000	¥484,169,880
Forward contracts	4,552,384	2012/10~2015/05	2012/10~2015/05	$12,600,000	¥961,254,000
Forward contracts	255,220	2014/11~2015/05	2014/11~2015/05	$12,870,000	¥1,501,929,000
Forward contracts	343,495	2014/11~2015/06	2014/11~2015/06	$17,550,000	¥2,045,979,000
Forward contracts	793,196	2013/01~2015/11	2013/01~2015/11	$3,000,000	¥263,130,000
Total	$13,444,055				
Hedge derivatives financial assets -noncurrent					
Forward contracts	$4,672,651	2013/01~2016/01	2013/01~2016/01	$18,000,000	¥1,569,960,000
Forward contracts	2,478,383	2013/06~2016/01	2013/06~2016/01	$12,540,000	¥1,183,399,800
Forward contracts	2,486,372	2013/06~2016/03	2013/06~2016/03	$12,540,000	¥1,184,904,600
Forward contracts	3,500,304	2013/10~2016/09	2013/10~2016/09	$17,500,000	¥1,657,075,000
Forward contracts	3,246,607	2013/10~2017/03	2013/10~2017/03	$17,500,000	¥1,640,450,000
Total	$16,384,317				

(5)Accounts receivable, net

	31 December 2015	31 December 2014
Accounts receivable	$4,161,033	$5,052,860
Less: allowance for doubtful debts	(83,258)	-
Net accounts receivable	$4,077,775	$5,052,860

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

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

(6) Inventories

	31 December 2015	31 December 2014
Fuel	$2,665,385	$1,813,848
Less: allowance for inventory valuation losses	-	-
Net amount	$2,665,385	$1,813,848

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

(7) Property and equipment

31 December 2015	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Vessel	$2,394,731,073	$4,522,032	$105,440,912	$415,577,039	$-	$2,709,389,232
Vessel equipment	10,697,598	3,719,929	470,563	-	-	13,946,964
Dry-dock	15,328,207	9,234,534	7,862,990	2,530,000	-	19,229,751
Transportation equipment	173,776	-	-	-	(6,221)	167,555
Office equipment	202,527	14,684	-	-	(7,250)	209,961
Leased assets	41,312,641	468,376	647,918	27,302,577	-	68,435,676
Leasehold improvements	85,458	-	-	-	(3,059)	82,399
Total	2,462,531,280	17,959,555	114,422,383	445,409,616	(16,530)	2,811,461,538

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

31 December 2015	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Accumulated depreciation						
Vessel	363,633,011	102,111,134	8,207,839	-	(2,722)	457,533,584
Vessel equipment	3,583,232	2,874,404	389,838	-	-	6,067,798
Dry-dock	7,324,687	7,478,587	7,408,188	-	-	7,395,086
Transportation equipment	145,910	26,255	-	-	(6,091)	166,074
Office equipment	149,317	21,865	-	-	(6,069)	165,113
Leased assets	9,962,639	2,028,294	647,918	-	-	11,343,015
Leasehold improvements	40,349	9,129	-	-	(1,746)	47,732
Total	384,839,145	114,549,668	16,653,783	-	(16,628)	482,718,402
Net Balance	$2,077,692,135	$(96,590,113)	$97,768,600	$445,409,616	$98	$2,328,743,136

31 December 2014	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Vessel	$2,166,125,175	$2,363,987	$57,001,898	$283,243,809	$-	$2,394,731,073
Vessel equipment	7,286,797	3,523,810	113,009	-	-	10,697,598
Dry-dock	16,128,097	6,241,510	8,431,400	1,390,000	-	15,328,207
Transportation equipment	184,533	-	-	-	(10,757)	173,776
Office equipment	182,946	30,245	-	-	(10,664)	202,527
Leased assets	41,264,296	310,280	261,935	-	-	41,312,641
Leasehold improvements	90,749	-	-	-	(5,291)	85,458
Total	2,231,262,593	12,469,832	65,808,242	284,633,809	(26,712)	2,462,531,280
Accumulated depreciation						
Vessel	298,565,702	89,095,105	24,027,796	-	-	363,633,011
Vessel equipment	1,719,940	1,976,301	113,009	-	-	3,583,232
Dry-dock	7,086,173	7,573,217	7,334,703	-	-	7,324,687
Transportation equipment	124,187	30,247	-	-	(8,524)	145,910
Office equipment	140,623	17,641	-	-	(8,947)	149,317
Leased assets	8,201,753	2,022,821	261,935	-	-	9,962,639
Leasehold improvements	33,125	9,561	-	-	(2,337)	40,349
Total	315,871,503	100,724,893	31,737,443	-	(19,808)	384,839,145
Net Balance	$1,915,391,090	$(88,255,061)	$34,070,799	$284,633,809	$(6,904)	$2,077,692,135

(a) For the years ended 31 December, 2015 and 2014, the Group had amortization expenses as follows:

	2015	2014
Operating Cost	$114,492,419	$100,667,444
Operating Expenses	57,249	57,449

(b) As at 31 December, 2015 and 2014, the residual value of the vessels amounted to $311,522 thousand and $258,033 thousand, respectively, and the estimated useful lives were both ranging from 8 to 25 years.

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

(d) As at 31 December, 2015 and 2014, 96 and 85 vessels, respectively, were pledged to banks. The pledge of these vessels is required by the banks which granted the loans to finance the purchase of the vessels and to secure the timely repayment of the loans. The book values of these vessels were $2,301,306 thousand and $2,060,565 thousand, respectively.

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

(f) As at 31 December 2015 and 2014, the vessels of the Group were insured for $2,451,000 thousand and $2,283,500 thousand, respectively.

(g) For the years ended 31 December 2015 and 2014, the Group disposed of certain vessels for $ 105,073,500 and $18,140,800, which resulted in gains on disposal of property and equipment of $15,436,404 and $321,666, respectively.

(h) On 18 March 2014, the Group reduced vessel equipment in the amount of ￥1,561,715,268 and the loss of other assets in book value recognized a loss of $15,767,873 which was charged to profit or loss under other expenses and losses. The Group has insured 128% of the vessel's carrying amount and as at 31 December 2014, received the insurance claim payment of $20,000 thousand in full which was also charged to profit or loss under income and gains.

(i) As at 31 December, 2015 and 2014, the amounts of total interest expense before capitalization of borrowing costs were $30,607,750 and $26,867,018; the capitalization of interest were $424,858 and $136,246, and the capitalization of interest will be paid annually at a rate of 1.87~2.68% and 1.91~3.42%, respectively.

(8) Other noncurrent assets－Other

	31 December 2015	31 December 2014
Prepayment for vessels	$104,295,500	$154,627,082
Deferred expenses	15,490	23,297
Total	$104,310,990	$154,650,379

(9)Interest-bearing loans and borrowings

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

	31 December 2015	31 December 2014
Bank loans－Short-term borrowings	$26,055,662	$28,418,709
Long-term borrowings (including current portion)	$1,358,107,894	$1,260,249,266

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

Loans	Currency	Nominal interest rate	Year of maturity	Amount
31 December 2015				
Unsecured	USD	1.18%~2.05%	2013.09.03~2017.12.19	$23,500,000
	JPY	0.92%~1.20%	2014.11.30~2017.08.31	10,874,803
Secured	USD	0.56%~3.10%	2009.02.20~2026.06.30	550,397,028
	JPY	0.46%~2.43%	2005.12.12~2030.04.02	799,391,725
Total				$1,384,163,556

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

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

Maturity Period	31 December 2015	31 December 2014
Within one year	$154,741,387	$136,634,091
Beyond one year and up to five years	718,546,245	549,295,732
More than five years	484,820,262	574,319,443
Total	$1,358,107,894	$1,260,249,266

(a) As at 31 December 2015 and 2014, WML had provided financing guarantees for its subsidiaries of $1,159,127 thousand and $1,105,865 thousand, respectively.

(b) As at 31 December 2015 and 2014, the Group had unused credit facilities of $70,043 thousand and $113,754 thousand, respectively.

(c) The Group's covenants under the loan agreements are as follows:

(i) Loan lenders shall be notified of any significant movement of the Group's shareholder's equity.
(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 December 2015 and 2014, WML and the Company had provided financial guarantees for the Company's subsidiaries. Please refer to Note 9.(d) for further details.

(10)Bonds Payable

	31 December 2015	31 December 2014
Domestic convertible bonds	$85,159,074	$55,564,999
Less: current portion	-	47,590,470
Net	$85,159,074	$7,974,529

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

	31 December 2015	31 December 2014
First overseas unsecured convertible bonds issued in 2012		
Convertible bonds issued	$20,387,360	$20,387,360
Discounted on bonds payable	(77,029)	(431,035)
Accumulated converted amount	(10,916,525)	(3,382,336)
Accumulated redeemed amount	(7,682,967)	(7,682,967)
Valuation on bonds payable	(885,162)	(916,493)
Net	825,677	7,974,529
Less: Current portion of bonds payable	-	-
Subtotal	825,677	7,974,529
First overseas unsecured convertible bonds issued in 2013		
Convertible bonds issued	60,000,000	60,000,000
Discounted on bonds payable	(850,475)	(4,659,530)
Accumulated converted amount	(47,250,000)	(7,750,000)
Net	11,899,525	47,590,470
Less: Current portion of bonds payable	-	(47,590,470)
Subtotal	11,899,525	-

	31 December 2015	31 December 2014
Second overseas unsecured convertible bonds issued in 2015		
Convertible bonds issued	80,000,000	-
Discounted on bonds payable	(7,566,128)	-
Accumulated converted amount	-	-
Net	72,433,872	-
Less: Current portion of bonds payable	-	-
Subtotal	72,433,872	-
Total	$85,159,074	$7,974,529
Embedded derivative instruments－put right, accounted under financial liabilities at fair value through profit or loss	$1,394,446	$953,857
Equity components－Capital surplus, accounted under capital surplus	$7,262,052	$4,097,729
Liability components－Financial liabilities reported at fair value through profit or loss	$1,099,984	$(741,989)
Interest expense	$3,354,684	$2,455,072

(b) The offering information of the unsecured convertible bonds was as follows:

Item	First overseas unsecured convertible bonds issued in 2012
1.Offering amount	NT$600,000 thousand
2.Issue date	29 March 2012
3. Outstanding amount	NT$27,800 thousand
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 29 March 2012 to the maturity date of 29 March 2017

Item	First overseas unsecured convertible bonds issued in 2012
6. Guarantee Institutions	None
7.Settlement	A converting bond holder can convert bonds into the Company's common stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when they mature.
8.Redemption at the option of the holder	The bondholders can execute put option after two years from issuance date (29 March 2014). The Company should send through registered mail the "Notification of bondholder's put option" 30 days before the maturity date. (The list of bondholders who should receive the notification through registered mail is based on the register list5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 30 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value * 101% after two years maturity period, the real yield is 0.5%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.
9.Conversion	(1) Conversion period The bondholders will have the right to convert their bonds at any time during the conversion period commencing 30 April 2012(the 30th day following the closing date) and ending at the close of business on 19 March 2017 (the 10th day prior to the maturity Date). (2) Conversion price The conversion price had been adjusted from NT$46.00 per share to NT$40.36 per share effective 14 August 2012. The conversion price had been adjusted from NT$40.36 per share to NT$36.80 per share effective 20 August 2013. The conversion price had been adjusted from NT$36.80 per share to NT$33.70 per share effective 2 August 2014. The conversion price had been adjusted from NT$33.70 per share to NT$31.30 per share effective 4 July 2015.

Item	First overseas unsecured convertible bonds issued in 2013
1.Offering amount	US$60 million
2.Issue date	12 November 2013
3.Outstanding amount	US$12,750 thousand
4.Interest	The bonds will not bear any interest.
5.Issue Period	From 12 November 2013 to maturity date of 12 November 2018
6.Guarantee Institutions	Citicorp International Limited
7.Settlement	Unless the bonds have been previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed by the Company on maturity date at an amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 110.46% of the principal amount.
8.Redemption at the option of the holder	(1) Each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds on 12 November 2015 at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 104.06% of the principal amount. (2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis. (3) In the event of change of control occurs with respect to the Company, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount.
9.Conversion	(1) Conversion period Unless the bonds have been redeemed before maturity, repurchased and cancelled or converted, each holder of the bonds will have the right at any time during the conversion period commencing 23 December 2013 (the 41st day following the closing Date) and ending at the close of business on 2 November 2018 (the 10th day prior to the maturity Date), to convert their bonds.

Item	First overseas unsecured convertible bonds issued in 2013
	(2) Conversion price The conversion price was NT$35.3369 per share which was 100.1% of the closing price reported by the TWSE in respect of the common shares of the Company on 4 November 2013. The conversion price had been adjusted from NT$35.3369 per share to NT$32.6486 per share effective 2 August 2014. The conversion price had been adjusted from NT$32.6486 per share to NT$30.3524 per share effective 4 July 2015. (3) Conversion to common shares Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of bonds of NT$29.4180 =US$1.00) divided by the conversion price on the conversion date.

Item	Second overseas unsecured convertible bonds issued in 2015
1. Offering amount	US$80 million
2. Issue date	10 April 2015
3. Outstanding amount	US$80 million
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 10 April 2015 to maturity date of 10 April 2020
6. Guarantee Institutions	Citicorp International Limited
7. Settlement	Unless the bonds have been previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed by the Company on maturity date at an amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 110.46% of the principal amount.
8.Redemption at the option of the holder	(1) Each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds on 10 April 2017 at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 104.06% of the principal amount. (2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis. (3) In the event of change of control occurs with respect to the Company, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount.

Item	Second overseas unsecured convertible bonds issued in 2015
9.Conversion	(1) Conversion period Unless the bonds have been redeemed before maturity, repurchased and cancelled or converted, each holder of the bonds will have the right at any time during the conversion period commencing 21 May 2015 (the 41st day following the closing Date) and ending at the close of business on 31 March 2020 (the 10th day prior to the maturity Date), to convert their bonds. (2) Conversion price The conversion price was NT$42.79 per share which was 110% of the closing price reported by the TWSE in respect of the common shares of the Company on 1 April 2015. The conversion price had been adjusted from NT$42.79 per share to NT$39.78 per share effective 4 July 2015. (3) Conversion to common shares Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of bonds of NT$31.271 = US$1.00) divided by the conversion price on the conversion date.

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

(d) The bondholders exercised the right to repurchase within the period of repurchase (five business days prior to November 12, 2015) the first overseas unsecured convertible bonds issued by the Group in 2013 according to the issuance prospectus. The bondholders requested that the consolidated company redeem the convertible bonds at 104.06% face value. Before the repurchase date of the convertible bond matures, the right to repurchase cannot be carried out. The book value of the first overseas unsecured convertible bonds issued by the Group in 2013, less the accumulated conversion has been reclassified to non-current liabilities after the expiration of resale period.

(11)Leases

A. Lessors

(a) Finance leases

(i) Future lease receivable under financing lease as at 31 December, 2015 and 2014:

	31 December 2015	
	Minimum Lease Receivable	Interest income
Within one year	$1,224,470	$239,530
Beyond one year and up to five years	2,999,421	191,171
Total	$4,223,891	$430,701

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

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

(b) Chartering

(i) Future hiring receivables as at 31 December, 2015 and 2014 were as follows:

	31 December 2015	31 December 2014
Within one year	$274,037,986	$244,975,080
Beyond one year and up to five years	778,598,123	681,178,947
More than five years	567,762,577	529,140,215
Total	$1,620,398,686	$1,455,294,242

(ii) Due to early termination of contract by a lessee, the Group in 4 March 2014 and 18 December 2014 recognized compensation of $7,975,800 and ￥450,000,000, and has been recovered in full, booked as other revenue.

B. Lessee

(a) Finance leases

(i) Future non-cancellable lease payments under financing lease as at 31 December, 2015 and 2014:

	31 December 2015		31 December 2014	
	Minimum Lease Payment	Interest expense	Minimum Lease Payment	Interest Expense
Within one year	$3,635,900	$754,634	$2,108,928	$503,950
Beyond one year and up to five years	18,598,098	1,289,922	14,433,896	638,472
More than five years	19,145,503	850,897	-	-
Total	$41,379,501	$2,895,453	$16,542,824	$1,142,422

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

(b) Bareboat Hire and Purchase (BBHP)

(i) For the year ended 31 December, 2015, the Group engaged in vessels sale and lease back transactions based on the operating performance and the investment strategies. The sale and lease back transactions resulted in financial leases, and the related information of these transactions was as follows:

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

(ii) Future non-cancellable chartering payments as at 31 December, 2015 and 2014 were as follows:

	31 December 2015	31 December 2014
Within one year	$3,875,000	$8,938,250
Beyond one year and up to five years	13,418,000	17,293,000
Total	$17,293,000	$26,231,250

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

(iv) As at 31 December, 2015 and 2014, the Group has issued promissory notes of $20,057,000 and $30,721,000, respectively, for these lease agreements.

(12)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.

(13)Equities

A. Capital

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

As at 31 December, 2015 and 2014, the total outstanding capital of the Company amounted to NT$5,142,401 thousand and NT$4,705,131 thousand, consisting of 514,240 thousand and 470,513 thousand shares with a par value of NT $10 per share.

(b) On 29 May 2015, the shareholders resolved at their meeting to distribute the 2014 capital surplus as cash at NT$3.00 per share by capitalizing. The record date of this capital surplus was 4 July 2015.

(c) For the year ended 31 December, 2015, convertible bonds were converted into common stock and capital surplus of $13,912,874 and $32,405,291, respectively. The convertible bonds equity component-stock option was issued into capital surplus of $6,262,128.

B. Capital Surplus

The components of the capital surplus were as follows:

	31 December 2015	31 December2014
From issuance of share capital	$73,534,586	$85,412,522
Employee share options	114,425	114,425
Stock option from convertible bonds	7,262,052	4,097,729
Total	$80,911,063	$89,624,676

C. Retained earnings

(a) The Company's distribution of directors' and supervisors' remuneration is based on the level of earnings and the resolution of the board of directors. Distributions of directors' and supervisors' remuneration are classified into cost or operating expense. Any difference between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, is accounted for as a change in accounting estimates and is charged to profit or loss.

(b) On 29 May 2015 and 27 June 2014, the Company's shareholders resolved at the shareholder's meeting to appropriate the 2014 and 2013 earnings, respectively. These earnings were distributed as dividends and remuneration to directors and supervisors as follows:

Unit: NTD

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

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

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

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

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

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

Directors' and supervisors' remuneration amounted to $308,266 and $275,259 for the years ended 31 December, 2015 and 2014, respectively. These amounts were calculated based on the Company's net profit for the years ended 31 December, 2015 and 2014, and were estimated according to the earnings allocation method, priority and factor for employee benefits and key management personnel compensation as stated under the Articles of Association. These benefits were expensed under operating expenses during the years ended 31 December, 2015 and 2014.

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

(14) Operating revenues

	For the Years Ended 31 December	
	2015	2014
Hire revenue	$320,313,121	$269,464,026
Freight revenue	17,292,607	19,694,522
Vessel management revenue	4,403,890	4,299,915
Other operating revenue	4,943,903	5,389,285
Total	$346,953,521	$298,847,748

(15) Operating costs

	For the Years Ended 31 December	
	2015	2014
Depreciation expense (Note 6. (7)(a))	$114,492,419	$100,667,444
Cost of materials	40,755,468	43,086,632
Expenses for chartering services	17,374,698	15,126,627
Wages and personnel expenses	79,431,078	68,221,173
Other operating costs	11,313,604	9,991,992
Total	$263,367,267	$237,093,868

(a) Cost of materials

	For the Years Ended 31 December	
	2015	2014
Fuel oil	$9,541,355	$12,762,509
Lubricants	9,382,724	8,662,134
Materials	4,842,586	4,965,043
Spare parts	5,478,555	6,030,609
Survey fees	3,922,386	3,345,780
Repairs and maintenance	1,733,436	1,898,035
Postage and international communication	2,324,658	1,861,781
Paints	825,903	857,384
Other	2,703,865	2,703,357
Total	$40,755,468	$43,086,632

(b) Expenses for chartering services

	For the Years Ended 31 December	
	2015	2014
Commissions	$11,049,889	$8,923,800
Expenses at ports	3,006,587	2,237,054
Agency costs	609,804	553,402
Chartering expenses	2,482,702	3,070,289
Dispatch expenses	225,716	342,082
Total	$17,374,698	$15,126,627

(c) Wages and personnel expenses

	For the Years Ended 31 December	
	2015	2014
Crew wages	$59,202,901	$51,215,893
Insurance fees	8,668,033	7,321,635
Food and meals	5,311,100	4,593,197
Crew travel fees	4,400,286	3,603,201
Bonus	1,731,789	1,380,143
Pension cost	116,969	107,104
Total	$79,431,078	$68,221,173

(d) Other operating costs

	For the Years Ended 31 December	
	2015	2014
Hull and machinery insurance	$9,317,977	$7,843,450
Compensation	896,705	1,096,941
Lease payments	323,314	320,732
Other	775,608	730,869
Total	$11,313,604	$9,991,992

(e) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended 31 December 2015 and 2014:

	For the years ended 31December					
	2015			2014		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$60,934,690	$1,633,460	$62,568,150	$52,596,036	$1,664,436	$54,260,472
Insurance expenses	8,668,033	104,204	8,772,237	7,321,635	108,532	7,430,167
Pension	116,969	68,389	185,358	107,104	68,723	175,827
Other employee benefits expense	5,313,569	50,626	5,364,195	4,596,101	51,810	4,647,911
Depreciation	114,492,419	57,249	114,549,668	100,667,444	57,449	100,724,893
Amortization	-	13,785	13,785	-	24,860	24,860

(16) Other income and losses

(a) Other income

	For the years ended 31 December	
	2015	2014
Interest income	$1,347,447	$2,700,158
Insurance claim income	-	20,000,000
Other income-Others	5,475,257	12,001,404
Total	$6,822,704	$34,701,562

(b) Other gains and losses

	For the years ended 31 December	
	2015	2014
Gains on disposal of property and equipment	$15,436,404	$321,666
Foreign exchange gains (losses)	3,815,817	9,431,246
Gains (Losses) on valuation of financial instruments or liabilities at fair value through profit or loss	(257,396)	2,066,655
Shipwreck loss	-	(15,767,873)
Other expenses and losses	(341,761)	(1,581,402)
Gains (Losses) on derecognition of held to maturity financial assets	(1,253,560)	4,515
Total	$17,399,504	$(5,525,193)

(17) Components of other comprehensive income

For the year ended 31 December 2015

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Defined benefit plan actuarial losses	$(15,899)	$-	$(15,899)	$-	$(15,899)
To be reclassified to profit or loss in subsequent periods:					
Cumulative translation adjustments	5,799,555	-	5,799,555	-	5,799,555
Effective portion of gains (losses) on hedging instrument in a cash flow hedge	2,432,086	(26,053,147)	(23,621,061)	-	(23,621,061)
Total of other comprehensive income	$8,215,742	$(26,053,147)	$(17,837,405)	$-	$(17,837,405)

For the year ended 31 December 2014

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Defined benefit plan actuarial losses	$(15,507)	$-	$(15,507)	$-	$(15,507)
To be reclassified to profit or loss in subsequent periods:					
Cumulative translation adjustments	99,631,751	-	99,631,751	-	99,631,751
Effective portion of gains (losses) on hedging instrument in a cash flow hedge	15,477,811	(11,631,140)	3,846,671	-	3,846,671
Total of other comprehensive income	$115,094,055	$(11,631,140)	$103,462,915	$-	$103,462,915

(18) Income tax

A. Pursuant to the rules and regulations of the Cayman Islands and the Republic of Panama, the Group is not subject to any income tax in the Cayman Islands and Panama, except for WELL and WII.

B. For the years ended 31 December, 2015 and 2014, the components of income tax expenses (benefits) of WELL and WII were as follows:

	For the years ended 31 December	
	2015	2014
Current income tax expense (income):		
Current income tax charge	$2,090	$-
Deferred tax expense (income)	13,486	17,614
Total income tax expense (income)	$15,576	$17,614

The effective income tax rate for WELL and WII is 17%. These three companies are also subject to the "Income Basic Tax Act" for purposes of calculating their basic income tax for the years ended December 31, 2015 and 2014.

	For the years ended 31 December	
	2015	2014
Tax at the domestic rates applicable to profits in the country concerned	$ 6,411	$ (15,604)
Tax effect of revenues exempt from taxation and expenses not deductible for tax purposes	13,827	15,732
Tax effect of deferred tax assets/liabilities	(5,555)	16,551
Adjustments of other income tax	893	935
Total income tax expense (income) recognized in profit or loss	$15,576	$17,614

Deferred tax assets (liabilities) relate to the following:

(a) Unrecognized deferred tax assets

Unrecognized deferred tax assets of the Group are as follows:

	31 December 2015	31 December 2014
Deductible temporary difference		
Tax loss	$109,930	$146,781

The ROC Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.
The Group's estimated unused tax effects of the loss carry-forwards as at 31 December 2015:

Year	Unused Amount	Expiration Year
2014	$109,930	2024

(b) Recognized deferred tax assets

For the years ended 31 December, 2015 and 2014, changes in deferred tax assets and liabilities are as follows:

	Defined benefit plans	Other	Total
Deferred tax assets (liabilities):			
Balance, 1st January 2015	$40,397	$(6,294)	$34,103
Debit(Credit) in income statement	2,478	(15,964)	(13,486)
Exchange rate effects	(1,528)	753	(775)
Balance, 31 December 2015	$41,347	$(21,505)	$19,842
Balance, 1st January 2014	$40,438	$13,686	$54,124
Debit(Credit) in income statement	2,420	(20,034)	(17,614)
Exchange rate effects	(2,461)	54	(2,407)
Balance, 31 December 2014	$40,397	$(6,294)	$34,103

(c) The assessment of income tax returns

As at 31 December 2015, 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 2013
Well Ship management and Maritime Consultant Co., Ltd.(WELL)	Assessed and approved up to 2013

(19) 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.

	2015	2014
Basic earnings per share		
Profit attributable to ordinary shareholders	$70,720,929	$58,293,959
Weighted-average number of ordinary shares	495,580,891	464,218,834
	$0.14	$0.13

	2015	2014
Diluted earnings per share		
Profit attributable to ordinary shareholders(diluted)	$70,720,929	$58,293,959
Interest expenses on convertible notes, net of tax	3,354,684	2,455,072
Foreign exchange (gains) losses	31,331	(697,256)
Amortization of deferred issuance costs	339,069	226,488
(Gains) Losses on valuation on convertible notes, net of tax	1,099,984	(741,989)
Profit attributable to ordinary shareholders (diluted)	$75,545,997	$59,536,274
Weighted average number of ordinary shares(diluted)	495,580,891	464,218,834
Effect of conversion of convertible notes	94,792,762	61,213,884
Weight average number of ordinary shares (diluted)	590,373,653	525,432,718
	$0.13	$0.11

7. Related parties

A. Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

B. Significant transactions with related parties

(a) Chartering expenses

	For the years ended 31 December	
Related party	2015	2014
Other related parties	$2,482,702	$2,664,124

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

(b) Services received / rendered

For the years ended 31 December, 2015 and 2014, the Group received service from (rendered service to) related parties as follows:

Related party	Item	Amount
For the year Ended 31 December 2015		
Other related parties	Vessel management service	$(2,971,425)
〃	Commissions	1,369,190
〃	Commissions and agency fees	1,537,428
〃	Business travel expenses and entertainment exp.	262,013
〃	Entertainment expenses and miscellaneous expenses	72,348
〃	Management revenue	(3,466)
〃	Other expenses	18,000
〃	Commission income	(24,827)
〃	Port charges、Agency fees、Travel	31,739
〃	Passenger Ticket revenue 、Other revenue	(231,342)

Related party	Item	Amount
For the year Ended 31 December 2014		
Other related parties	Vessel management service	$(2,977,925)
〃	Commissions	919,912
〃	Commissions and agency fees	1,390,531
〃	Business travel expenses and entertainment exp.	305,035
〃	Entertainment expenses and miscellaneous expenses	48,552
〃	Management revenue	(7,165)
〃	Other expenses	20,565
〃	Commission income	(30,450)
〃	Port charges、Agency fees、Travel	61,597
〃	Other losses	200,000

(c) Receivables and payables

Related party	31 December 2015	31 December 2014
Other current assets / other receivables		
Other related parties	$492,936	$6,333

Related party	31 December 2015	31 December 2014
Accrued expense		
Other related parties	$33,566	$43,165
Key management	-	14,622
Total	$33,566	$57,787

Related party	31 December 2015	31 December 2014
Accounts receivable-related parties		
Other related parties	$176,125	-

Related party	31 December 2015	31 December 2014
Accounts payable-related parties		
Other related parties	$29,990	-

(d) Financing

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

31 December 2015		
Name of related party	Max balance	Ending balance
Other related parties	$78,679,122	$78,521,491

31 December 2014		
Name of related party	Max balance	Ending balance
Other related parties	$72,930,889	$71,568,666

Interest Expenses	For the years Ended 31 December	
Name of related party	2015	2014
Other related parties	$1,627,451	$1,229,395

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

(e) Leases

For the years ended 31 December, 2015 and 2014, the Group incurred other related parties and key management transactions as follows:

	For the years Ended 31 December	
	2015	2014
Key management	$174,978	$183,251
Other related parties	139,638	146,242
	$314,616	$329,493

The above leases are paid monthly, and do not involve rental deposits. Lease conditions are agreed by both parties.

(f) Guarantee

As at 31 December, 2015 and 2014, key management had provided a time deposit guarantee for the Group's financing loan of $32,232 thousand and $33,889 thousand, respectively.

(g) Others

On 16 July, 2015, the Group signed a contract with other related party to purchase PESCADORES vessel in NT$80,000,000. As at December 31, 2015, the Group had fully paid the contract price.

C. Salaries and compensation for key management

The Group paid salaries to key management as follows:

	For the years Ended 31 December	
	2015	2014
Salary and bonus (including BODS remunerations)	$758,758	$766,389
Post-employment benefits	7,802	10,240
Retirement benefits	-	73,649
	$766,560	$850,278

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	31 December 2015	31 December 2014
Property and equipment	Bank Loans	$2,301,306,000	$2,060,565,000
Held-to-maturity investments	〃	3,577,592	6,924,668
Other financial assets	〃	23,819,537	21,155,325
		$2,328,703,129	$2,088,644,993

9. Significant commitments and contingencies

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

	31 December 2015	31 December 2014
Vessels	28	36
Contract price	¥-	¥7,606,600 thousand
	$770,220 thousand	$931,322 thousand
Prepaid	¥-	¥1,854,340 thousand
	$104,296 thousand	$135,350 thousand

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

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

Year of delivery	Contract Price Yen(thousand)	Contract Price USD(thousand)	Number of vessels
2016	¥-	263,310	10
2017	-	362,310	12
2018	-	144,600	6
Total	¥-	$770,220	28

(b) As at 31 December 2015, the Group has signed two vessel disposal contracts with total contract amount of $52,500,000.The Group has received the deposit amount of $10,500,000 as agreed in the contracts.

(c) On 19 March 2015, based on the approval of the board of directors, the Group settled the default payment of $5,550,000 from SBI Merengue Shipping Company Limited for breaching the contract in the purchase of Vessel Tsuneishi SS179. Aforementioned default payment has been recovered in full after deducted commission $390,000 and charged to profit or loss under other income.

(d) Endorsement Guarantee

Guarantee	Name of relative party guarantee	31 December 2015	Period	Purpose
The Company	WML	$2,250 thousand ¥ -	2013.09~2017.07	Operating fund
WML	Subsidiaries	$469,750 thousand ¥95,909,829 thousand	2005.12~2030.04	Borrowings
The Company	Subsidiaries	$459,300 thousand ¥94,547,202 thousand	2009.05~2030.04	Borrowings and Operating fund

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

10. Losses due to major disasters: None.

11. Significant subsequent events

For the purpose of developing the Group's head quarter building, the Group plans to participate in a joint venture investment with Pescadores Co., Ltd. and Mr. Lan Chun Sheng by subscribing 40% of the shares of Pescadores Investment and Development Inc.

12. Others

A. Categories of financial instruments

Financial assets

	31 December 2015	31 December 2014
Financial assets at fair value through profit or loss:		
Held for trading	$1,463,009	$2,009,690
Held-to-maturity investments	3,577,592	6,924,668
Loans and receivables:		
Cash and cash equivalents (exclude cash on hand)	58,242,893	15,385,018
Accounts receivable and other receivables (include from related parties)	6,100,892	6,115,234
Lease receivables	4,223,891	20,757,163
Subtotal	68,567,676	42,257,415
Derivative financial assets for hedging	9,829,689	29,828,372
Other financial assets	30,566,229	23,747,180
Total	$114,004,195	$104,767,325

Financial liabilities

	31 December 2015	31 December 2014
Financial liabilities at amortized cost:		
Short-term borrowings	$26,055,662	$28,418,709
Trade payables (include from related parties)	3,273,245	2,919,849
Bonds payable (include current portion)	85,159,074	55,564,999
Long-term borrowings (include current portion)	1,358,107,894	1,260,249,266
Long-term payable (include from related parties)	103,814,491	105,799,916
Lease payables (include current portion)	41,379,501	16,542,824
Subtotal	1,617,789,867	1,469,495,563
Financial liabilities at fair value through profit or loss:		
Financial liabilities held for trading	8,819	-
Embedded derivative instruments－put right	1,394,446	953,857
Total	$1,619,193,132	$1,470,449,420

B. Financial risk management objectives and policies

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

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

C. Market risk

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

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.

<u>Foreign currency risk</u>

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 years ended 31 December 2015 and 2014 increases/decreases by $4,611,075 and $5,984,447, respectively; the equity increases/decreases by $3,852,519 and $13,796,844, 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 years ended 31 December 2015 and 2014 to increase/decrease by $3,823,394 and $3,527,527, 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(h) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

D. Credit risk management

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

(b) The risk exposure of credit risk

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

	31 December 2015	31 December 2014
Cash and cash equivalents (exclude cash on hand)	$58,242,893	$15,385,018
Financial assets at fair value through profit or loss	1,463,009	2,009,690
Accounts receivable and other receivables (include from related parties)	6,100,892	6,115,234
Lease receivables	4,223,891	20,757,163
Held to maturity financial assets	3,577,592	6,924,668
Derivative financial assets for hedging	9,829,689	29,828,372
Other financial assets	30,566,229	23,747,180
	$114,004,195	$104,767,325

E. Liquidity risk management

The Group 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 December 2015:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	$26,055,662	$26,520,292	$26,520,292	$-	$-	$-
Accounts payables (include from related parties)	3,273,245	3,273,245	3,273,245	-	-	-
Corporate bonds payable	85,159,074	98,178,565	-	84,094,915	14,083,650	-
Long-term borrowings	1,358,107,894	1,457,724,250	177,797,468	178,763,758	601,737,468	499,425,556
Long-term Accounts payable	25,293,000	26,254,138	4,310,524	4,991,144	8,952,470	8,000,000
Long-term Accounts payable-related parties	78,521,491	84,909,028	2,145,932	2,145,932	80,617,164	-
Lease payables	41,379,501	44,318,598	4,410,545	14,330,908	5,580,745	19,996,400
	$1,617,789,867	$1,741,178,116	$218,458,006	$284,326,657	$710,971,497	$527,421,956

As at 31 December 2014:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	$28,418,709	$28,857,082	$28,857,082	$-	$-	$-
Accounts payables (include from related parties)	2,919,849	2,919,849	2,919,849	-	-	-
Corporate bonds payable	55,564,999	62,718,901	54,371,350	-	8,347,551	-
Long-term borrowings	1,260,249,266	1,354,780,991	156,687,663	147,116,515	460,566,785	590,410,028
Long-term Accounts payable	34,231,250	36,093,761	9,444,541	4,211,183	14,264,537	8,173,500
Long-term Accounts payable-related parties	71,568,666	76,890,324	1,545,282	25,399,439	49,945,603	-
Lease payables	16,542,824	17,736,582	2,621,447	2,566,287	12,548,848	-
	$1,469,495,563	$1,579,997,490	$256,447,214	$179,293,424	$545,673,324	$598,583,528

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

F. Fair values of financial instruments

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

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

(i) The carrying amount of cash and cash equivalents, accounts receivables, held-to-maturity financial assets, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(ii)Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for fixed rate commercial paper published by Reuters and credit risk, etc.)

(iii)The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Binomial Tree model) or other valuation method (for example, Monte Carlo Simulation).

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

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

(c) Fair value measurement hierarchy for financial instruments

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

G. Derivative financial instruments

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

<u>Forward currency contracts</u>

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

Embedded derivatives

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

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

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

H. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

Level 1– Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability

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

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

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

As at 31 December 2015	Level 1	Level 2	Level 3	Total
Derivative financial assets	$-	$9,829,689	$-	$9,829,689
Financial assets at fair value through profit or loss	$-	$1,463,009	$-	$1,463,009
Financial liabilities at fair value through profit or loss	$-	$8,819	$1,394,446	$1,403,265

As at 31 December 2014	Level 1	Level 2	Level 3	Total
Derivative financial assets	$-	$29,828,372	$-	$29,828,372
Financial assets at fair value through profit or loss	$-	$2,009,690	$-	$2,009,690
Financial liabilities at fair value through profit or loss	$-	$-	$953,857	$953,857

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

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

	Liabilities At fair value through profit or loss Derivatives
Beginning balances as at 1 January 2015	$953,857
Total gains and losses recognized for the year ended 31 December 2015:	
Amount recognized in profit or loss (presented in "other profit or loss")	1,099,984
Acquisition/issues for the year ended 31 December 2015	800,000
Disposal/settlements for the year ended 31 December 2015	(1,459,395)
Transfer in/(out) of Level 3	-
Ending balances as at 31 December 2015	$1,394,446

Total gains and losses recognized for year ended 31 December 2015 in the table above contain gains and losses related to derivatives on hand as at 31 December 2015 in the amount of $(489,944).

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 December 2015

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives – Second overseas unsecured convertible bonds issued in 2015	Option pricing model	Volatility	13.15%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in increase in the Group's profit by $329,040;5% decrease in the volatility would result decrease in the Group's profit by $709,120

As at 31 December 2014

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

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

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

I. Significant assets and liabilities denominated in foreign currencies

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

	31 December 2015			31 December 2014		
	Foreign currency (Note1)	Exchange rate (Note2)	USD	Foreign currency (Note1)	Exchange rate (Note2)	USD
Financial assets						
Derivatives financial assets						
Sell JPY: Buy USD	￥5,201,233,700	0.0083~0.0085	$55,030,000	￥16,930,537,440	0.0084~0.0086	$174,702,000
Sell EUR: Buy USD	-	-	-	€7,500,000	1.2171~1.2184	$9,358,800
Financial liabilities						
Monetary item						
USD：JPY	$24,098,420	120.37	$24,098,420	$19,736,768	119.62	$19,736,768
JPY：USD	￥7,707,228,379	0.0083	$64,029,479	￥7,502,734,924	0.0084	$62,721,409

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

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

For the year ended 31 December 2015 and 2014, the Group had foreign exchange gains (losses) of $3,815,817 and $9,431,246 respectively.

J. Capital management

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

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

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

L. Certain accounts in the consolidated financial statements as at and for the years ended 31 December 2014 were reclassified to conform to the presentation adopted in the consolidated financial statements as at and for the year ended 31 December 2015.

M. List of the Group vessels as at 31 December, 2015

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 Wisdom I	2010	61,611	Supramax
8	Amis Wisdom II	2010	61,611	Supramax

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
9	Amis Wisdom III	2011	61,527	Supramax
10	Amis Wisdom VI	2011	61,456	Supramax
11	Arikun	2007	8,763	Small Handy
12	Atayal Ace	2013	16,805	Small Handy
13	Atayal Brave	2012	16,805	Small Handy
14	Atayal Mariner	2012	16,805	Small Handy
15	Atayal Star	2012	16,805	Small Handy
16	Babuza Wisdom	2009	18,600	Small Handy
17	Beagle II	2007	17,224	Small Handy
18	Beagle VI	2001	18,320	Small Handy
19	Beagle VII	2007	16,822	Small Handy
20	Bizen	2008	8,721	Small Handy
21	Blue Horizon	2012	207,867	Cape
22	Bunun Ace	2013	37,744	Handy
23	Bunun Brave	2014	45,556	Handy
24	Bunun Champion	2014	45,556	Handy
25	Bunun Dynasty	2014	37,795	Handy
26	Bunun Elegance	2014	45,556	Handy
27	Bunun Fortune	2015	37,790	Handy
28	Bunun Glory	2015	37,046	Handy
29	Bunun Hero	2015	37,811	Handy
30	Bunun Wisdom	2012	38,168	Handy
31	Caribbean ID	1996	28,748	Handy
32	Clear Horizon	2012	207,947	Cape
33	Daiwan Ace	2014	34,358	Handy
34	Daiwan Brave	2014	34,358	Handy
35	Daiwan Champion	2015	34,393	Handy
36	Daiwan Dolphin	2015	34,393	Handy
37	Daiwan Elegance	2015	35,331	Handy
38	Daiwan Fortune	2015	34,893	Handy
39	Daiwan Glory	2015	35,531	Handy
40	Daiwan Wisdom	2010	31,967	Handy

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
41	Del Sol	1998	11,410	Small Handy
42	Dumun	2010	58,107	Supramax
43	Frontier Bonanza	2010	179,435	Cape
44	Genius Star I	2004	10,977	Small Handy
45	Genius Star II	2005	10,977	Small Handy
46	Genius Star III	2006	13,567	Small Handy
47	Genius Star IX	2009	12,005	Small Handy
48	Genius Star VII	2007	12,005	Small Handy
49	Genius Star VIII	2007	12,005	Small Handy
50	Genius Star X	2010	12,005	Small Handy
51	Genius Star XI	2012	13,663	Small Handy
52	Genius Star XII	2013	13,077	Small Handy
53	Global Faith	2010	28,050	Handy
54	Golden Kiku	2005	29,858	Handy
55	Guma	2010	58,107	Supramax
56	Hibiscus	2002	48,610	Handy
57	Hoanya Wisdom	2008	21,119	Handy
58	Itami	2009	20,140	Handy
59	Izumo	2007	20,150	Handy
60	Jasmine Ace	1997	8,704	Small Handy
61	Katagalan Wisdom	2012	98,697	Panamax
62	Katagalan Wisdom III	2012	98,697	Panamax
63	LBC Energy	2011	71,066	Panamax
64	Ligulao	2010	5,296	Other-PCTC
65	Magnate	2004	18,828	Small Handy
66	Mercy Wisdom	2003	12,764	Small Handy
67	Mimasaka	2010	14,062	Small Handy
68	Mino	2007	14,118	Small Handy
69	Naluhu	2010	58,107	Supramax
70	Ocean Victory	2011	28,386	Handy
71	Pacific Venus	2001	18,712	Small Handy
72	Paiwan Wisdom	2010	31,967	Handy

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
73	Papora Wisdom	2009	28,050	Handy
74	Pazeh Wisdom	2009	18,969	Small Handy
75	Pescadores	1999	198	Other-Passenger
76	Poavosa Ace	2013	28,208	Handy
77	Poavosa Brave	2009	28,367	Handy
78	Poavosa Wisdom	2009	28,050	Handy
79	Poavosa Wisdom III	2011	28,232	Handy
80	Poavosa Wisdom VI	2011	28,050	Handy
81	Poavosa Wisdom VII	2012	28,208	Handy
82	Poavosa Wisdom VIII	2013	28,208	Handy
83	Sakizaya Ace	2013	74,936	Panamax
84	Sakizaya Brave	2013	74,940	Panamax
85	Sakizaya Champion	2014	78,080	Panamax
86	Sakizaya Diamond	2015	81,938	Panamax
87	Sakizaya Elegance	2015	81,600	Panamax
88	Sakizaya Wisdom	2011	76,457	Panamax
89	Scarlet Eagle	2014	81,700	Panamax
90	Scarlet Falcon	2014	82,260	Panamax
91	Scarlet Rosella	2015	82,235	Panamax
92	Siraya Wisdom	2007	21,119	Handy
93	Taikli	2011	13,139	Small Handy
94	Tao Ace	2013	25,037	Handy
95	Tao Brave	2011	25,065	Handy
96	Tao Mariner	2010	25,065	Handy
97	Tao Star	2010	25,065	Handy
98	Tao Treasure	2013	25,036	Handy
99	Taokas Wisdom	2008	31,943	Handy
100	Timu	2005	17,224	Small Handy
101	Unicorn Bravo	2007	8,759	Small Handy
102	Unicorn Dolphin	2000	7,528	Small Handy
103	Unicorn Logger	2008	8,700	Small Handy
104	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 years ended 31 December	
	2015	2014
Revenue from external customers:		
Japan	$91,279,656	$95,946,859
Singapore	50,475,148	34,135,725
The Netherlands	43,355,846	25,934,125
Denmark	31,275,341	31,100,483
Hong Kong	25,748,016	18,697,141
Others	104,819,514	93,033,415
Total	$346,953,521	$298,847,748

	2015.12.31	2014.12.31
Non-current assets:		
Panama	$2,316,445,541	$2,114,484,498
Hong Kong	114,149,596	117,708,534
Taiwan	2,443,499	126,185
Total	$2,433,038,636	$2,232,319,217

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

(3) Major customers

Individual customers accounting for at least 10% of net sales for the years ended 31 December, 2015 and 2014 were as follows:

	For the years ended 31 December	
	2015	2014
Customer A:	$43,355,846	$25,934,125
Customer B:	$35,668,931	$37,289,129